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The Influence Of Capital Structure, Company Size And Profitability On Company Value On Registered Insurance Companies On Bei 2018 – 2022

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Abstract

This study aims to determine (1) the Effect of Capital Structure on Company Value (2) The Effect of Company Size on Company Value (3) The Effect of Profitability on Company Value This study uses quantitative methods with a sample of 5 companies taken from the Indonesian Stock Exchange. The data analysis technique uses multiple linear regression tests. The results of this study show that Capital Structure (X1) has a positive and significant influence on Company Value (Y) as proven through the calculated t value of 5.057 > t table 1.706; Company Size (X2) has no positive and insignificant influence on Company Value (Y) proven through t count 1.248 < 1.706; Profitability (X3) does not have a positive and insignificant influence on Company Value (Y) proven through the calculated t value of -1.534 < t table 1.706 there is a significant influence between the influence of Capital Structure, Company Size and Profitability on Company Value . What is seen through F calculate > F table where the value is 13.030 and the significance value is 0.000 meaning together (Simultaneous)

Keywords: ***Capital Structure, Company Size, Profitability and Company Value***

INTRODUCTION

In today's modern era, there are many companies operating in various sectors with very tight competition. In essence, every company that is established has the goal of gaining profit or gain. Every company also wants profits that continue to increase over time. Therefore, the company needs to ensure that the Company's Value grows sustainably. In today's era, financial information in the form of profit is not enough as a guarantee of the company's sustainability.

According to Law Number 2 of 1992, Insurance Business is a financial service business that by collecting public funds through the collection of insurance premiums provides protection to members of the public who use insurance services against the possibility of losses due to an uncertain event or against the life or death of a person. Therefore, this insurance is very much needed by the public, to minimize the risks that may occur and also to get guaranteed protection for health, education, losses, property and many other things. Thus, insurance companies will improve services to the public, so that the public is interested in using their services, if many people are interested in using their services, the company's income and profits will increase. Not only that, the image of the insurance company will also increase, especially in the eyes of the public, so that it affects the Company's Value.

Company value is the investor's perception of the company's level of success which is closely related to its stock price (Sujoko and Soebiantoro, 2010). Increasing company value is a source of pride for the company, because with increasing company value, the welfare of the owners will also increase. The company's value can be seen from its stock price. Company value is where a condition has been achieved as a picture of public trust in the company after going

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through a process of activities for several years, namely from the beginning of the company's establishment until now. Increasing company value causes the welfare of the owners or shareholders through increasing company value (Wahidahwati, 2002).

Company value is the result of management work from several dimensions including net cash flow from investment decisions, growth and the company's capital costs. For investors, company value is an important concept, because company value is an indicator of how the market can assess the company as a whole (Syahyunan, 2015). High company value is the desire of every company owner. Why? Because with a high company value will show the prosperity of shareholders also means high. Company value is very important because it reflects the company's performance which can affect investor perceptions of the company (Suharli, 2006).

High company value indicates good company performance. Company value can provide maximum shareholder prosperity if the stock price increases. The higher the stock price of a company, the higher the shareholder prosperity. According to Analisa (2011), the company's value can also be influenced by the size of the profitability generated by the company. According to Mardiyati, Ahmad, and Putri (2012), the company was established with the aim of improving the welfare of the company's owners which results in an increase in the company's value. According to Prasetyorini (2013), the purpose of establishing a company is to increase the company's value or maximize the wealth of investors. Companies that grow in good conditions have a Price to Book Value (PBV) of more than one, which means that the stock price is greater than the company's book value. The higher the PBV, the more the market will trust the company. According to Modigliani and Miller (MM), the value of a company can affect the company's ability to gain profit from the company's assets, therefore investment can affect the company's value (Sutrisno, 2012).

In the title of this research there are 3 (three) factors or variables to be studied, namely capital structure, company size and profitability. Capital structure is the proportion of funding with debt financing of the company, namely the company's leverage. However, based on the theory of capital structure, if the position of the capital structure is above the optimal capital structure target, then any increase in debt will reduce the value of the company. Determining the optimal capital structure target is one of the main tasks of company management. Thus, debt is an element of the company's capital structure. The theory of capital structure explains that the company's funding policy (financial policy) in determining the capital structure (mix between debt and equity) has the aim of optimizing the value of the company (value of the firm). In this case, the user of debt as a source of funding in this company can have the possibility in terms of profit and loss. The advantages of debt users are obtained from taxes (interest on debt is a tax deduction) and managerial discipline (the obligation to pay debt causes management discipline), while the disadvantages of debt users are related to the emergence of agency costs and bankruptcy costs. Capital structure is the comparison of the value of debt with the value of equity reflected in the company's financial statements at the end of the year. Capital structure is measured using the Debt to Equity Ratio (DER).

