Capital structure, company size, and Company value: test significance Moderate model

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Abstract

This research at investigate wether the capital structure to the firm value by firm size as moderating variable in the LQ 45 Company listed in Indonesia Stock Exchanged period 2013-2017. In this research, firm value is measured by price to book value, capital structure is measured by debt to equity ratio, and firm size is measured by the natural logarithm of total assets. The population used 73 companies in this research is the entire of LQ 45 companies listed in Indonesia Stock Exchanged period 2013-2017. The research sample amounted to 30 companies and sampling used purposive sampling. The data analysis tool used in this research is moderated regression analysis (MRA). The result of this research showed that : capital structure has a significant positive effect on firm value, indicates that any additional debt made by the company to expand its business will increase the stock price of the company, so that the value of the company will increase. Firm size is not able to strengthen the relationship between capital structure and firm value, indicates that large size of the company does not necessarily cause debtholders to take policies to increase access to credit in a company, unless the assets of the company in question are liquid or marketable

Keywords : Keyword : Firm value, Capital structure, Firm size and

INTRODUCTION

In the economy and the current era of globalization, the capital market in a country is often used as a benchmark for the progress of a country's economy. Every company has goals to be achieved, both short-term and long-term goals. The company's objectives include increasing prosperity for all shareholders through strengthening company value, (Alfaro and Sudirgo 2019). An aspect that often receives special attention from investors is the value of the company. Company value is the price that prospective buyers are willing to pay if the company is sold. The good or bad value of the company can indicate the condition of the company itself, so that the value of the company can be used as a reference for potential investors in determining their investment decisions. Several previous researchers have conducted research related to firm value. (Hamidy et al 2015), (Hermawan 2018), (Khoirunnisa et al 2018) and (Yando 2018) present empirical evidence that capital structure has a significant positive effect on firm value. Different empirical evidence was put forward by (Iskandar 2016), (Diantimala 2016), (Marsono 2017) and (Situmeang and Wiagustini 2018), that capital structure has a significant negative effect on firm value. Other non-conforming empirical evidence was put forward by Anisyah and

(Purwohandoko 2017), (Oktrima 2017), and (Rahmasari et al 2019) that capital structure has no effect on firm value. Different empirical evidence was put forward by (Iskandar 2016), (Diantimala 2016), (Marsono 2017) and (Situmeang and Wiagustini 2018), that capital structure has a significant negative effect on firm value. Other non-conforming empirical evidence was put forward by (Anisyah and Purwohandoko 2017), (Oktrima 2017), and (Rahmasari et al 2019) that capital structure has no effect on firm value. Different empirical evidence was put forward by (Iskandar 2016), (Diantimala 2016), (Marsono 2017) and (Situmeang and Wiagustini 2018), that capital structure has a significant negative effect on firm value. Other non-conforming empirical evidence was put forward by Anisyah and (Purwohandoko 2017), (Oktrima 2017), and (Rahmasari et al 2019) that capital structure has no effect on firm value.

The empirical evidence indicates that there is an inconsistency or gap in the correlation between capital structure and firm value. Researchers believe that the gap occurs because there are other factors that influence the relationship. At the empirical level, usually every change in the debt ratio is responded to by investors with a decision to increase or decrease their investment policy on stocks, depending on how confident investors will receive their investment returns. As is generally accepted that debt policy will result in two things, firstly tax savings, secondly financial bankruptcy. These two factors will be the main reference for investors in formulating their investments when there is a change in debt policy from the company's management. Other factors that are equally important are, What is the increase in the debt ratio for? If it is used to increase the size of the company, it will certainly have an impact on increasing investor confidence, because there is the potential to increase investment returnsthereby increasing the value of the company. As we know that to increase the amount of assets, we usually use external funding sources from debt first, when internal funding sources are not sufficient, before using funds from share capital. Researches that explain the role of firm size as a moderating factor are very limited, including (Iskandar 2016) and Suteja and (Abbas 2018) which prove that firm size is able to moderate the relationship between capital structure and firm value.

