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Capital Structure and Firm Value Manufacturing at the Indonesian Stock Exchange

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ABSTRACT

This study aims to determine and analyze the factors that influence the capital structure (asset structure, firm size, profitability) and its effect on firm value. The analysis was conducted on 51 manufacturing companies listed on the Indonesia Stock Exchange (IDX) using financial statement data from 2014 to 2019. The sample was taken by purposive sampling of 51 companies for 6 years of observation, using path analysis. The results show that the asset structure has a significant and positive effect on capital structure, firm size has a negative and significant effect on capital structure, and ROE has no significant effect on capital structure, also asset structure has an insignificant and negative effect on firm value, firm size and ROE have insignificant effect on firm value, and capital structure has no significant effect on firm value.

Keywords: Asset Structure, Firm Size, Profitability, Capital Structure, Firm Value

INTRODUCTION

In meeting funding needs, companies must look for efficient funding alternatives that have an optimal capital structure that can minimize the overall cost of using capital, so that it will maximize the value of the company. (Hanafi, 2011). One of the important indicators for investors in assessing the company's prospects in the future is to see how far the company's profitability is growing.

Capital structure theory aims to provide a rationale for knowing the optimal capital structure which is the key to improving company performance and productivity. The capital structure is said to be optimal if with a certain level of risk it can provide maximum company value. The size of the capital structure ratio shows the size of the amount of long-term loans rather than own capital invested in fixed assets that are used to earn profits. The greater the capital structure ratio means the greater the number of long-term loans, so the greater the portion of the profit that becomes a fixed expense, and the more cash flow used to pay loan installments,

as a result, the less the net profit received by the company. This opinion is not in accordance with the opinion of Modigliani-Miller who says that by using debt, the company can increase its value (Husnan and Pujiastuti, 2015) in other words, if the purpose of company spending is to increase the value of the company, the company needs to use debt.

This is due to the nature of the tax deductibility of interest payments, meaning that interest payments are tax deductions. In an effort to realize an optimal capital structure, financial managers must consider the things that influence it. Pantow et al, (2015) stated that DER had a positive effect on firm value. Prasetyorini (2013) states that capital structure has a negative and significant effect on firm value, Riyanto (2010), states that companies with large fixed assets can use more debt because fixed assets can be used as good collateral for company loans. Trisnawati (2016) shows that asset structure has a significant effect on capital structure, while Indraswary et al. (2016) stated that asset structure has a significant negative effect on capital structure. Husnan (2010) states that the size of a company affects the capital structure.

The size of the company can affect the capital structure because the larger a company will tend to use greater debt. Tangiduk et al (2017) showed that company size had a significant effect on capital structure, while Prasetiono (2015) stated that company size had no significant effect on capital structure.

Profitability is very important for companies in order to maintain their business continuity for the long term, this is because profitability shows whether the company has prospects in the future or not. The level of profitability of a company is one of the factors considered in the capital structure policy. Brigham and Gapenski in Agus, (2001) said that often companies with high returns tend to use debt. But companies with low rates of return tend to use large debt to finance company activities. Watung et al, (2016) stated that profitability has an effect on capital structure, Purwasi et al, (2014) found that profitability has a negative effect on capital structure.

The purpose of this study is to determine whether the Asset Structure, Firm Size, and Profitability of Capital Structure, and their effect on Firm Value.

LITERATURE REVIEW

Firm Value

Firm value is the investor's perception of the company's level of success which is often associated with stock prices. High stock prices make the value of the company also high, and increase market confidence not only in the company's current performance but also in the company's prospects in the future. Maximizing company value is very important for a company, because maximizing company value means maximizing the company's main goal (Harjito and Martono, 2012). Increasing the value of the company is an achievement that is in accordance with the wishes of the owners, because with the increase in the value of the company, the welfare of the owners will also increase. According to Sartono (2015), company value is the selling value of a company as an operating business.

Capital Structure

Capital structure explains whether there is an effect of changes in capital structure on firm value (Manuraung, 2012). In other words, if the company replaces some of its own capital with debt

(or vice versa) will the stock price change, if the company does not change other financial decisions. In other words, if the change in capital structure does not change the value of the company, it means that there is no best capital structure. If by changing the structure. If the value of the company changes, then the best capital structure will be obtained. The capital structure that can maximize the value of the company, or the stock price, is the optimal capital structure. What is meant by company value is the price that prospective buyers are willing to pay if the company is liquidated, Husnan (2015).