Company size according to Riyanto (2011:313) is the size of the company seen from the value of equity, sales value, or asset value. Company size is divided into 3, namely, large companies, medium companies, and small companies. This company size can also be seen from total assets, total sales, and can be seen from the number of employees working in the company.

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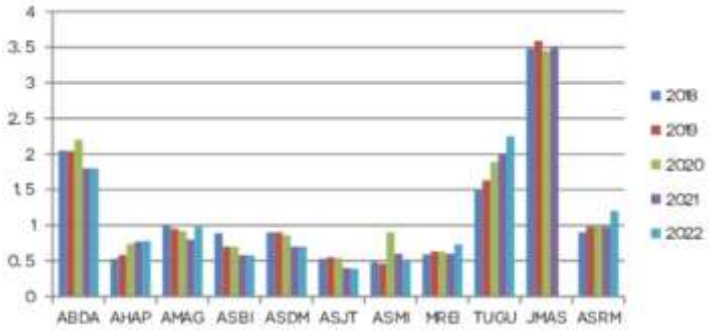
Prospective investors also use this Company Size as a benchmark in making a decision in terms of investing in the company. Because investors are more interested in investing in companies on a large scale.

Profitability (Sartono in Hermuningsih, 2013) is measuring the company's ability to earn profits relative to sales owned, total assets and equity. According to Kusumajaya (2011) Return on equity (ROE) is a ratio that shows the company's ability to generate net income for shareholders' equity returns. ROE is the amount of return from net income to equity and is usually expressed as a percentage. This ROE can also be used to measure a company's ability to generate profits with equity capital that has been invested by shareholders. The results of the calculation are in the form of a percentage that can be calculated for the company if net income and equity have positive numbers. This net income is calculated before dividends are paid to common shareholders and after dividends, to preferred shareholders and interest to lenders. If the ROE figure is higher, the higher the value of the company, and vice versa.



Source: Financial report at BEI (Data processed, 2022)

Figure 1 Insurance Company Value Graph 2018-2022

Based on Figure 1 above, there are 11 financial sub-sector insurance companies listed on the Indonesia Stock Exchange in 2018-2022. The lowest company value is by Asuransi Maximus Graha Persada (ASMI) in 2020 with a value of 0.06. Then, Asuransi Harta Aman Pratama (AHAP) experienced an increase every year, namely in 2018 by 0.53, in 2019 by 0.58, in 2020 by 0.774, in 2021 by 0.77, in 2022 by 0.78. Then there are several insurance companies that experience fluctuations in the value of their companies, including the Bina Dana Arta Insurance Company (ABDA), the Multi Artha Guna Insurance Company (AMAG), the Maximus Graha Persada Company (ASMI), the Indonesian Reinsurance Company (MREI), the Sharia Life Insurance Company Jasa Mitra Abadi Tbk (JMAS), and the Ramayana Insurance Company (ASRM).

Then, there is a phenomenon of one insurance company in 2021 PT. Asuransi Tugu Pratama Indonesia Tbk, said to have weakened by 0.29%. If you look at the ratio of Price to Book Value (PBV) the stock price of TUGU can be said to be cheap compared to similar industries. The PBV of Tugu insurance company is at 0.87 times, while the industry average reaches 2.62 times. So, the lower the PBV reflects the cheaper stock price when compared to issuers in the same sector. It can be concluded that the company value of PT. Asuransi Tugu Pratama Indonesia Tbk in 2021 the company is undervalued or is experiencing major financial problems.