Based on the various explanations above, the researcher intends to review the relationship between capital structure and firm value by including firm size as a moderating variable. This study is intended to obtain empirical answers about the level of significance of the impact of capital structure on firm value, and the level of significance of the moderating factor of firm size on the relationship between capital structure and firm value.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Signaling theory

Signal is an action taken by the management of a company to provide instructions to investors about how management assesses a company's prospects, (Brigham and Houston 2013) in (Triyani et al 2018). A relevant understanding is also put forward by (Khairudin and Wandita 2017) which states that signaling theory is information signals needed by investors to consider and determine whether investors will invest their shares or not in the company concerned.From some of the definitions above, it is concluded that Signal theory suggests how a company should provide signals to users of financial statements. A good company will give a clear signal and is very beneficial for investors.

Firm Value

Company value is the company's performance which is reflected by the stock price formed by the demand and supply in the capital market which reflects the public's assessment

of the company's performance, (Harmono 2014) The relevant understanding is also stated by (Sujoko Denica 2010) in (Dewi et al 2018) that firm value is an investor's perception of the company's level of success which is often associated with stock prices. From some of the definitions above, it can be concluded thatFirm value can be interpreted as an appreciation or appreciation of investors for a company. This value is reflected in the company's stock price.

There are several ratios used to measure firm value, namely: price earning ratio (PER), is a ratio that shows the amount that investors are willing to pay for each reported profit. Price Book Value (PBV); price to book value (PBV), is the ratio of the market price of a stock to its book value (Brigham and Houston, 2015); earnings per share (EPS), which is the profit given to shareholders from each share they own (Fahmi, 2015); stock return, is the return obtained from the shares that have been invested (Harmono, 2011); and tobins'q, is a ratio that shows current financial market estimates of the value of returns (Weston and Copeland, 1995).

Factors that can affect the value of the company, among others, the risk of the company, if other things are held constant, the lower the risk of the company, the higher the value of the company. Then the growth of the company, that the value of the company depends on its growth and this opportunity is very dependent on its ability to attract capital. Liquidity, the value of the company depends on liquidity, which means the easier the asset is sold or converted into cash, the more investor confidence increases.

Capital structure

Capital structure is defined as a combination of debt and equity as a source of funding in achieving the company's management goals, namely increasing firm value, (Meivina 2018) A relevant understanding is also put forward by (Suwardika and Mustanda 2017) which states that capital structure is a description of the use of a company's debt. to finance the company's operational activities.From the understanding of capital structure according to the experts above, it can be concluded that the capital structure is a balance between short-term debt that is permanent, long-term debt with own capital: preferred stock and common stock.

Several measurements that can be used to measure the company's capital structure, among others, the debt to equity ratio (DER), is the relationship between the debt owned by the company and its own capital. Debt ratio (DR) is the ratio used to measure the percentage of funds originating from debt. Time Interest Earned Ratio (TIER), is the ratio between profit before interest and tax with interest expense. This ratio measures the company's ability to meet its fixed expenses in the form of interest with the profit it earns (Sutrisno 2013).

Several variables that affect the capital structure, including: market to book ratio, the higher also indicates an increase in the company's external financing and vice versa. Tangibility, companies that have fixed assets in large numbers tend to have more debt than companies that have small amounts of fixed assets. Profitability, companies with a high level of profitability, tend to have a low level of debt. Firm Size, the larger the company, the greater the level of debt, Rajan and Zingales, 1995 in Mulyawan, 2015).

Company size

Company size is a scale where the size of the company can be classified according to various ways, including total assets, log size, stock market value, etc., (Azzahra and Nasib 2019). The greater the total assets of the company, the greater the size of a company. The more sales, the more the turnover of money in the company. So it can be said that company size is the amount of wealth assets owned by the company, (Meidiawati and Mildawati 2016). From some of the definitions above, it can be concluded that Company size is the amount of assets owned by the company. The larger the size of the company, the greater the scale of the company.

Some of the measuring tools used to measure company size are; Natural logarithm of total assets, describes the size of a company that can be expressed by total assets. The size of the company is assessed by the log of natural total assets because the size of the company as seen from the total assets is expressed in millions of rupiah so that the data digits are too large, the value, and the distribution is also large from other variables so that it can cause excessive data fluctuations (Ernawati et al. Widyawati, 2015). Next, the natural logarithm of net sales, describes the size of a company which can be expressed by total assets or total net sales. The bigger the sales, the bigger the size of a company (Putranto and Darmawan, 2018).

