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The Effect Of Growth Opportunity On Firm Value With Capital Structure As An Intervening Variable In Manufacturing Companies Listed On The Indonesian Stock Exchange In 2017-2021

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ABSTRACT

The reason of this consider was to decide the commitment of the profitable learning experience variable to the esteem of companies with a measured structure as an catch variable in fabricating companies recorded on the Indonesia stock trade in 2017-2021. The approach in this inquire about may be a quantitative clear inquere about.The objects in this investigate are development openings, secluded structure, and firm esteem. The subjects in this think about utilized Fabricating Companies recorded on the Indonesia Stock Trade for the period 2017 to 2021. The data utilized in this ponder was gotten to by means of www.idx.co.id. In this investigate, the specified quantitative data is the company's money related articulations. Total populace to be examined in this think about are 26 companies. The inspecting strategy utilized in this think about utilized a purposive examination strategy and gotten all out 14 tests. The data utilized in this inquire about is auxiliary data. The data investigation method in this think about employments different direct relapse tests. The comes about of this think about indicate that: Learning involvement features a positive and noteworthy impact on firm esteem. Learning experience includes a positive and critical impact on the measured structure. Measured structure includes a critical negative impact on firm esteem. Secluded structure is incapable to intercede the impact of learning encounter on firm esteem.

Keywords: Growth Opportunities, Modular Structure, Corporate Value

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INTRODUCTION

The success of the owners or shareholders is the most objective of a business when it is established, as wealth or profit increases. Wealth can be increased by increasing the value of the company. (Brigham and Gapenski, 2011). The perception of a business by investors, which often correlates with stock prices, is known as firm value. The possibility of investment has a significant impact on the price of the company, which is determined by indicators in the stock market. The share price of a business and its enterprise value are closely linked as reflected in the latter's share price. The share price is the amount traded in the market. (Fakhruddin and Hadianto, 2001). As for shareholders, an increase in the value of the business will increase the acquisition of dividend distributions, an increase in the value of shares will help management increase revenue and other benefits. The share price will increase if the business pays a large dividend to its shareholders. (Cashmere, 2015). Price to Book worth Ratio is the proportion used to determine the value of the company (PBV). The market is more optimistic about the future of the company when the price to book value (PBV) is greater (Brigham and Daves, 2018).

Several elements such as profitability, growth prospects, and capital structure can affect firm value. (Hermuningsih, 2013). Business opportunities to grow in the future always exist. (Mai, 2006). When there is an increase in the level of business growth opportunities, there will also be an increase in firm value, according to a positive relationship. The increase in the level of company development opportunities accounts for a favourable relationship. (Apriyanti & Bachtiar, 2019).

Capital structure is another element that affects business value besides growth potential. The capital structure contrasts the company's own money with its long-term debt. (Amro and Asyik, 2021). One of the proportions used to illustrate the capital structure of a trade is the liability to value ratio (DER).The ratio of a firm's liabilities to its own capital is known as the debt to equity ratio (DER). The capacity of a trade to pay its commitments with existing capital or equity can also be shown by this ratio. (Bambang, 2017).

Businesses with strong development potential (Growth Opportunity) must be able to raise sufficient capital to cover all operational costs. (Wijaya & Ardini, 2020). With high growth opportunities, the company will need significant capital to expand its operations. The research was conducted on food and beverage production businesses that have been listed on the Indonesia Stock Exchange (IDX) during the period 2017-2021. Manufacturing companies in the food and beverage industry are one of the companies that contribute to employment and increase state revenues. The significant impact of the food and beverage industry on industrial companies is what triggers interest in further research. The following three factors capital structure, firm value, and Growth Opportunity variable data can be used to describe this phenomenon:

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Table 1. Data of Growth Opportunity Variable, Capital Structure, and Firm Value

Variabel	Tahun				
	2017	2018	2019	2020	2021
Growth Opportunity	0,103	-0,217	0,056	0,101	0,017
Struktur Modal	0,874	0,696	0,718	1,168	1,712
Nilai Perusahaan	4,416	4,494	2,270	3,483	3,307

Source: secondary data processed, 2022

From the graphical information in Table 1, food and beverage subsector companies show erratic growth from 2017 to 2021. In this sector subsector, business valuations fell in 2019 but slowly increased in the following year. Businesses with significant growth opportunities must be able to provide capital that can cover all expenses, according to Wijaya and Ardini (2020), so seeing growth opportunities and a higher capital structure reveals that these needs are actually unproductive. generated from business activities. According to Yanti & Darmayanti (2019), firm value increases along with the increase in capital structure (DER).