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Based on Figure 1 above, what happened to Insurance Companies in Indonesia, the value of Insurance Companies in Indonesia tends to fluctuate from year to year, even tends to decrease. This should be an important concern for companies to pay attention to the increase or decrease in the value of the company, because investors who want to invest consider this. The purpose of this study is to determine the effect of Capital Structure on Company Value in companies listed on the Indonesia Stock Exchange, to determine the effect of company growth on company value in Insurance Companies listed on the Indonesia Stock Exchange, to determine the effect of profitability on company value, to determine the effect of simultaneous growth of capital structure, company growth and profitability on Company Value in Insurance Companies listed on the Indonesia Stock Exchange.

RESEARCH METHODS

In this study, the author uses associative research with a quantitative approach to manage data obtained from the research location, where quantitative data can be obtained through secondary data. By using a mix method, it means that the data obtained through quantitative approach instruments in this case secondary data, namely data obtained through company documents. This study was conducted to determine the Influence of Capital Structure, Company Size and Profitability on Company Value in Insurance Companies listed on the Indonesia Stock Exchange for the period 2018-2022.

Descriptive Statistical Test

Descriptive statistical analysis aims to describe data from each variable in the study (Ghozali, 2011). Descriptive statistical analysis is a statistic used to provide a description of data seen from the average value (mean), standard deviation, variance, maximum, minimum, sum, range, kurtosis and skewness. Descriptive statistics aim to explain the character of data that is already known to describe the profile of sample data before utilizing statistical analysis techniques that function to test hypotheses..

Table 1. Descriptive Test Results

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
X1	25	20.00	77.00	35.6400	15.86369
X2	25	11.00	85.00	27.8800	22.62432
X3	25	20.00	29.00	25.1600	3.17122
Y	25	1.00	73.00	19.6800	18.58476
Valid N (listwise)	25				

Source: Secondary Data, processed by SPSS

Based on results data statistics descriptive can concluded as following. For variable Y, namely Company Value, it has a maximum value of 73.00 and a minimum value of 1.00. The mean value is 19.6800 with a standard deviation of 18.58476. From the results of data processing obtained, the mean value is greater than the standard deviation value, which means that the distribution of data values is even.

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For variable X1, namely Capital Structure, it has a maximum value of 77.00 and a minimum value of 20.00. The mean value is35.6400with a standard deviation of 15.86369. The results of the data processing obtained show that the mean value is greater than the standard deviation value, which means that the distribution of data values is even.

For variable X2, namely Company Size, it has a maximum value of 85.00 and a minimum value of 11.00. The mean value is 27.8800 with a standard deviation of22.62432. The results of the data processing obtained show that the mean value is greater than the standard deviation value, which means that the distribution of data values is even.

For variable X3, namely Profitability, it has a maximum value of 29.00 and a minimum value of 20.00. The mean value is 25.1600 with a standard deviation of3.17122. The results of the data processing obtained show that the mean value is greater than the standard deviation value, which means that the distribution of data values is even.

Classical Assumption Testing

Normality Test

Data normality testing to test whether the variable regression model runs normally in depth in this research is detected through graphical and statistical analysis produced through regression calculations with SPSS.

This Normality Test is used to determine the condition of the data in this study whether it is normally distributed or not. The condition of normally distributed data is a requirement to determine the t-test used. Data management from the normality test using the SPSS program.

If the Sig. value < 0.05 then H0 that the data is normally distributed is rejected. This means that the resulting data is not normally distributed.

If Sig. > 0.05 then H0 is accepted. This means that the sample data comes from a normally distributed pre-test.

Table 2.One – Sample Kolmogorof – Smirnov Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		25
Normal Parameters(a,b)	Mean	.0000000
	Std. Deviation	9.37811885
Most Extreme Differences	Absolute	.105
	Positive	.105
	Negative	-.067
Kolmogorov-Smirnov Z		.523
Asymp. Sig. (2-tailed)		.947

a Test distribution is Normal.

b Calculated from data.