Effect of capital structure on firm value

The effect of capital structure on firm value is based on signaling theory which states that an increase in the amount of debt in the capital structure of a company indicates that the company believes in the prospects for future company earnings so that companies do not have to worry about paying debts and interest, (Suranto, et al. 2017). This is supported by the trade off theory which states that any increase in capital structure can increase the value of the company if it has not reached its optimal point, namely the balance between financial distress and tax savings, (Haryono, et al 2017).

The relationship between capital structure and firm value is empirically carried out by (Solikin, et al 2015) research results show that capital structure has a significant positive effect on firm value. Relevant results are also carried out by (Limbong and Chabachib 2016). The results show that capital structure has a significant positive effect on firm value. Other studies that also present the same results are presented by (Handriani and Robiyanto 2018), (Hermawan 2018), (Uzliawati et al 2018), (Yando 2018), (Dahar, et al 2019) and (Zuhroh 2019) which state that capital structure has an effect on significant positive on firm value. Based on the description above, the hypothesis proposed in this study is: H1: The higher the capital structure, the higher the firm value.

The effect of capital structure on firm value is moderated by firm size

Based on signaling theory, a high amount of debt will give a positive signal to shareholders. This is because with a high debt composition the company is considered to have good future prospects so that it dares to borrow large amounts of external funds. The success of the company in borrowing funds from external parties is also positively assessed by investors, because the company is trusted by creditors to provide loans. Companies with large assets are the driving force when companies want to borrow funds from external parties. This is because the large number of assets can be used as collateral to creditors when they want to borrow funds. The greater the number of assets owned by the company, the easier it will be for the company to obtain external funding.

Empirically related to company size as a moderation in the relationship between capital structure and firm value performed by (Iskandar 2016) research results show that firm size can strengthen the relationship between capital structure and firm value. Other relevant research is put forward by (Suteja and Abas 2018) the results of the study state that firm size can strengthen the relationship between capital structure and firm value. Based on the description above, the hypothesis proposed in this study is H2: Firm size strengthens the effect of capital structure on firm value.

RESEARCH METHODS

Method of collecting data

The data collection method used in this research is the method of literature study and documentation. The literature study method is an additional data collection to support research from other literatures such as research journals and literature books. While the documentation method is the collection, recording and review of data regarding the financial statements of companies in the LQ 45 Index company for the 2013-2017 period obtained from the Indonesian Capital Market Dictionary (ICMD) and the Indonesia Stock Exchange.

Population and sample

The population in this study were all LQ 45 Index companies listed on the Indonesia Stock Exchange in 2013–2017, as many as 73 companies. While the research sample was 30 companies which were determined by purposive sampling technique.

Operational research variables

Firm value as the dependent variable is measured by price to book value, amely the ratio that shows the comparison between the market price per share and the book value per share, (Harmono 2014). Capital structure as an independent variable is measured by debt to equity ratio, that is the ratio that shows the ability of the company's own capital to meet all its obligations. This ratio is calculated as the quotient between total debt and equity, (Hery, 2015). Firm size as a moderating variable, is a scale that shows the classification of the size of the company according to various ways, including total assets, is measured by the natural log of total assets, (Azzahra and Nasib, 2019)

Descriptive statistics

Descriptive statistics are statistics used to provide an overview or description of a data seen from the average value, standard deviation, maximum, minimum, kurtosis skewness, Ghozali (2016: 19).

Classic assumption test

The data normality test aims to test whether in the regression model, the confounding or residual variables have a normal distribution, (Ghozali 2016). Normality test using Kolmogorov Smirnov parameter. The multicollinearity test aims to test whether there is a correlation between the independent variables in the regression model. A good regression model does not have a correlation between the independent variables, (Ghozali 2016). Test using tolerance and VIF parameters. The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to another, (Ghozali 2016). The autocorrelation test aims to test whether in the linear regression model there is a correlation between the confounding error in the period, with the confounding error in the t-1 period (previous), (Ghozali 2016). Test using the glacier parameter.Linearity testused to see whether the specifications of the model used are correct or not. With the linearity test, information will be obtained whether the empirical model should be linear, quadratic, or cubic, (Ghozali 2016).