Measuring the capital structure of a company using the ratio of total loan capital repayable more than one year against total asset value. According to Harris and Raviv in Suripto (2015) there is a consensus that the company's capital structure is determined by the company's specific characteristics, including:

Fixed Asset
Fixed assets will be important for companies to obtain funding from external, in connection with the availability of collateral for the fixed assets. These fixed assets are expected to have a positive relationship with Leverage

Size of Firm
Larger firms are more likely to have a larger market portfolio, and therefore have a lower probability of bankruptcy. Company size will have a positive effect on debt levels.

Non-debt Tax shields
This tax protection will provide a strong incentive for debt, especially for companies that have sufficient taxable income. The tax benefit of debt decreases when other tax deductions, such as depreciation increase.

Profitability
An accordance with the packing order theory in funding selection, where the funding selection is based on the cheapest cost. This means that the company prefers to meet its funding needs with internal rather than external funding

Asset Structure
Weston and Brigham (2005), stated that the asset structure is "The balance or comparison between fixed assets and total assets." Meanwhile, according to Sutrisno (2009) asset structure is "Determination of how much the allocation of funds for each component of assets, both in current assets and in fixed assets." From the above understanding it can be concluded that the asset structure is a comparison between fixed assets and total assets which can determine the amount of fund allocation for each asset component. The asset structure in this study is projected by Fixed Asset (FA) , because companies that have large fixed assets will find it easier to get capital from outside the company.

Company Size
Company size describes the size of a company which can be expressed by total assets or total net sales. The greater the total assets and sales, the greater the size of a company. The greater the assets, the greater the capital invested, while the more sales, the more the velocity of money in the company. Thus, company size is the size or amount of assets owned by the company.

Weston and Brigham (2005) state that large and well-established (stable) companies will find it easier to enter the capital market, with ease of access to the capital market, it means that the flexibility for large companies is higher and the ability to obtain funds in the short term is also greater than small company.

Profitability

Profitability is a description of the performance of management in managing the company. Horne and Wachowicz (2012) state that profitability is an indication of how a company's profit margin is related to sales, capital, or assets. The company always hopes that the economic profitability obtained will be greater than the interest expense paid. For this reason, it is necessary to measure the ability to use own capital using the profitability ratio of own capital. With the profitability of its own capital, the company's ability to use its own capital to earn profits can be considered by the management. In addition, the efficiency of the use of own capital in the company can be measured by calculating the profitability of own capital and economic profitability (Riyanto, 2010). Return on equity (ROE) is the company's ability to generate profits with its own capital. The calculated profit is net profit after tax.

The Relationship Between Variables

Asset Structure to Capital Structure

According to Sitanggang (2013) companies that have a large composition of tangible fixed assets will certainly have the opportunity to obtain additional capital with debt. Because these assets can be used as collateral to obtain debt. The composition of assets that can be used as collateral for the company affects its financing and an investor will find it easier to provide loans if accompanied by existing guarantees. The results of research by Dahlia et al (2020), Riski et al (2017), and Elok (2019) show that Asset Structure has a positive effect on Capital Structure.

Company Size on Capital Structure

According to Halim (2007) in Naibaho et al. (2015) the larger the size of a company, the greater the tendency to use foreign capital. This is because large companies require large funds to support their operational activities and one alternative to fulfill them is with foreign capital if their own capital is insufficient. In addition, large companies have a lower default risk and have a lower probability of bankruptcy than small companies. The results of research by Dahlia et al (2020), Riski et al (2017), Siddik et al (2017), Indra (2019), and Hilma (2018) found that company size has an influence on capital structure.

Profitability t Capital Structure

Profitability is the company's ability to earn a profit. Companies with high returns on investment use relatively small debt. The high rate of return makes it possible to finance most of the funding needs with internally generated funds. A company that has a high level of profitability will tend to finance the company with its own capital, namely with retained earnings and shares. This is because with a high level of profitability, the value of the shares will increase and this will be used by the company to obtain additional funds by selling the shares whose value has increased. Research results Riski et al. (2017), Apsari & Dana (2018), Dahlia et al (2020), Rachmat et al (2019), and Kurniawan et al (2018) state that Profitability has an effect on Capital Structure.

Asset Structure to Firm Value

The asset structure describes the amount of assets that can be pledged by the company when the company makes loans to creditors. Asset structure is the proportion of fixed assets owned by the company, Mawikere and Rate (2015). When these assets are used optimally by competent staff, this will increase the company's return and ultimately affect the growth of company value. Research by Nyamasege et al (2014), Mita et al (2018), Angrita & Eilien (2017), and Anggelita et al. (2018) which states that the asset structure has an effect on firm value.

