Optimizing Business Investment in Increasing Company Value and Facing The Risk of the 2023 Global Crisis in the Terms of Capital Structure, Profitability and Intellectual Capital

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ABSTRACT

Purpose: *this study is to determine the effect of capital structure (DER), profitability (ROA), and intellectual capital (VAICTM) on firm value (PBV) in the Healthcare sector for the period 2019 – 2021.* ***Methods:*** *type of research and how the data collected,* ***Analysis data:*** *This study uses a quantitative method with the type of data used as secondary data. Data analysis in this study used panel data regression with EViews 12,* ***Result and discussions:*** *No capital structure significant effect on firm value so the hypothesis is rejected with value of 0.802425 and probability value of 0.0470. Profitability significant positive effect on firm value so the hypothesis is accepted with value of 3.5838 and a probability value of 0.0038. Intellectual capital positive and significant effect on firm value so the hypothesis is accepted with value of 3.698905 and a probability value of 0.0012. Variable capital structure, profitability, and intellectual capital are simultaneously influential and significant to firm value so the hypothesis is accepted with the F-value 18.22866 with a probability value of 0.0000.* ***Conclusion:*** *No capital structure significant effect on firm value so the hypothesis is rejected. profitability significant positive effect on firm value so the hypothesis is accepted. intellectual capital positive and significant effect on firm value so the hypothesis is accepted. variable capital structure, profitability, and intellectual capital are simultaneously influential and significant to firm value so the hypothesis is accepted)*

Keywords (bold, italic)*: capital structure, profitability, intellectual capital, company value, Healthcare sector*

INTRODUCTION

The increasing number of investors in the capital market and the demand for products health which increased due to the covid-19 virus so that stock prices companies in the Healthcare sector also experienced an increase during the pandemic the decline in the share price of the Healthcare sector was caused by a weakening in the value exchange rupiah against the US dollar.

Current news mentions exchange rates the rupiah weakened again against the United States (US) dollar in trading. If it continues to slump, several issuers are listed on the Indonesia Stock Exchange (IDX) can be exposed to negative impacts. Continue to decline in the rupiah exchange rate, of course, impact issuers who have to import raw materials, as well as products so. For example in the pharmaceutical sector, around 90% of the raw materials for this industry must be imported from abroad. This, of course, resulted in swelling production costs (Jakarta, 22 June 2022 CNBC Indonesia).

Seeing this phenomenon, investors will consider a lot of several company factors to invest in companies listed in this sector. Therefore the company has a very important role in increasing its value of the company to attract back the interest of investors and can compete with other competitors. This is in line with the statement that, The main goal of the company is to maximize the value of the company used to measure the success of the company because increasing the value of the company means increasing the welfare of the holder's shares (Brigham and Houston, 2010:7).

Firm value is often associated with stock prices measurement can be done by looking at the development of stock prices in the Indonesia Stock Exchange, if the stock price increases then the company value increase (Indrarini, 2019).

An increase in stock prices shows high investor confidence in the company, so investors are willing to pay higher to stocks, this is in line with investors' expectations of obtaining returns which are expected. The higher the stock price will have an impact on the profits that the shareholders get. On the other hand, firm value is also influenced by capital structure. Structure Capital is the composition and proportion of long-term debt and equity determined by the company (Sulindawati et al. 2019). The capital structure shows How much debt is used to finance the company. By knowing the capital structure investors can know the balance between risk and the rate of return on investment generated by the company for investors. The purpose of the capital structure is to combine the sources of funds used by companies that minimize the cost of capital and maximize stock price. Capital structure is a very important thing important to evaluate the long-term risks and prospects of the level of income earned by the company while carrying out its activities. Optimal capital structure is a capital structure that can minimize the overall cost of capital or an average cost of capital so it will increase the value of the company (Brigham and Houston, 2010).

Firm value is also influenced by how big the level is the returns generated by the company to investors. Profitability is a ratio to measure how big the profit level is obtained in a sale or investment (Fahmi, 2014).

If the company able to generate returns that are generated greater than what is requested by investors, the investment is profitable for the company and investors. Profitability describes how the company can generate profits through business activities carried out for several years period. If the profit generated by the company in a period increases, the condition of the company's value is increasing. Score high company caused by the number of transactions made by investors in companies. Such transactions can make the resulting profit by the company can increase due to the large number of investors who interested in investing in the company.