Moderated regression analysis

To test the regression with the moderating variable using the interaction test. According to (Ghozali 2011) Moderated Regression Analysis (MRA) or interaction test is a special application of linear multiple regression where the regression equation contains elements of

interaction (multiplication of two or more independent variables). The regression equation model to be tested is as follows: PBV = α+ β1DER + β2Size + β3DER*Size + e.

RESULTS AND DISCUSSION

Descriptive Statistics

Table 1.Descriptive statistics

	N	Minimum	Maximum	mean	Std. Deviation
PBV	150	.14	82.44	0.55	10.51
DER	150	.15	11.40	2.26	2.71
SIZE	150	4,010.166	1.038.706.009	106,142,635	254.358.020

Source: processed data

Of the 150 observational data used in the study, the PBV has a minimum value of 0.14 times and a maximum value of 82.44 times with a mean value of 0.55 times, while the standard deviation is 10.51 times. DER has a minimum value of 0.15% and a maximum value of 11.40% with a mean value of 2.26%, while the standard deviation value is 2.71%. Meanwhile, Size, which is represented by asset value, has a minimum value of Rp. 4.01 million and a maximum value of Rp. 1,038, million with a mean value of Rp. 106.14 million, while the standard deviation value is Rp.254.36 million.

Classic assumption test
Normality test

The normality test of the data using the kolmoorov-smirnov test presents the results of the asym values. sig 0.000 lower than the specified significance level of 0.05. This result does not meet the requirement that the asym.sig value > 0.05.

Tabel 2. Hasil Pengujian Normalitas Menggunakan Parameter
Uji Kolmogorov Smirnov

		Unstandardized Residual
N		150
Normal Parameters[a,b]	Mean	0E-7
	Std. Deviation	6.42132237
Most Extreme Differences	Absolute	.228
	Positive	.228
	Negative	-.140
Kolmogorov-Smirnov		2.796
Z Asymp. Sig. (2-		000

a. Test distribution is Normal.
Source: processed data

Because the data in this study are not normally distributed, outliers can be used which can be done by determining the limit value that will be categorized as outlier data, namely by converting the data values into standardized scores or commonly called z-scores, then the standard score is the > 2.5 are declared outliers (Ghazali, 2016: 41). The data in this study were

150 data and the data outliers were data 7, 8, 14, 28, 37, 42, 44, 58, 67, 68, 88, 97,101,118,127 and 148.

Tabel 3Hasil Pengujian Normalitas Menggunakan Parameter
Uji Kolmogorov Smirnov

		Unstandardized Residual
N		134
Normal Parameters[a,b]	Mean	0E-7
	Std. Deviation	1.68337697
Most Extreme Differences	Absolute	.100
	Positive	.078
	Negative	-.100
Kolmogorov-Smirnov Z		1.157
Asymp. Sig. (2-tailed)		.137

a. Test distribution is Normal.

Source: processed data

Based on the Kolmogorov-Smirnov test above, the Asymp value can be seen. Sig has a value of 0.137 > 0.05, this indicates that the data in this study is normally distributed. Thus, in the regression model, the data is normally distributed.

Multicollinearity test

The multicollinearity test can be seen from the value of tolerance and variance inflation (VIF). If the tolerance value is > 0.10 and VIF < 10, it can be said that there is no multicollinearity in the research data.but, (Ghozali, 2016: 134).

Table 4. Multicollinearity Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.023	2,585		-.009	.993		
	DER	.428	.103	.300	4.176	.000	.458	2.185
	SIZE	-.051	.151	-.024	-.341	.734	.463	2.159

Source: processed data

Based on the multicollinearity test table above, we can see that the tolerance value for the variable, debt to equity ratio and size is 0.458 and 0.463, respectively, which is greater than 0.10. Meanwhile, the value of VIF (Variance Inflation Factor) for the debt to equity ratio and size is 2.185 and 2.159, respectively, less than 10, so that the resulting regression model does not occur multicollinearity symptoms.