Source: Secondary Data Processed by SPSS

Based on the results of the Kolmogorov-Smirnov normality test, a significant value of 0.947 was obtained, which is greater than 0.05, so it can be concluded that the data is normally distributed. Normality test can also be done by looking at the histogram graph or p-plot, namely by looking at the data distribution around the diagonal line and following the direction of the diagonal line

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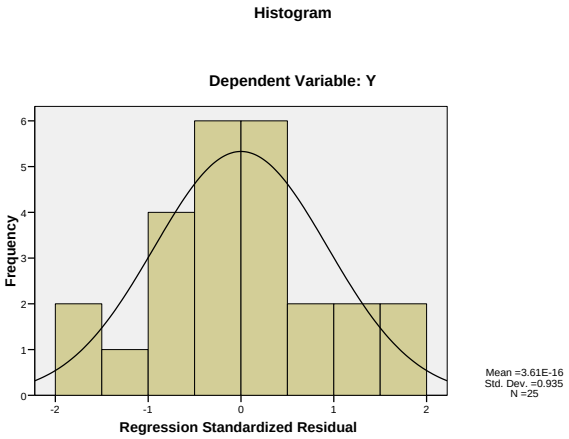
or histogram graph, then the data can be said to be normally distributed. Here are the histogram graphs and p-plots:



Source: Secondary Data, processed by SPSS

Figure 2 Histogram of Normality Test

In Figure 2 above, it can be seen that the variables are normally distributed. This can be seen from the histogram graph in the form of a curve and the line follows the direction of the diagonal line which indicates that the data is normally distributed.

Multicollinearity Test

Multicollinearity test is a test that aims to test whether the regression model finds a correlation between independent variables, if multicollinearity is found, then the variable regression coefficient is uncertain and the error becomes infinite. Multicollinearity test is done by looking at the VIF (Variance Inflation Factor) value with the provision that it must be below 10 and the tolerance value is above 0.05. This can be explained in the following table:

Table 3. Multicollinearity Test

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	5,096	16,811		.303	.765		
	X1	.492	.097	.701	5,057	.000	.866	1.155
	X2	.812	.651	.162	1.248	.226	.984	1,016
	X3	-.183	.119	-.214	-1,534	.140	.856	1.169

Source: Secondary Data, processed by SPSS

Based on the data above, it can be seen that there is no symptom of multicollinearity between each independent variable in the regression model, namely with the VIF value and tolerance

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value. The results of the tolerance calculation show the value of the independent variable less than 0.05, where the capital structure (X1) 0.866> 0.05, company size (X2) 0.984> 0.05, and profitability (X3) 0.856> 0.05, which means that the tolerance value data has no correlation between the independent variables. And it can also be seen from the results of the VIF value assessment, which shows that none of the independent variables have a value of more than 10. Capital structure (X1) 1.155 <10, Company Size 1.016 <10 and Profitability (X3) 1.169 <10, which means that the results of this data distribution have multicollinearity.

Autocorrelation Test

The autocorrelation test aims to test in a linear regression model whether or not there is a correlation between the disturbance error in period t with the disturbance error in period t-1 or in the previous period. The autocorrelation test in this study uses the Durbin Watson test. The following are the results of the autocorrelation test:

Table 4. Autocorrelation Test Results

Model Summary(b)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.807(a)	.651	.601	10.02563	1,796

a Predictors: (Constant), X3, X2, X1

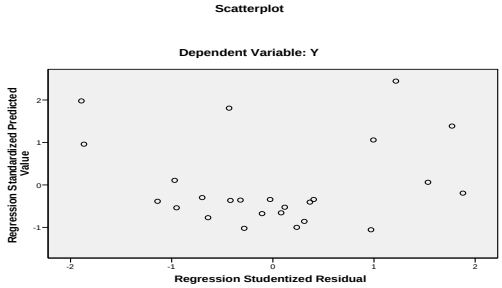
b Dependent Variable: Y

Source: Secondary Data, Processed by SPSS

Autocorrelation calculation using the Durbin-Watson (DW) table produces a value of 1,796. To find out whether there is a correlation or not, using the Durbin Watson (DW) Table calculation α = 5% with the number of n being 5 and the number of independent variables 3 (k = 3), the DU number is 1.6540 with the condition that DW> DU and DW <4-DUA. The calculation of 4-DU is 4 - 1.6540 = 2.346, it can be concluded that the DW value of 1.796 is greater than DU 1.6540 and DW 1.796 is smaller than 2.346 so it can be concluded that there is no autocorrelation.

