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The Effect of Profitability, Growth Opportunity on ValueCompanies With Capital Structure As Intervening Variablein The Food And Beverage Sector Manufacturing CompaniesListed on IDX

(Study at Hasanuddin University)

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Abstract

This study aims to determine whether Profitability, Growth Opportunity to the value of companies with capital structure as an intervening variable have an effect. Data collection uses secondary data obtained from financial statements and a summary of the performance of listed companies using purposive sampling technique. The population is as many as 26 companies, while the samples taken are 8 companies. This sample has been tested for convergent validity, discriminant validity, composite reliability, and model suitability tests.The results showed that the proposed hypothesis was accepted because it showed positive and significant hypothesis test results. This means that profitability, growth opportunity, capital structure on firm value has a positive effect, but the results of profitability on capital structure are rejected because the positive results are not significant, as well as the results of growth opportunity research on capital structure are also rejected because the results of the negative hypothesis test are significant, and the proposed hypothesis is rejected which shows that the results of the hypothesis are not significant. This means that capital structure as an intervening variable is not able to influence profitability and growth opportunity on firm value.

Keywords: Profitability, Growth Opportunity, Capital Structure, Firm Value

INTRODUCTION

The value of the company can be seen from its share price which reflects the value of future earnings, and is a market indicator to assess the company as a whole. High stock prices indicate that the company can provide welfare for its shareholders and will be a positive signal for investors to invest (Manoppo& Arie 2016) in (Rifani Mia Ambasari, 2020). There are factors that affect the value of the company, namely Profitability also affects the value of the company. Profitability is the ability of a company that generates profits to manage all assets and capital (Rusnindita Kartika 2019). Growth Opportunity is a growth opportunity of a company in the future (Mai, 2006 inHermuningsih, 2013). Good company growth is a sign that the company has profitable prospects in the future, and investors hope that the rate of return on the investment they invest will increase. This will increase the value of the company. And there are other factors that affect the value of the company, namely the capital structure is considered very important for the company because the good or bad of the capital structure will be able to affect the company's financial condition which in turn will also affect the value of the company. According to Husnan (2013: 299) in (Laksmitawati, 2018).

The occurrence of fluctuations in the financial performance of manufacturing companies in the food and beverage sector which can be seen from several ratios, namely ROA, PER, DER and PBV, this is due to inflation, weak exports and high imports of raw materials, declining competitiveness, and low investment growth that occurred in Indonesia. Indonesia. The fall in sales from the food and beverage segment.

This sector is one sector that can survive amid Indonesia's economic conditions. Gross aesthetics is one of the food and beverage industries because the establishment of more and more food and beverage companies is expected to provide profitable prospects in meeting the needs of the community.

LITERATURE REVIEW

A. The Effect of Profitability on Firm Value

The better growth of the company showsIn the future, the company will be better in the future. Thisgives the meaning that issuers have more and more profitsgood so the stock price can increase. The higher it isprofitability, the better the company's position in the eyes ofinvestors. (Permata 2017) stated that profitabilityhas a significant positive effect on firm value.Stock demand will be increased if productivitycompany increases.

H_1 :*Profitability has a significant positive effect on the value ofcompany*

B. Effect of Growth Opportunity on Value

(IrrofatunKusna and Erna Setijani 2018) show that growth opportunity has a positive and significant effect on company value, meaning that company growth opportunities provide a positive signal to investors regarding the company's market value, thereby increasing stock prices as an indicator of company value.

H_2 :GrowthOpportunityhas a significant positive effect on the value of company

C. Effect of Profitability on Capital Structure

Companies with high profits tend touse more loans to get benefitsthe use of debt from the tax aspect. high profitabilitywill improve the company's capital structure. This is happeningdue to the tax savings obtainedcompanies with the use of debt. According to theorytrade off interest paid as a tax deduction expensemake debt cheaper than common or preferred stock(Brigham and Houston, 2013).

H_3 :Profitability has a positive and significant impact on the structurecapital

D. Effect of Growth Opportunity on Capital Structure

Companies with high growth opportunities will require large funds. Companies with high growth will tend to use debt in the company's capital structure. Research conducted by Hermuningsih (2013) says that growth opportunity has a positive and significant effect on capital structure.