Heteroscedasticity test

The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from one observation residual to another observation residual (Ghozali, 2016: 134). Using the white test parameter, the results are presented in the following table:

Table 5. Heteroscedasticity Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.607a	.368	.322	4.82038

a. Predictors: (Constant), X1X2, SIZE, DER

Source: processed data

Based on the table above, the results show that the heteroscedasticity test shows an R2 value of 0.368 with the number of n observations being 134, then the magnitude of the calculated c2 value is: C2 count = nx R2, C2 count = 134 x 0.368 = 49.312, C2 table df = 134-4 = 130 is 157,610. Then the calculated value of c2 is smaller than the value of table c2 (49.312 < 157.610). Because the value of calculated c2 is smaller than table c2, it can be concluded that there are no symptoms of heteroscedasticity in the regression model.

Autocorrelation test

The autocorrelation test aims to test whether in the linear regression model there is a correlation between the confounding error in period t and the confounding error in period t-1 (previous) (Ghozali, 2016:107). Using Durbin Watson parameters, the test results are presented in the following table:

Table 6. Autocorrelation Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.833a	.694	.685	1.70928	1,828

a. Predictors: (Constant), SIZE, DER

b. Dependent Variable: PBV

Source: processed data

Based on the table above, the Durbin-Watson value = 1.828 from the DW table value with a significance of 5%, it is obtained dU = 1.7797 and dL = 1.6569. Therefore the dU value (1.7797) is less than the dW value (1.828) and the dW value (1.828) is less than the 4-dU value (4-1.7797 = 2.220). Thus dU<dW<4-dU or 1.7797 < 1.828 < 2.220. So it can be concluded that the data has no symptoms of autocorrelation in the regression model.

Linearity test

The linearity test will obtain information on whether the empirical model should be linear, quadratic or cubic (Ghozali, 2016). Using the lagrange multiplier parameter, the test results are presented in the following table:

Table 7.Linearity Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.164a	.027	-.003	1.68621967

a. Predictors: (Constant), SIZE, DER

Source: processed data

Based on the table above, it is obtained that the linearity test shows the value of R2 which is 0.027 with the number of n observations being 134, then the magnitude of the calculated C2 value is: C2 count = nx R2, C2 count = 134 x 0.027 = 3.618, C2 table df = 134 - 4 = 130 is 157,610 then the calculated c2 is smaller than the table c2 value (3,618 < 157,610). It can be concluded that the resulting regression analysis model is linear.

Hypothesis test
a. Effect of capital structure on firm value

From the results of calculations regarding the effect of the debt to equity ratio on price to book value, the t-count value is 4.176 and has a significance value of <0.05 (0.000 <0.05), meaning that the capital structure has a significant positive effect on firm value, so the hypothesis H1 is accepted. Signaling theory explains how a company manager views the company's prospects and gives signals to investors or shareholders. The results of this study indicate that any additional debt made by the company to expand its business will increase the stock price of the company, so that the value of the company will increase. The capital structure of the LQ 45 company has not yet reached its optimal point, This is in accordance with the trade off theory which states that if the addition of debt is below its optimal point, it will increase the value of the company, so that the benefits of increasing debt are still large from the sacrifices incurred, so the direct benefits of using debt will increase the value of the company. The results of this study are in line with research conducted by (Limbong and Chabachib 2016), (Israel et al 2018), (Handriani and Robiyanto 2018), (Hermawan 2018), (Uzliawati et al 2018), (Yando 2018), (Dahar et al (2019) and (Zuhroh 2019) which state that capital structure has a significant positive effect on firm value. so that the benefits of increasing debt are still large from the sacrifices incurred, then the direct benefits of using debt will increase the value of the company.

The results imply that any management policy to increase its debt ratio which is used to increase its asset spending, both to increase production capacity and for expansion in order to expand market reach for its products and services, will be responded positively by investors because it increases their expectations of return on investment. . The results also indicate that the increase in the debt ratio in this sub-sector does not lead to an increase in the potential for financial distress, because the increase in financial burden due to increasing the debt ratio can still be met with the resulting tax savings, which will increase investor confidence. This will encourage an increase in the value of the company which is reflected in higher price to book value movements.