The negative market atmosphere due to the Covid-19 outbreak, which impacted the JCI, led to unusual circumstances in 2019. As is known, the clear value of shares is highly dependent on the composite stock price index, and will have an impact in determining the value of the company. This phenomenon shows that in addition to the internal fundamentals of the business, external economic variables also have an impact on firm value.

THEORETICAL STUDIES

Company Value

factors that are reflected by the market price. A high equity value increases the value of the company. (Brealey et al, 2011). The value of the business increases as the share price rises. Business owners will be more developed, proportional to the higher price of the company. The price of the offering sold on the stock market can be the company's reward level for the on-screen trading character that publishes the offering on the capital market. Price to book value, a degree that shows the result of the comparison between the price per share and the book value per share, is one of the instruments used to assess the price of the company. (Hery, 2016). Tobin's Q proportion, which compares the value of a company's shares to the book value of its holdings, is another way to evaluate the value of a company. The price-to-earnings ratio, which compares the stock market value of the stock market price to the book value of its equity, is the final metric.

Capital Structure

The balance (absolute and relative) between all foreign capital (short-term and long-term) and the amount of own capital is reflected in the capital structure, which is a component of the financial structure. (Riyanto, 2006). Brigham and Houston (2012) assert that asset structure and sales consistency are two of the many variables

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that affect capital structure. In contrast to businesses with volatile sales, businesses with fairly consistent sales are more likely to be approved for more financing and can afford higher fixed costs. By comparing long-term debt with shares, a company's capital structure can be seen as a contrast or balance of its long-term financing. Martono and Harjito (2012). The ratio used to describe the financial structure of a business is the debt to equity ratio (DER). The ratio of a company's liabilities to its own cash is known as the debt to equity ratio (DER). The ability of a business to settle its obligations with existing money or shares can also be determined by this amount. (Bambang, 2017). The proportion of debt to shares shows whether investors have given money to debtors. In terms of the use of corporate debt, the higher the debt to equity ratio (DER), the less financing the company receives from shareholders. Conversely, the lower the DER ratio, the better the company's performance in fulfilling its commitments..

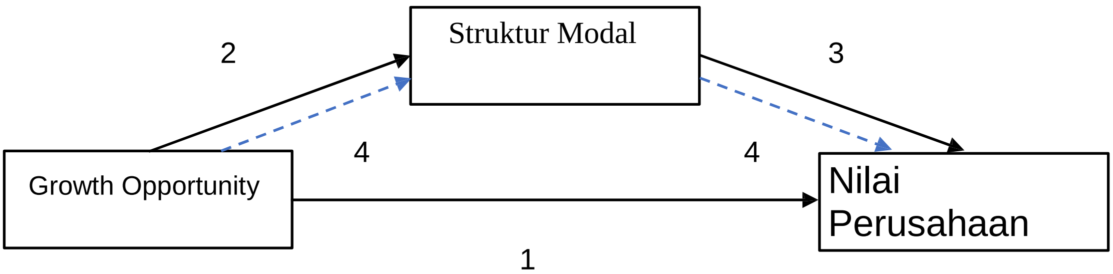
Growth Opportunity

Growth Opportunity can be defined as a company that has the opportunity to create, reach a certain level of development, or create its business level (Bintara, 2018). Future success and high earnings can be expected from businesses with a high level of development. If a business has high development potential, this bodes well for shareholders. It may attract investors, increasing the amount of outside capital the business receives for operations. The expansion of a company's assets can indicate its development opportunities.

The assets used for the working tasks of the business are shown in the assets. In other words, operational results will be greater assets are expected to increase. The confidence of outsiders in the business will increase with the increase in assets followed by the increase in operating results. For a growing business, additional funding will naturally follow in various industries. Capital is required for investment as it provides more money for the expenditure of permanent assets, inventory, and debt. Due to the responsibility to return this additional capital in return for services to be provided to the owners of capital.