Firm Size to Firm Value

Company size is one indication of measuring the performance of a company. A large company size can reflect if the company has a high commitment to continuously improve its performance, so the market will be willing to pay more to get its shares because it believes it will get a profitable return from the company. The larger the size of the company reflects that the company is experiencing good development and growth, thereby increasing the value of a company. Syardiana's research (2015) states that firm size has a positive effect on firm value. This is in line with the research of Adi et al (2016).

Profitability to Firm Value

According to Harmono (2011), the concept of profitability in financial theory is often used as an indicator of the company's fundamental performance representing management performance. In accordance with the development of research models in the field of financial management, generally the profitability dimension has a causal relationship to firm value. While the value of the company can conceptually be explained by the value determined by the price of shares traded in the capital market. This causal relationship shows that if the company's management performance is good, it will have a positive impact on the decision of investors in the capital market to invest their capital, as well as it will have an impact on creditors in relation to company funding through debt (Harmono, 2009). Research conducted by Sudiani and Darmayanti (2016), Hamidy et.al (2015), Sianturi (2015), Saleh (2020), and Tjandrakirana and Monika (2014) shows that profitability has a positive and significant effect on firm value.

Capital Structure on Firm Value

Capital structure is an important issue for companies because the good or bad capital structure will have a direct effect on the company's financial position which in turn will affect the value of the company. The optimal capital structure is a capital structure that can minimize the average cost of capital and maximize firm value (Riyanto, 2010). Zuhria et al (2016) found a positive relationship related to the effect of capital structure on firm value, this is in line with research conducted by Hardiyanto et al (2021), and also research by Velnampy and Niresh (2012).

Hypothesis

The Based on the research hypothesis model above, the hypotheses in this study are as follows:
H1: It is suspected that the asset structure (X1) has a significant effect on the capital structure (Z).
H2: It is suspected that the size of the company (X2) has a significant effect on the capital structure (Z).
H3: It is suspected that profitability (X3) has a significant effect on capital structure (Z).

H4: It is suspected that the asset structure (X1) has a significant effect on firm value (Y).
H5: It is suspected that company size (X2) has a significant effect on firm value (Y).
H6: It is suspected that profitability (X3) has a significant effect on firm value (Y).
H7: It is suspected that capital structure (Z) has a significant effect on firm value (Y)

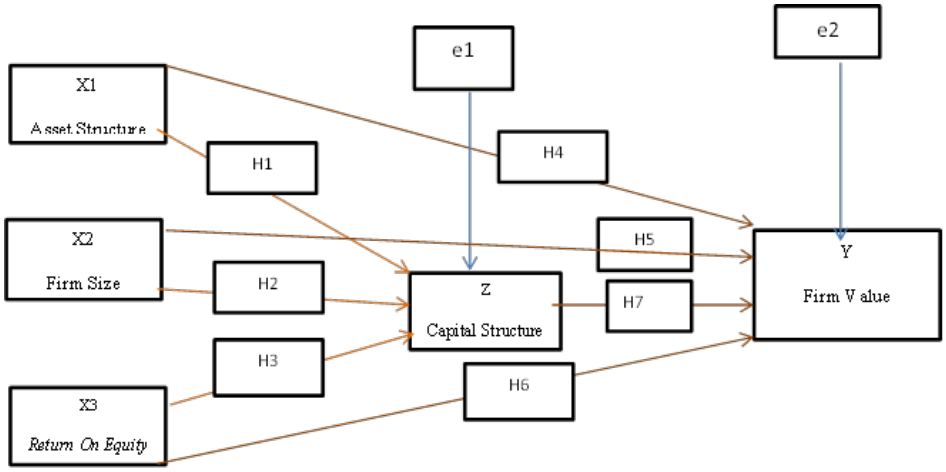


Figure 1 Models
Source: Research, (2021)

RESEARCH METHOD

Data Collection Method

The data used is secondary data obtained from ICMD in 2014-2019 and IDX, as well as Bank Indonesia.

