

## Analysis Of Influence Of Capital Structure On Corporate Value In PT Astra International Tbk

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### ABSTRACT

*This study aims to determine whether there is an influence of capital structure on company value at PT Astra Internasional Tbk. The population used in this research is the balance sheet financial report data for 10 years from 2009 to 2018. The sample used was 7 years, from 2012 to 2018. The sampling technique used was purposive sampling method. The data analysis technique used is simple linear regression analysis, simple correlation, coefficient of determination, and t-test. The results of the study note that there is no significant and insignificant effect between capital structure on firm value. The results showed that there was no significant and insignificant effect between capital structure and firm value.*

Keywords: Capital Structure; Company Value; Firm Value.

### INTRODUCTION

Competition in the automotive industry makes every automotive company further improve performance so that its objectives are still achieved. The company's main goal is to optimize the value of the company. The company aims at the welfare of shareholders by increasing the value of the company as reflected in its share price. Company value is the result of management's work from several dimensions including the net cash flow from investment decisions, growth and the company's capital costs (Amajiya, 2016). The purpose of maximizing the value of the company is used as a measure of company success. Company value is reflected in the bargaining power of shares. If a company is estimated to have prospects in the future, the share price will decrease.

This research was conducted at PT. Astra International Tbk. PT Astra International Tbk (the Company) is a company engaged in the automotive industry which was founded on February 20, 1957, in Bandung and managed and led by William Soeryadjaja, Tjien Kian Tie, and Liem Peng

Hong. PT Astra International Tbk is one of the state-owned companies that always experience an increase in total assets each year, but the ability to increase the value of the company decreases from 2011 to 2015.

## LITERATURE REVIEW

### Capital Structure

According to sudjana, (2011: 57) capital structure is part of the financial structure which only concerns spending that is permanent or long-term, capital structure is shown by the composition: (1) long-term debt, (2) special shares, (3) ordinary shares and (4) retained earnings. The capital structure aims to create a mix of permanent sources of funds in such a way as to be able to maximize the share price which is a reflection of the company's value. To achieve the company's goals in maximizing shareholder wealth, financial managers must be able to assess the capital structure and understand its relationship to risk or value taking.

$$DER = \frac{\text{Total debt}}{\text{Total Equity}} \times 100\%$$

### The value of the company

According to Arraniri (2014) the value of the company is the value available paid by prospective buyers what if the company is sold. High stock prices make the value of the company is also high. High company value will make the market believe not only in the company's current performance but also in the company's future prospects. Company value is very important because it reflects the company's performance which can affect investors' perceptions of the company.

$$PBV = \frac{\text{price stock}}{\text{book value per share}} \times 100\%$$

## METHODS

The type of research used is associative, which is a question that shows allegations about the relationship between two or more variables. The purpose of this study was to determine and prove the effect of capital structure as an independent variable on firm value as the dependent variable.

## Population and Sample

### Population

The Population is a generalization area consisting of objects or subjects that have certain qualities and characteristics determined by researchers to be studied and then drawn conclusions (Sugiyono, 2016: 80). The population used in this research is the balance sheet financial report data in the form of a balance sheet for 10 years from 2009 to 2018.

### Sample

The sample is part of the number and characteristics possessed by the population (Sugiyono, 2016: 81). The sample used in this study is the balance sheet financial statement data for 7 years from 2012 to 2018. The sampling technique used in our positive sampling is the technique of determining the sample with certain considerations.

## RESEARCH RESULTS AND WET

### Data analysis technique

#### Simple Linear Regression Analysis

Simple linear regression analysis, according to Suugiyono (2017: 261) Simple linear regression is based on the functional or causal relationship of one independent variable and one of the dependent variables. The following is the result of a simple linear regression analysis.

Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-104.179	156.456		-.666	.535
CAPITAL STRUCTURE	2.362	1.634	.543	1.445	.208

Dependent Variable: VALUE OF THE COMPANY

Source of Data: Output Spss Versi 20.0, 2019

Based on the SPSS output the regression equation can be made as follows:

$$Y = -104,179 + 2,362X$$

From the simple linear regression analysis equation can be obtained:

1. The variable coefficient  $a = -104,179$  means that if the capital structure is constant then the value of the company will decrease by  $-104,179$ .
2. Variable coefficient  $b = 2,362$  means that if the capital structure goes up 100% then the value of the company will increase by  $2,362$ .

### Simple correlation coefficient

Simple correlation, according to Sugiyono (2017: 228), this correlation technique is used to find a relationship and prove the hypothesis of a relationship of two variables if the data of two variables are in the form of intervals or ratios, and the source of data from two or more variables are the same. The following is the result of a simple correlation coefficient :

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.543 <sup>a</sup>	.295	.154	24.334

a. Predictors: (Constant), CAPITAL STRUCTURE

Source of Data: Output Spss Versi 20.0, 2019

Based on the analysis of the processed SPSS results, a correlation value of 0.543 is obtained, which means that the level of closeness of the relationship between capital structure and firm value is at a moderate level.

### Simple coefficient of determination

The coefficient of determination there is a number called used with the coefficient of determination, the amount of which is the square of the correlation coefficient ( $r^2$ ), where the coefficient of determination (determinant) is expressed in percent. The following is the result of the coefficient of determination :

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.543 <sup>a</sup>	.295	.154	24.334

a. Predictors: (Constant), CAPITAL STRUCTURE

Source of Data: Output Spss Versi 20.0, 2019

Based on the analysis of the processed SPSS results, a simple determination coefficient value of 0.295 is obtained, which means the contribution of capital structure influence on firm value is 29.5% and the remaining 70.5% is influenced by other factors examined in this study.

### T-test

The T-test is used to determine the effect of each independent variable on the dependent variable. The following are the results of the t-test :

Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-104.179	156.456		-.666	.535
CAPITAL STRUCTURE	2.362	1.634	.543	1.445	.208

a. Dependent Variable: NILAI PERUSAHAAN

Source of Data: Output Spss Versi 20.0, 2019

Based on the analysis of the processed SPSS results, a t-value of 1.445 was obtained and a significant level of 0.208 was obtained. Then compared with t-table, by conducting two-way testing at  $0.05 / 2 = 0.025$  and degrees of freedom (df) = nk where k is the number of independent and dependent variables = 2, then  $df = 7-2 = 5$ . So that the value is obtained table of 2,571. So the value of t-count <from the table (1,445 <2,571) can thus be seen that there is no significant and significant influence between capital structure on firm value.

### Effect of capital structure (DER) on firm value (PBV)

It was found that there is no significant and insignificant effect between capital structure (DER) on firm value (PBV). The results of this study are at once supported by the results of research conducted by Naseha (2012), stating that the debt to equity ratio has no effect and is not significant to the value of the company price to book value. Therefore, increasing debt (DER) will increase the value of the company. This finding also supports the capital structure theory which states that as long as the company can balance the benefits and costs incurred due to debt is not a problem. With the highest PBV demillary but followed by good management can increase profit and initial return.

## CONCLUSIONS AND RECOMMENDATIONS

### Conclusion

Based on the results of the study it can be concluded that the capital structure has no effect and does not significantly affect the value of the company at PT Astra Internasional Tbk.

### Suggestion

Based on the results of the conclusions, the research provides advice, as follows:

1. Management of PT. Astra International Tbk is expected to be able to make this research as a consideration and evaluation before determining a new policy to increase the value of the company so that it can be well looked at by potential investors.
2. For investors, the results of this study are expected to be used as an illustration and input in making a sham investment by looking at capital structure and considering other factors outside this research that still have an influence on firm value.

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