H_4:GrowthOpportunity has a positiveandsignificanteffectoncapitalstructure

F. Effect of Capital Structure on Firm Value

Companies in general will take advantage of debt lending by increasing the value of the loan until it reaches the optimal level of tax advantage in accordance with research and trade off theory (Pratama&Wiksuana, 2018).

Research conducted (Kristianus Ronaldo Jemani and TeguhErawati 2020) shows a positive relationship between capital structure and firm value

H_5: Capital structure has a positive and significant effect on firm value

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G. The Effect of Profitability on Firm ValueThrough Capital Structure.

The value of the company can also be influenced by the size of the companyprofitability generated by the company.Profitabilityis the level of net profit that can be achieved bycompany during its operations. The advantages thatwill be distributed to shareholders is profitafter interest and taxes. According to Houston 2006 profitabilityis the end result of a number of policies and decisions thatdone by the company. If the company's profitability is goodeat creditors, suppliers and investors will seethe extent to which the company can generate profits from salesand corporate investment.

The positive effect of profitability on firm value with capital structure can be a mediating variable in research (Edi Purnomo 2019)

H_6:Profitability has a positive and significant effect on firm value mediated by capital structure in manufacturing companies in the food and beverage sector.

H. The Effect of GrowthOpportunity on Firm ValueThrough Capital Structure.

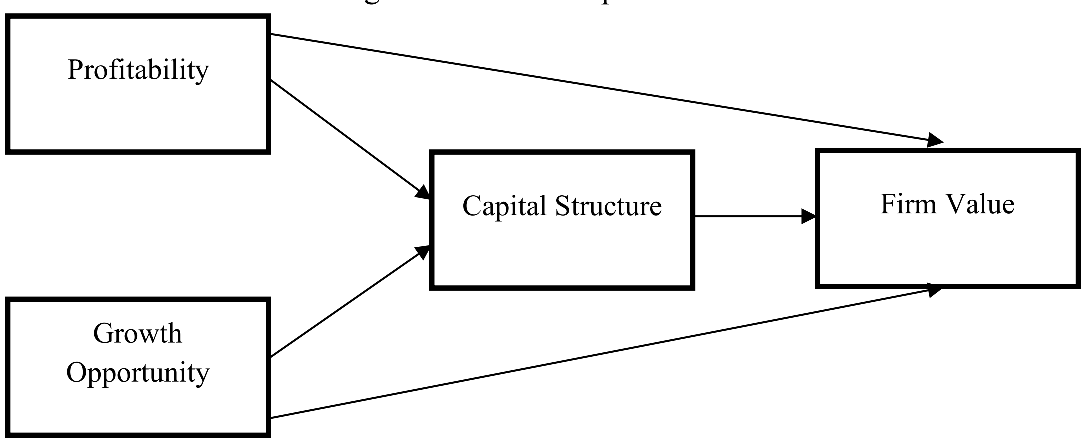
Research results (Andanika, 2017) Growth opportunityaffect the value of the company through the capital structure,means that an increase in the market value of the firm signifiesthat the company has future growth prospectsas a result of the company's investment policies.Companies with high growth choose to usedebt in its capital structure.

H_7:GrowthOpportunity has a positiveandsignificanteffectonfirmvaluemediatedbycapitalstructure in manufacturingcompanies in thefoodandbeveragesector.

Conceptual Model

This study uses the independent variables are Profitability, and Growth Opportunity, the dependent variable is Firm Value and Capital Structure as intervening variables. Conceptual Framework or framework of thought is a brief description and relates one variable to other variables to be studied or describes the influence or relationship with each other. others. To facilitate the analysis in this research, a framework of thought is made as follows:

Figure 1: The Conceptual Model



RESEARCH METHOD

Location and Research Design

This research was conducted on the Indonesia Stock Exchange on the web www.idx.com. This study used a quantitative approach with the help of Warp-PLS in order to test hypotheses and conclusions from the research results.

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Population or Samples

The population is as many as 26 companies, while the samples taken are 8 companies. The sampling technique in this study is to use a purposive sampling technique.

Data Collection Method

The steps taken in data collection are collecting secondary data then measuring and analyzing and interpreting so as to produce the right interpretation.