Related Intellectual capital is an intangible asset that is owned by the company. Intellectual capital (IC) is an effort made by companies to drive corporate value through competitive advantage. In Indonesia itself, intellectual capital has been implicitly acknowledged or has been acknowledged discussed in Statement of Financial Accounting Standards (PSAK) 19 (revised 2010) regarding intangible assets which are the adoption of the International Accounting Standard (IAS) 38 concerning intangible assets. (Standards and Finance 2010) states that intangible assets are recognized if and only if it is probable that the company will obtain future economic benefits from the asset and the cost of the asset can be measured reliably. Intellectual capital owned by the company can be considered a form capital owned by the company through knowledge and technology.

THEORETICAL BASIS

1. The value of the company

is an assessment of investors about company performance, good current performance, and prospects. The value of the company

$$\text{Price to Book Value (PBV)} = \frac{\text{price per share}}{\text{Book vakue common stock}}$$

2. Capital structure

Capital structure is the debt comparison long-term company with owner's equity.

$$\text{Debt to Equity Ratio (DER)} = \frac{\text{Total amoun of Debt}}{\text{Equity}}$$

3. Profitability

Profitability is the ratio describing the ability inside the company to produce profit (profit) through abilities and resources owned, which is in earn from activities sale, use of assets, and use of capital.

$$\text{Return On Asset (ROA)} = \frac{\text{Net profit}}{\text{Total Assets}}$$

4. Intellectual capital

Intellectual capital (IC) is information and that knowledge can be applied to a job for creating value for a company.

$$\text{VAICTM} = \text{VACA} + \text{VAHU} + \text{STVA}$$

HYPOTHESES

H1: The capital structure has a positive effect and significant to firm value.
H2: Profitability has a positive effect and significant to firm value.
H3: Intellectual capital has a positive effect and significant to firm value.
H4: Capital structure, profitability, and intellectual capital effect simultaneously on firm value.

METHOD

The data analysis method used in this study is an analysis of quantitative and panel data regression analysis. Quantitative is a method of research based on positivistic (concrete data), research data in the form of numbers to be measured using statistics as a calculation test tool, related to the research problem to produce a conclusion (Sugiyono, 2018: 13).

This study uses corporate objects in the Healthcare sector listed on the Indonesia Stock Exchange for the 2019-2021 period. Sampling method using purposive sampling method, namely the technique of determining the sample with determine certain criteria that have been adapted to the problem and research purposes and considered to represent a population (representative).

RESULTS AND DISCUSSION

Table 1. Result of panel Data Regression Fixed Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.286021	0.591793	3.862876	0.0008
DER	0.282349	0.351869	0.802425	0.0647
ROA	2.795170	5.425603	3.583806	0.0038
VAIC	0.267444	0.072304	3.698905	0.0012

From the results of the estimation of the research model, a mathematical equation can be obtained as follows:

$$PBV = 2{,}285827 + 0{,}282424_{DER} + 2{,}793361_{ROA} + 0{,}267430_{VAIC}$$

Table 2. Result of the coefficient determination test

Cross-section fixed (dummy variables)			
R-squared	0.922410	Mean dependent var	3.067943
Adjusted R-squared	0.871808	S.D. dependent var	2.469038

Table 2. above it is known that from testing the coefficient of determination an adjusted R^2 value of 0.871808 was obtained. The value shows that capital structure, profitability, and intellectual capital can be Cross-section fixed (dummy variables) R-squared 0.922410 Mean dependent var 3.067943 Adjusted R-squared 0.871808 S.D. dependent var 2.469038 S.E. of regression 0.884013 Akaike info criterion 2.883755 Sum squared residence 17.97401 Schwarz criterion 3.566242 Log likelihood -40.23322 Hannan-Quinn criteria. 3.128625 F-statistic 18.22866 Durbin-Watson stat 3.305626 Prob(F-statistic) 0.000000 explains the company value of 87.18% and the remaining 12.82% influenced by other variables

Table 3. Result of F-test

Cross-section fixed (dummy variables)			
R-squared	0.922410	Mean dependent var	3.067943
Adjusted R-squared	0.871808	S.D. dependent var	2.469038
S.E. of regression	0.884013	Akaike info criterion	2.883755
Sum squared resid	17.97401	Schwarz criterion	3.566242
Log likelihood	-40.23322	Hannan-Quinn criter.	3.128625
F-statistic	18.22866	Durbin-Watson stat	3.305626
Prob(F-statistic)	0.000000		

Table 3 shows the results of a simultaneous test where the F-value has obtained statistics of 18.22866 with a probability value of 0.0000. Because the probability value is smaller than 0.05 (<0.05), it can be concluded that capital structure, profitability, and intellectual capital simultaneously have significant effect on firm value.