Conceptual Framework

Figure 1. Conceptual Framework



According to the philosophical analysis of figure 1:
Hypothesis 1: Growth opportunity has a significant effect on firm value
Hypothesis 2: Growth opportunity has a significant effect on capital structure
Hypothesis 3: Capital structure has a significant effect on firm value

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Hypothesis 4: Growth opportunity mediated by capital structure has a significant effect on firm value. significant effect on firm value.

RESEARCH METHODS

To establish the impact of development prospects on firm value with capital structure as an intervening variable, financial statement data are first analysed and then calculated in this empirical study of business. Growth potential, capital structure, and firm value are the objectives of this study. Manufacturing companies used in this study are listed on the Indonesia Stock Exchange from 2017 to 2021. Access to the data used in this study is made possible by www.idx.co.id. Business financial reports serve as data and the data used is secondary data.

Within the research time of 5 years, from 2017-2021, this research is for the entire food and beverage business group listed on the Indonesia Stock Exchange (IDX). A total of 26 companies will be studied for this research population. The technique used in this research is purposive sampling. The following is the selection of research samples:

Table 2. Research Sample

No	Keterangan	Jumlah
1.	Perusahaan manufaktur sektor makanan dan minuman yang terdaftar di Bursa Efek Indonesia periode 2017-2021	26
2.	Perusahaan manufaktur sektor makanan dan minuman yang tidak memiliki pencatatan keuangan yang lengkap	(12)
Jumlah perusahaan sampel		**14**

Source: www.idx.co.id

The number of samples in the study was 14 x 5 = 70, because the five-year time span of the study was 2017, 2018, 2019, 2020 and 2021. Secondary data is what is used in this study. And comes from the audited financial statements of the food and beverage consumer goods sub-sector companies obtained from www.idx.co.id, www.sahamok.com and www.finance.yahoo.com. The data analysis technique uses descriptive statistical tests, classical assumption tests, multiple regression tests, hypothesis tests, and mediation tests.

RESULTS AND DISCUSSION

The following are the results of descriptive statistical analysis of each variable:

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Table 3. Descriptive Statistical Analysis Test Results

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Growth Opportunity	63	-3,80	,62	,0072	,50561
DER	63	-1,53	5,30	,8611	,87560
PBV	63	-,16	6,14	2,4489	1,48898
Valid N (listwise)	63				

Source: data processed, 2022

For the results of the acquisition of table 3, it is found that the general description of descriptive statistics for the dependent, independent and mediating variables, there are 63 company data that can be studied.

The non-parametric statistical test used is the One-Sample Kolmogorov-Smirnov (1- Sample K-S) test. The results show a significant probability value above 0.05, meaning that the variables are normally distributed. The results of the normality test:

Table 4. Normality Test Results

One-Sample Kolmogorov-Smirnov Test

Unstandardized Residual
61
,0000000
1,51636840
,107
,107
-,094
,107
,082c

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

c. Lilliefors Significance Correction.

Source: data processed, 2022

The One-Sample Kolmogorov-Smirnov (1-Sample K-S) test results show a probability value of Asymp. Sig. (2-tailed) of 0.082> from 0.05. So it can be concluded that the variables are normally distributed

The results of the heteroscedasticity test are used to determine whether the variance of the residuals is the same or not The results of the heteroscedasticity test are:

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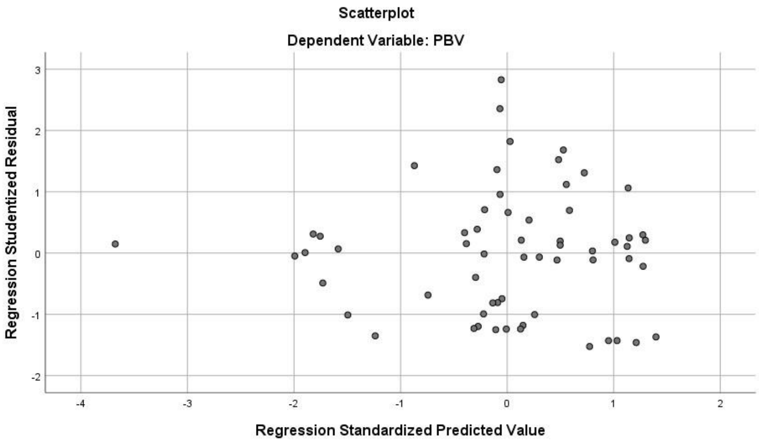