Data Analysis Method

The test of the structural relationship model is mathematically formulated to state the causal relationship between variables (Ferdinand, 2005:102) as follows:

$$\mathbf{Y_1 = \beta_1 (X) + Z_1} \quad \text{......Equality (1)}$$

$$\mathbf{Y_2 = \beta_1 (X) + \beta_2 (Y_1) + Z_2} \quad \text{......Equality (2)}$$

Be Discovered:

X_1= Profitability

X_2 = *Growth Opportunity*

Y_1= The valueofthecompany

Y_2= Capital Structure

β_1; & β_2 = Regressionweight (Koefisien regresi *standardized beta*)

Z_1= Thefirstmeasurementerror (zeta) onthelatentvariable

Z_2= Thesecondmeasurementerror (zeta) onthelatentvariable

Descriptive Statistics

Descriptive statistics which serve to provide a description (description) of a data so that the data presented becomes easy to understand and informative for people who read it. Descriptive statistics explain various data characteristics such as the average (mean), sum (sum), standard deviation (standard deviation), variance (variance), range (range), minimum value, and maximum and so on.

Tabel 5.5 Descriptive Statistic

	N	Minimum	Maximum	Mean		Std. Deviation
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic
Profitabiitas	80	.05	8.11	2.5993	.18330	1.63949
GrowthOpportunity	80	.62	8.44	4.7345	.14903	1.33294
StrukturModal	80	.40	10.00	1.1315	.13343	1.19346
NilaiPerusahaan	80	.75	6.98	2.2859	.16894	1.51106
Valid N (listwise)	80					

(Source: Data Processing Results SPSS 2022)

Based on the data on the SPSS output from the descriptive statistical results of the company's Profitability variable has an average of 2,5993 greater than Std. Deviation of 1.63949 means that profitability is able to make a better contribution to a company.

In the Growth Opportunity variable, the average company is 4.7345, which is greater than the standard deviation of 1.33294, meaning that Growth Opportunity is able to make a better contribution to a company.

The Capital Structure variable has an average of 1.1315 which is smaller than the standard deviation of 1.19346, meaning that the Capital Structure is not able to make a better contribution to a company.

Furthermore, the company value variable has an average of 2.2859, which is greater than the standard deviation of 1.51106, meaning that the value of the company is also able to make a good contribution to the company.

Prerequisite Evaluations

Convergent Validity of the measurement model can be seen from correlation between variable scores and construct scores (Loading factors). A model is said to be good and meets the test convergent validity if the loading factor value of each indicator is approximately 0.70 and p-value <0.05 is considered significant. Machfud and Dwi (2013:66) explain that in some cases, loading conditions must be >0.70 often not met especially for the newly developed questionnaire. Therefore, loading between 0.50 – 0.70 must be constant considered to be maintained. Removal with loading between 0.40 – 0.70 is done if it can increase AVE and composite reliability above the limit value. Mark the limit for AVE > 0.50 and Composite reliability is>0.50. Convergent Validity processing results in testing Warp PLS Version 7.0

After Convergent Validity, the next test is Discriminant Validity. A construct is said to be good if has met the discriminant validity requirements, namely, the results int he combined loading and cross-loadings view shows that loading to another construct (cross-loading) is of lower valuerather than loading into a variable construct.

The next test is a construct reliability test that can be measured by 2 criteria, namely Composite Reliability and Cronbach's alpha. A construct is said to be reliable if the value of composite reliability >0.60.

The next stage in this research is structural evaluation (inner model) which includes a model fit test (model fit), path coefficients, and R2. In the model fit test there are 3 indices testing, namely average path coefficient (APC), average R –squared (ARS) and average variance factor (AVIF) with criteria APC and ARS are accepted on condition that p-value <0.05 and AVIF is more smaller than 5 (Mahfud and Dwi Ratmono, 2013:61).

Testing this hypothesis is also intended to prove the truth of research allegations or hypotheses. Results correlation between constructs is measured by looking at the path coefficients and the level of significance. The level of significance used in this research is 5%.