Table 4. Result of t-test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.286021	0.591793	3.862876	0.0008
DER	0.282349	0.351869	0.802425	0.0647
ROA	2.795170	5.425603	3.583806	0.0038
VAIC	0.267444	0.072304	3.698905	0.0012

a. Hypothesis 1 Testing

Based on the results of the t-test to determine the effect of capital structure on the value of the company obtained a t-statistic value of 0.802425 and probability value of 0.0470. Because the probability value is greater than 0.05 (> 0.05), then H1 is rejected. This means that the capital structure is not significant effect on firm value in the Healthcare sector listed on the Indonesia Stock Exchange for the 2019-2021 period.

b. **Hypothesis 2 Testing**

Based on the results of the t-test to determine the effect of profitability on the value of the company obtained a t-statistic value of 3.5838 and a probability value of 0.0038. Because the probability value is smaller than 0.05 (> 0.05), then H2 is accepted. It means that profitability positive and significant effect on firm value in the sector of Healthcare which is listed on the Indonesia Stock Exchange for the 2019-2021 period.

c. Hypothesis 3 Testing

Based on the results of the t-test to determine the effect of intellectualcapital on the firm value obtained a t-statistic value of 3.698905 and a probability value of 0.0012. Because of value probability is smaller than 0.05 (<0.05), then H3 is accepted. It means that intellectual capital has a positive and significant effect on value companies in the Healthcare sector listed on the Indonesia Stock Exchange period 2019-2021

The Effect of Capital Structure on Firm Value

Hypothesis testing shows that capital structure has no effect significant on company value in the listed Healthcare sector Indonesia Stock exchange for the 2019-2021 period. These findings show great the small capital structure through debt does not affect the value of the company. These results indicate that there are conceptual differences between shareholders and debt holders, whereby shareholders tend to take a lot of risk and demand higher returns, whereas debt holders will take less risk and agree with lower returns, so shareholders may want to take on a project with a higher risk than the holder wants debt with consequences if successful then the shareholders will get extra return, while if it fails then the loss will be between debt holders and shareholders. No influence of the capital structure is also due to the addition of debt in the capital structure can reduce the use of shares to minimize agency costs equity. However, the company should return the loan and pay interest expenses periodically. Besides that, the use of debt that is too large will also lead to agency conflicts between shareholders and debtholders resulting in agency costs debt. The agency fee will not change the value company. The results of this study support the findings of previous studies carried out by Santiani (2018), Irawan (2019), and Prima (2021), which stated capital structure has no significant effect on firm value.

The Effect of Profitability on Firm Value

Hypothesis testing shows that profitability has a significant effect on company value in the Healthcare sector which is listed on the Stock Exchange Indonesia for the 2019-2021 period. The results of this study do not match the findings of previous research conducted by Ukhriyawati (2018), which stated profitability has no significant effect on firm value.

However, the results of this study are following the concept that should be according to Manahan (2013), that profitability reflects the company's ability in generating profits for shareholders. The higher is profitability the rate of return on investment is also high against shareholders, thereby attracting the attention of investors to invest in the company. If the company can produce a return that is greater than what was requested by investors, the investment is profitable for the company and investors

The Effect of Intellectual Capital on Firm Value

Hypothesis testing shows that intellectual capital has a positive effect and is significant to enterprise value in the listed Healthcare sector on the Indonesia Stock Exchange for the 2019-2021 period. This research shows the amount of intellectual capital owned by the company can increase company value. This can be due to the prosperity of a company will depend on the creation of transformation and capitalization of knowledge itself. The important points of the intellectual capital show there is a significant relationship between the level of responsibility for the provider company's external debt so that external funding can be controlled with intellectual capital if the amount of external funding for the company is sufficient and under the needs of the company will be able to increase company value. besides that the existence of intellectual capital owned by the company can be added value for the company because it can increase the profitability of the company, so the better the intellectual capital the higher the company's profitability and increase company value. The results of this study support the findings of previous research conducted by Santiani (2018) and Pamungkas

& Maryati 2017), which stated that intellectual capital partially positive and significant effect on firm value

CONCLUSION

No capital structure significant effect on firm value so the hypothesis is rejected. profitability significant positive effect on firm value so the hypothesis is accepted. intellectual capital positive and significant effect on firm value so the hypothesis is accepted. variable capital structure, profitability, and intellectual capital are simultaneously influential and significant to firm value so the hypothesis is accepted.

In future research, it is expected to use a larger sample broadly, ie by using the entire enterprise, so maybe able to provide better information for explain in its entirety the influence of capital structure, profitability and intellectual capital on firm value.

In future studies, it is hoped that the independent variables will be used more, making it possible to provide research results a better understanding of the influence of capital structure, profitability, and intellectual capital on company value.

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