Analysis Methods and Data Analysis Techniques

The data analysis technique used is path analysis. Data processing using SPSS program. Testing the significance of the proposed model using the goodness of fit index in the form of: Chi Square Statistic test, GFI test, CFI test

Population and Sampling Techniques

The population is all companies in the Manufacturing Industry category listed on the Indonesia Stock Exchange. The sampling technique in this study used purposive sampling method. In this study, the sample companies were 51 companies that had the following requirements: 1), listed on the IDX continuously during the 2014-2019 period. 2), audit report data from independent auditors is available during the study period. 3) , companies that actively pay dividends. 4), has no profit and negative total equity. This study uses time series and cross section data.

Operational Definition And Measurement Of Variables

Asset Structure (X1)

Asset structure is a balance or comparison between fixed assets and total assets, Weston and Brigham (2005) while according to Sutrisno (2009) asset structure is the determination of how much funds are allocated for each asset component, both in current assets and in fixed assets. In this study, the asset structure is the ratio between fixed assets and total assets, which is measured in units of times.

$$Asset\ Structure\ (X1) = \frac{Fixed\ Asset}{Total\ Asset}$$

Company Size (X2)

Company size is the size or amount of assets owned by the company. In this study, the size of the company as a proxy for the size of the company's total assets. Firm size variable is measured as the logarithm of total assets (Log Total Assets) which is measured in units of times.

Profitability (X3)

Profitability in this study uses Return on Equity, namely the company's ability to generate profits with its own capital, or ROE is the ratio between net income and own capital, which is measured in percent. Return on Equity Formula:

$$Return\ on\ Equity\ = \frac{EAT}{Equity}$$

Capital Structure (Z)

Capital structure as measured by debt to equity ratio (DER) is defined as the ratio between the amount of external and internal funding, or the comparison between long-term debt and own capital. The unit is expressed in percent (%). The formula for Capital Structure :

$$\text{Capital Structure} = \frac{\text{long-term det}}{\text{owner's equity}} \times 100\%$$

Firm value (Y)

Firm value in this study uses the Tobins' Q method developed by James Tobins. Tobin'sQ is calculated by comparing the ratio of the market value of the company's shares measured in percent. The formula for Tobins Q is:

Tobin's Q = (Total Market Value + Total Book Value of Liabilities) / Total Book Value of Assets

RESULTS AND DISCUSSIONS

Results

Feasibility Test of Sub Sector Model 1

<u>Contribution of Simultaneous Influence</u>

This section analyzes the contribution of the variable influence of asset structure (X1), firm size (X2), ROE (X3) simultaneously to capital structure (Z)

Table 1 Model Summary Analysis of The Sub 1 Sector

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.500[a]	.250	.202	3.77436

a. Predictors: (Constant), Company Size, Asset Structure, ROE

Based on the R Square value in the Model Summary table, it is obtained at 0.25, it shows that the influence of X1, X2, and X3 on Y is 25% while the remaining 75% is influenced by other variables not included in this study.

Influence In Partial

Table 2 Coefficients Analysis Sector The Sub 1Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	6.960	1.984		3.508	.001
	Asset Structure	.105	.031	.474	3.331	.002
	Company Size	-.372	.109	-.489	-3.420	.001
	ROE	.010	.070	.019	.147	.884

a. Dependent Variable: Capital Structure

Source: Processed data

Effect of Asset Structure (X1) on Capital Structure (Z)

The results of the calculations in the table coefficients in table 5.2 for the asset structure variable (X1) obtained a t count of 3.331 > t table 1.998 and a significance level < of a = 0.05 that is 0.002 < 0.05, thus the asset structure (X1) has a positive and significant effect on the structure Capital (Z). The magnitude of the influence of the asset structure variable on the capital structure is known from the Beta value in the standardized Coefficient column coefficients table of 0.474.

Effect of Firm Size (X2) on Capital Structure (Z)

The results of the calculations in the table coefficients in table 5.2 for the Firm Size variable (X2) obtained a t count of -3.420 > t table 1.998 and a Significance level < of a = 0.05 that is 0.001 < 0.05, thus the size of the company has a negative and significant effect on capital structure (Z). The magnitude of the influence of the asset structure variable on the capital structure is known from the Beta value in the standardized Coefficient column coefficients table of - 0.489.

Effect of ROE (X3) on Capital Structure (Z)

The results of the calculations in the table coefficients in table 5.2 ROE variable (X3) obtained a t count of 0.147 < t table 1,998 and a Significance level > of a = 0.05 that is 0.884 > 0.05, thus the size of the company has an effect and is not significant on the Capital Structure (Z) . The magnitude of the influence of the ROE variable (X3) on the capital structure is known from the Beta value in the standardized Coefficient column coefficients table of 0.019.