Table 8. Partial Test Results (t test)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.023	2,585		-.009	.993
	DER	.428	.103	.300	4.176	.000
	SIZE	-.051	.151	-.024	-.341	.734

a. Dependent Variable: PBV

Source: processed data

b. The effect of capital structure on firm value is moderated by firm size

The t-statistical significance value moderates the interaction of DER*SIZE multiplication with t count -0.869 and has a significance value of more than 0.05 (0.387 > 0.05), then the hypothesis Ho is accepted. The results do not support the research of (Iskandar 2016) and (Suteja and Abas 2018) which prove that firm size as a moderating variable is able to strengthen the effect of capital structure on firm value. However, the results are in line with the research of (Mahdaleta, et al 2018), (Apriliyanti, et al 2019), (Astari, et al 2019), (Mudjijah, et al 2019) and (Suwisnaya and Krisnadewi 2019) which prove that firm size as a moderating variable cannot strengthen the effect of capital structure on firm value. The results imply that firm size is not able to strengthen the relationship between capital structure and firm value. The large size of the company does not necessarily cause debtholders to take policies to increase access to credit in a company, unless the assets of the company in question are liquid or marketable. In case there is a market trend (debtholders) indicating that the company's assets are less liquid or less marketable. Large company assets do not necessarily increase market expectations (investors) on the company, unless they believe there is an increase in their investment return. In this connection, there is a tendency for investors to think that with these large assets, it is indicated that there is no potential to increase their investment returns. unless the assets of the company in question are liquid or marketable. In case there is a market trend (debtholders) indicating that the company's assets are less liquid or less marketable. Large company assets do not necessarily increase market expectations (investors) on the company, unless they believe there is an increase in their investment return. In this connection, there is a tendency for investors to think that with these large assets, it is indicated that there is no potential to increase their investment returns. unless the assets of the company in question are liquid or marketable. In case there is a market trend (debtholders) indicating that the company's assets are less liquid or less marketable. Large company assets do not necessarily increase market expectations (investors) on the company, unless they believe there is an increase in their investment return. In this connection, there is a tendency for investors to think that with these large assets, it is indicated that there is no potential to increase their investment returns. Large company assets do not necessarily increase market expectations (investors) on the company, unless they believe there is an increase in their investment return. In this connection, there is a tendency for investors to think that with these large assets, it is indicated that there is no potential to increase their investment returns. Large company assets do not necessarily increase market expectations (investors) on the company, unless they believe there is an increase in their investment return. In this connection, there is a tendency for investors to think that with these large assets, it is indicated that there is no potential to increase their investment returns.

Table 9. Interaction Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-2.355	4.257		-.553	.581
	DER	1.551	1.346	1.089	1.153	.251
	SIZE	.110	.233	.052	.472	.638
	MODERATE	-.061	.070	-.857	-.869	.387

a. Dependent Variable: PBV

Source: processed data

CONCLUSION

The capital structure has a significant positive effect on firm value, so the hypothesis H1 is accepted. The results imply that any management policy to increase its debt ratio which is used to increase its asset spending, both to increase production capacity and for expansion in order to expand market reach for its products and services, will be responded positively by investors because it increases their expectations of return on investment. . The results also indicate that the increase in the debt ratio in this sub-sector does not lead to an increase in the potential for financial distress, because the increase in financial burden due to increasing the debt ratio can still be met with the resulting tax savings, which will increase investor confidence. This will encourage an increase in the value of the company which is reflected in higher price to book value movements

Firm size is unable to moderate the relationship between capital structure and firm value. This is due to the tendency of debtholders to view that the size of the existing company does not reflect the liquid and marketable aspects. In addition, there is a tendency for investors to think that the size of the existing company does not increase their expectations of return on investment. Although empirical data shows an increase as reflected in an increase in assets, it does not increase the debt ratio. The increase in assets also does not move the value of the company significantly. Large company assets do not necessarily increase market expectations (investors) on the company, unless they believe there is an increase in their investment return. In this connection, there is a tendency for investors to think that with these large assets, it is indicated that there is no potential to increase their investment returns. Large company assets do not necessarily increase market expectations (investors) on the company, unless they believe there is an increase in their investment return. In this connection, there is a tendency for investors to think that with these large assets, it is indicated that there is no potential to increase their investment returns.

Recommendations from the results of this study are, the decision to increase the scale of the company through increasing company assets should consider its impact on increasing value for the company, and reducing the company's dependence on external funds originating from debt. The results of this study are not generally accepted, so it needs to be developed by expanding the coverage to other sub-sectors and sectors.

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