DISCUSSION

Increased profitability due to higher net income high this will give a positive signal to investors that the company is in a favorable condition, This is an attraction for investors to own shares company. So, there is an increasing demand for shares and can make the company value high. because of by standers assess the performance of the company is good. This research is in line with Signaling Theory which explains that when investors receive good company performance information then attract investors to buy the shares so that make the stock price increase which will be followed by increase in company value and in line with research (Supantinah 2018) but this is not in line with research by (A, Pratama 2016) that profitability has a negative effect and not significant

Companies that have high growth opportunities will indicates the company has a rate of return investment is also big in the future so that increase the value of the company this is in line with research by Hermanto, et al (2016) but not in line withr esearch by Kusna (2018) that Growth

Opportunity has a positive effect or not significant.

High profitability will have its own capital which large so that companies prefer to use capital themselves for company activities compared to use debt. This is in line with Myers and Majluf (1984) argue that financial managers who use packing order theory with retained earnings as the first choice in meeting the needs of funds and debt as an option second as well as the issuance of shares as a third option, will always be increase profitability to increase profits. But no in line with (Hermuningsih 2013) has a positive effect and significant to the Mdalstructure. According to the pecking order theory, companies prefer to use sources of funds from internal or internal funding rather than external funding. The internal funds are obtained from the retained earnings generated of the company's operational activities.

Companies with low growth opportunities will using long-term debt means that the higher the growth opportunity, the lower the debt used. Companies that have high growth will have profits large, so the company will use the profit for its operational financing, in line with the theorypecking order that the company that has sales thathigher, it is recommended to use internal financing tofinance the company's operations first and ifnot enough just to use external financingso that the debt used is small. In line with research(Ni Kadek Tika SukmaDewi and I Made Dana 2017) but noin line with (Hermanto 2016) namely Growth Opportunitypositive effect on capital structure.

Companies that have a high capital structure willattract investors to invest in the companyThis makes the value of a company increaseThis is in line with the trade of theory which is a structural theorycapital that can be linked to the value of the company. This theoryexplains the balance between the benefits to beobtained as a result of the use of debt. When the company is inoperating activities using debt, but the benefitsobtained from the use of debt is much greater than the amount of debtthen the use of debt is allowed and this research tooIn line with (Prasetyo 2017) but not in line with(Supantinah 2018) namely the capital structure has a negative effectto company value

Investor's decision to buy shares is not influencedby the size of the capital structure but pay more attention tocompany performance in generating profit. Profitability onthe company can demonstrate the company's ability togenerate profits derived from the results of its operations.The higher the profitability of a company, the capital itselfthe company is also large, so the company willuse relatively small amounts of debt. then fromit can affect the capital structure to be small, becausecompanies tend to use their own capitalinstead of choosing to use debt. So in this research,capital structure cannot mediate profitability to valuethis is in line with the results of research (Supantinah2018) is not in line with (Prasetyo 2017) namely that the structure ofcapital is able to mediate the effect of profitability on the value ofcompany

Company growth reflects performancethe company is seen from the company's productivity ingenerate profit and give hope to the partiesinternal company, as well as investors so that the Companywith a high growth rate can increase the value ofcompany. Thus, companies tend tousing internal funds. So the use of debtwill be a little. So, the capital structure cannot mediate growthopportunity to firm value. Research results are in linewith (Supantinah 2018) But not in line with research(Hermanto 2016) that the capital structure can mediate the influence ofgrowth opportunity to company value

CONCLUSION

1. The Effect of Profitability on Firm Value Profitability has a positive and significant effect on firm value, supporting the hypothesis (H1)
2. Effect of Growth Opportunity on Firm Value Growth Opportunity has a positive and significant effect on firm value, supporting the hypothesis (H2)
3. Effect of Profitability on Capital Structure Profitability has a positive and insignificant effect on firm value and does not support the hypothesis (H3)
4. Effect of Growth Opportunity on Capital Structure Growth Opportunity has a negative and significant effect on firm value does not support the hypothesis (H4)

5. Effect of Capital Structure on Firm Value Capital structure has a positive and significant effect on firm value, supporting the hypothesis (H5)
6. The Effect of Profitability on Firm Value Structure mediated by Capital Structure Capital structure is not able to mediate profitability on firm value does not support the hypothesis (H6)
7. Effect of Growth Opportunity on Firm Value mediated by Capital Structure Capital structure is not able to mediate Growth Opportunity to firm value does not support the hypothesis (H7)

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