Heteroscedasticity Test

Heteroscedasticity test is a variation of data used to make the model non-constant. Assumption testing is done using the glejser test and scatter plot test. If in the test mentioned there are points that spread in the positive and negative areas and form a pattern, then it can be said that the data does not have a heteroscedasticity problem. The results of the heteroscedasticity test are as follows:



Source: Secondary Data, processed by SPSS

Figure 4. Scatterplot

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Based on figure 4.6 above, it can be concluded that there is no symptom of heteroscedasticity because the points in the box are spread out. So the model is suitable for use to predict that there is no symptom of heteroscedasticity. Another way to test heteroscedasticity is to use a table like:

Table 5. Heteroscedasticity Test Results
Coefficients(a)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta	Tolerance	VIF	B	Std. Error
1	(Constant)	1,549	8,290		.187	.854		
	X1	.076	.048	.299	1,591	.127	.866	1.155
	X2	.244	.321	.134	.762	.455	.984	1,016
	X3	-.131	.059	-.423	-2.239	.136	.856	1.169

Source: Secondary Data, processed by SPSS

If the Sig value > 0.05 (Heteroscedasticity does not occur)
Capital Structure (X1) = 0.127 > 0.05, so there is no heteroscedasticity.
Company Size (X2) = 0.455 > 0.05, so there is no heteroscedasticity
Profitability (X3) = 0.136 > 0.05, so there is no heteroscedasticity.

Multiple Linear Analysis

To determine the influence of Capital Structure (X1), Company Size (X2), Profitability (X3) and Company Value (Y), multiple linear regression is used and can be seen in the following table:

Table 6. Multiple Linear Test Results
Coefficients(a)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta	Tolerance	VIF	B	Std. Error
1	(Constant)	5,096	16,811		.303	.765		
	X1	.492	.097	.701	5,057	.000	.866	1.155
	X2	.812	.651	.162	1.248	.226	.984	1,016
	X3	-.183	.119	-.214	-1,534	.140	.856	1.169

a Dependent Variable: Y

Source: Secondary Data, processed by SPSS

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From table 6 above, it is known that there is a positive relationship between Capital Structure, Company Size and Profitability towards Company Value (Y), this can also be seen from the magnitude of the intercept value obtained from the calculation assisted by SPSS, based on the data obtained, the constant value can be written as 5.096 and $X_1 = 0.492$, $X_2 = 0.812$, $X_3 = 0.183$ then the magnitude of the constant value of X_1, X_2, and X_3 can be entered into multiple linear regression:

$$Y = \alpha + X1 + X2 + X3 + e$$

Information :

Y =	Company Values
a =	Constants
X1 =	Capital Structure
X2 =	Company Size
X3 =	Profitability
e =	*Error Term*

From the equation above, it can be explained that:

1. The constant value of 5.096 means that if each independent variable of Capital Structure, Company Size and Profitability is considered zero, then the predicted Company Value is 5.096%.
2. The Capital Structure Coefficient value of 0.492 indicates that an increase in Capital Structure will result in an increase in Company Value of 0.492% assuming other variables are constant.
3. The coefficient value of Company Size is 0.812, indicating that an increase in Company Size will result in an increase in Company Value of 0.812%, assuming other variables are constant.
4. The Profitability coefficient value of 0.183 indicates that an increase in Profitability will result in an increase in Company Value of 0.183% assuming a constant value.

RESULTS AND DISCUSSION

Hypothesis Testing

1. t-test (partial)

The (partial) statistical t-test is intended to test the partial influence between the independent variable and the dependent variable with the assumption that the other variables are considered constant with a 95% confidence level (. The following partial test results can be seen in the following table:

Table 7. t-Test (Partial)

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta	Tolerance	VIF	B	Std. Error

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1	(Constant)	5,096	16,811		.303	.765		
	X1	.492	.097	.701	5,057	.000	.866	1.155
	X2	.812	.651	.162	1.248	.226	.984	1,016
	X3	-.183	.119	-.214	-1,534	.140	.856	1.169

a Dependent Variable: Y

Source: Secondary Data, processed by SPSS

Number of samples (n) = 5, number of model parameters (k) = 4, df = (nk) 5-4 = 1, then at the error levelα = 0.05, obtained T – table = 1.706

Based on the t-test it can be concluded that: Based on these data, the capital structure variable (X1) has a calculated t of 5.057 while the t table is 1.706, so it can be written that the calculated t > t table, where 5.057 > 1.706 and the significance value is 0.000 < 0.05, then the first hypothesis is accepted, which means that the capital structure variable (X1) partially has a positive and significant effect on the company value (Y).