Table 2. Heteroscedasticity Test Results
Source: data processed, 2022

Given that the dots do not form a regular result and are scattered above and below the 0 value on the y-axis, there is no heteroscedasticity, as illustrated by the heteroscedasticity test results above. The ability of the regression model to detect a strong or high relationship between the independent factors is tested with the multicollinearity test. A good regression model has no multicollinearity. You can check the sum of the limits and the VIF value to see if there is multicollinearity. There are no instances of multicollinearity if the toleration number is > than 0.10 or VIF < than 10. The results of the multicollinearity test findings are listed below.

Table 5. Multicollinearity Test Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Toleranc e	VIF
1	(Constant)	2,831	,259		10,941	,000		
	Growth Opportunity	,937	,377	,318	2,484	,016	,896	1,116
	DER	-,452	,218	-,266	-2,074	,042	,896	1,116

a. Dependent Variable: PBV
Source: data processed, 2022

From the data obtained, the tolerance value is 0.896 which is 0.896> 0.10 and the VIF value is 1.116 which is 1.116 < 10. In this study, it can be interpreted that equation II does not occur in cases of multicollinearity. The purpose of linear regression analysis is to identify the presence or absence of the influence of the independent variable on the dependent variable. In this study regression analysis is used to identify the two variables. the first variable is the effect of Growth Opportunity on DER and the second variable is the effect of Growth Opportunity and DER on PBV. The analysis model can be seen as follows:

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Equation I (Growth Opportunity (X) on DER (Z))
Table 6. Results of Multiple Regression Test

Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	,857	,105		8,140	,000
	Growth Opportunity	,558	,210	,322	2,659	,010

a. Dependent Variable: DER

Based on the data above, the following multiple linear regression equation: Z = bX + e, Z = 0.558X + e

Based on the data above, it is concluded that DER has a positive effect on the Growth Opportunity regression coefficient value of 0.558. But DER will increase by 0.558 if Growth Opportunity is increased by 1 unit.

Equation II (Growth Opportunity (X) and DER (Z) on PBV (Y))
Tabel 6. Perolehan dari Uji Regresi Berganda

Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	2,831	,259		10,941	,000
	Growth Opportunity	,937	,377	,318	2,484	,016
	DER	-,452	,218	-,266	-2,074	,042

a. Dependent Variable: PBV

The following multiple linear regression based on the data above is: Y = bX +bZ+ e

Y =0.937X + (- 0.452) Z+e

Based on the statistics presented above, the following conclusions can be drawn:

a. The figure of 0.937 for the Growth Opportunity regression coefficient has a positive impact on PBV. If Growth Opportunity is increased by one unit, PBV increases by 0.937, assuming all other external factors remain constant.
b. The figure of -0.452 for the DER regression coefficient has a negative effect on PBV. If DER is increased by one unit, PBV decreases by 0.452 with the conclusion that all other exogenous variables remain constant.

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Table 7. Summary of Hypothesis Test Results

Pengaruh Variabel	Koefisien Standardized	Pengaruh Kausal		Total
	Beta	Langsung	Tidak Langsung	Pengaruh
X terhadap Z	0,322	0,322		
Z terhadap Y	-0,266	-0,266		
X terhadap Y	0,318	0,318		
X dimediasi Z terhadap Y			0,322 x -0,266 = -0,085652	0,232348

Source: data processed, 2022

To overcome the assumptions of the two equation models, empirical tests are carried out. Hypothesis testing was carried out in this study with path analysis, which is to compare which is greater between direct and indirect effects.

DISCUSSION

From the test results in Table 7, the t value of Growth Opportunity is 2.659 and the t table value is 1.99834, meaning 2.659> 1.99834, or the t value is greater than the t table value. This shows that Growth Opportunity and DER do have an effect, and the significance value of the t test is 0.010 which is smaller than 0.05. As a result, Ha is approved, proving that Growth Opportunity has a favourable and prominent impact on DER. DER identifies the split between debt and equity that a business uses to fund its activities. (Bambang, 2017).