Based on the data, the Company Size variable (X2) has a calculated t value of 1.248 while the t table is 1.706, so it can be written that the calculated t < compared to the t table, where 1.248 < 1.706, and the significance value of 0.226> 0.05, then the second hypothesis is rejected. This means that the company size variable (X2) does not have a positive and insignificant effect on the company's value.

Based on the data, the profitability variable (X3) has a t-count value of -1534 while the t table is 1.076, so it can be said that t-count <t table, where -1534 <1.706, and a significance value of 0.140> 0.05, then the second hypothesis is rejected. This means that the profitability variable (X3) does not have a positive and insignificant effect on the company's value.

F Test (Simultaneous)

F test (simultaneous) with the aim of testing whether the independent variables simultaneously affect the dependent variable, with a confidence level of 95% (α = 0.05). The following are the results of simultaneous testing, namely:

Table 8. F Test (Simultaneous)

ANOVA(b)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3928.981	3	1309.660	13,030	.000(a)
	Residual	2110.779	21	100,513		
	Total	6039.760	24			

a Predictors: (Constant), X3, X2, X1

b Dependent Variable: Y

Source: Secondary Data, processed by SPSS

Based on table 8 above, there is a value of F count data of 13,030 and F table of 9,013 and the significant value shows the number 0.000 which means that the significant value is less than 0.05, then it can be said that the model is feasible for the next testing stage. Thus, if F count

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is greater than F table then it will have an effect, but if f count is less than f table then it has no effect. F count 13,030> f table 9,013. So it can be concluded that the independent variables of capital structure, company size and profitability have an effect on the dependent variable of company value.

Coefficient of Determination Test (R2)

The coefficient of determination (R^2) essentially measures how far the model's ability to explain the variation of the dependent variable. The value of the coefficient of determination is between zero and one. A small R^2 value means that the ability of the dependent variables to explain the independent variation provides almost all the information needed to predict the dependent variables. The following are the results of the R^2 test, namely:

Table 9 Test of Determination Coefficient (R^2)

Model Summary(b)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.807(a)	.651	.601	10.02563

a Predictors: (Constant), X3, X2, X1

b Dependent Variable: Y

Source: Secondary Data, processed by SPSS

Based on table 9 above, the coefficient of determination is 0.601 X 100% = 60.1%. Which means that variables X1, X2, and X3 affect Y by 60.1%, while the rest (100% - 60.1% = 39.9%.

CONCLUSION

Based on the research results and discussion, the following conclusions can be drawn:

1. Based on the data, the capital structure variable (X1) has a calculated t of 5.057 while the t table is 1.706, so it can be written that the calculated t > t table, where 5.057 > 1.706 and the significance value is 0.000 < 0.05, then the first hypothesis is accepted, which means that partially the capital structure variable (X1) has a positive and significant effect on the company value (Y).
2. Based on the data, the Company Size variable (X2) has a calculated t value of 1.248 while the t table is 1.706, so it can be written that the calculated t < compared to the t table, where 1.248 < 1.706, and the significance value of 0.226> 0.05, then the second hypothesis is rejected. This means that the company size variable (X2) does not have a positive and insignificant effect on the company's value.
3. Based on the data, the profitability variable (X3) has a calculated t value of -1534 while the t table is 1.076, so it can be said that the calculated t < t table, where -1534 < 1.706, and the significance value is 0.140 > 0.05, then the third hypothesis is rejected. This means that the profitability variable (X3) does not have a negative and insignificant effect on the company's value.
4. Based on the data, there is a value of F count data of 13.030 and F table of 9.013 and the significant value shows the number 0.000 which means that the significant value is smaller than 0.05, then it can be said that the model is feasible for the next testing stage. Thus, if F

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count is greater than F table then it will have an effect, but if f count is smaller than f table then it has no effect. F count 13.030> f table 9.013. So it can be concluded that the independent variables of capital structure, company size and profitability have a significant effect. According to the results of the determinant coefficient test, it can be seen from the value of the provision coefficient which is directed by the adjusted R2 value of 0.601 or similar to 60.1%. This value concludes that the variables of capital structure, company size and profitability simultaneously have a positive and negative effect and are not significant for the dependent variable of company value.

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