The addition of debt in a business can arise as a result of the rapid development of the company. The higher the budget of funds for financing growth, the greater the budget of funds. The rapid rate of company development often has to be balanced with an increase in fixed assets. The increase in assets causes the proportion of debt to be greater than equity capital because it is used to finance expansion in accordance with the pecking order theory, which means that if the funds within the company are considered insufficient, then as an option the company will use external financing, namely liabilities to start from the use of liabilities. Compared to the issuance of an offering, financing a company's activities is relatively faster. Businesses with many opportunities for growth usually have a lower amount of leverage. This is so that businesses with high development potential can increase their income and more easily fulfil their financial responsibilities.

Based on the test results in table 7, t count of Growth Opportunity is 2.484 while t table is 1.99834; thus, 2.484 > 1.99834 indicates that t count is greater than t table. It can be shown that Growth Opportunity has an effect on PBV, and the significance value of the t test which is smaller than 0.05 is 0.016. It can be proved that Growth Opportunity has a favourable and substantial impact on PBV.

A large PBV may represent a higher stock value as a consequence of the company's investment. Therefore, a key factor in determining the value of a company is its potential to grow. Increasing productivity can result in high development possibilities Growth possibilities can also increase a company's value

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by luring investors who recognise the possibility of higher returns on their investments. Growth opportunities can also help businesses expand their market share and increase brand awareness while keeping them competitive in their respective industries. In general, development possibilities can help businesses become more profitable over time for shareholders.

From the results of multiple linear regression testing in table 7, the negative t coefficient value of DER is -2.074 and the t table value is 1.99834 where the t value is greater than the t table, namely -2.074> 1.99834. This shows that DER has an effect on PBV, and the significance value of the t test of 0.042 is smaller than 0.05. So Ha is recognised, meaning that DER has a negative and significant effect on PBV. The significance of information sent by businesses is emphasised in signalling theory when outside investors make investment choices. A business uses asymmetric information from the start to let the market know that it has a promising future possibility and strong performance. (Wahyudi et al, 2019).

The use of a significant amount of debt is one of these indicators. The market reacted negatively to the increase in DER for industrial businesses in the food and beverage industry. The reason for the market's negative sentiment is based on Signalling theory, which claims that investors view a company's capital structure in this case DER as a weakness. This may decrease investors' desire to buy shares of businesses in the food and beverage production industry. Alternatively, capital structure has a detrimental impact on firm value. The findings of Table 7 show that the direct effect exceeds the overall effect, and the findings of the Sobel calculator show that DER cannot reduce the impact of potential price growth on book value. (PBV). This can be explained that capital structure is the part of a firm's financial structure that specifically concentrates on the working capital and liabilities of the firm, whereas growth opportunities involve aspects such as growth strategy, risk management, etc. that are not directly related to capital structure. Growth opportunities are opportunities that have the potential to increase a firm's future earnings and value. These opportunities are related to business strategy and management, and consequently can have a direct impact on firm value. To prevent the impact of development opportunities on firm value, it is mediated by capital structure proxied by DER.

CONCLUSIONS

Based on the test findings and conversations, it can be said that increasing a company's revenue and income through various means will allow it to capitalise on higher growth prospects. Moreover, businesses with great development potential have lower debt levels as they have the ability to increase their revenue and as a result, their ability to fulfil their financial obligations. Furthermore, due to intense competition in the manufacturing industry, businesses are forced to become more proactive in increasing their profitability through growth. To do this, they need to raise as much capital as possible from their own resources, lowering their debt ratio in the process. And, companies that have a large growth opportunity are not necessarily able to manage their capital structure proxied by DER, because in obtaining profits on increased assets that reflect growth opportunity, the use of own capital is often likely to provide greater income for shareholders than coming from debt. Increased profits can encourage buyers to put money into their business. The suggestion proposed in this study is that investors are expected to continue to pay

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attention to the variables that affect stock prices to determine the type and moment of investing in companies that have prospects in a certain period of time to get maximum returns through fundamentals, technical analysis and the global economy.

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