The Structural Sub 1 Structure

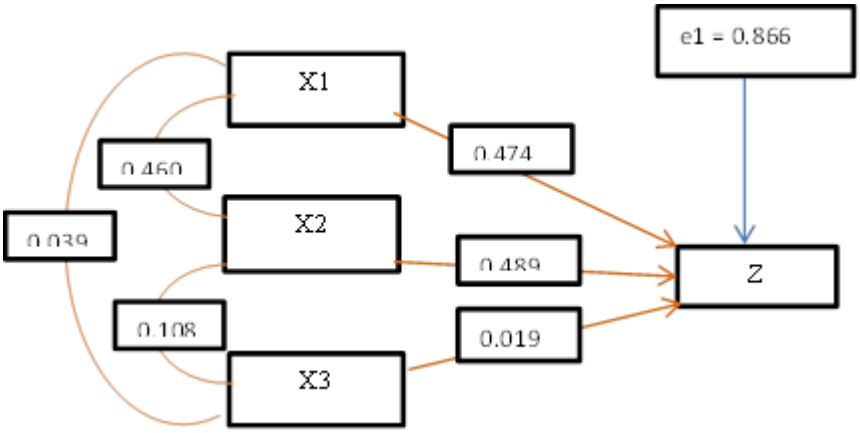


Figure 2 Model of Sub Structure 1
Source: Processed secondary data

Feasibility Test of Sub Sector Model 2

Contribution of Simultaneous Influence

Analysis of the contribution of the variable influence of asset structure (X1), firm size (X2), profitability (X3) and capital structure (Z) to firm value (Y) can be seen in the following table

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.392[a]	.153	.080	3.55112

a. Predictors: (Constant), Capital Structure, ROE, Asset Structure, Firm Size
b. Dependent variabel : Firm Value

Table 3 Summary Analysis of Sub Sector Pathways 2

Based on the R Square value in the Model Summary table, it is obtained 0.153, it shows that the effect of asset structure (X1), firm size (X2), profitability (X3) and capital structure (Z) on firm value (Y) is 15.3% while the rest namely 84.7% influenced by other variables that are not contained in this study.

Influence In Partial

The magnitude of the influence of the variable structure of assets (X1), firm size (X2), profitability (X3) and capital structure (Z) on firm value (Y) can be seen in the following table:

Table 4 Coefficient Analysis of Sub-Sector Paths 2

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	-2.902	2.097		-1.384	.173
	Asset Structure	-.002	.033	-.011	-.067	.947
	Firm Size	.228	.114	.342	1.992	.052
	ROE	.089	.066	.184	1.347	.184
	Capital Structure	.127	.137	.145	.927	.359

a. Dependent Variable: Firm Value

Source: Processed data

Effect of Asset Structure (X1) on Firm Value (Y)

The results of the calculations on the coefficients table in table 5.7 of the asset structure variable (X1) obtained a t count of -0.067 < t table 1.998 and a significance level > of a = 0.05 that is 0.947 > 0.05, thus the asset structure (X1) has a negative and insignificant effect to Firm Value (Y). The magnitude of the influence of the asset structure variable on the Company Value is known from the Beta value in the standardized Coefficient column coefficients table of -0.011.

Effect of Firm Size (X2) on Firm Value (Y)

The results of the calculations in the table coefficients in table 5.7 for the variable Company Size (X2) obtained a t count of 1.992 < t table 1.998 and a Significance level > of a = 0.05 that is 0.052 > 0.05, thus the size of the company has a positive and insignificant effect on firm value (Y). The magnitude of the influence of the asset structure variable on the firm value is known from the Beta value in the standardized Coefficient column coefficients table of 0.342.

Effect of Profitability (X3) on Firm Value (Y)

The results of the calculations in the table coefficients in table 5.7 of the ROE variable (X3) obtained a t count of 1.347 < t table 1.998 and a Significance level > of a = 0.05 i.e. 0.184 > 0.05, thus the size of the company has an effect and is not significant on Firm Value (Y) . The magnitude of the influence of the ROE variable (X3) on the firm value is known from the Beta value in the standardized Coefficient column coefficients table of 0.184.

Effect of Capital Structure (Z) on Firm Value (Y)

The results of the calculations in the table coefficients in table 5.7 of the ROE variable (X3) obtained a t count of 1.347 < t table 1.998 and a Significance level > of a = 0.05 i.e. 0.184 > 0.05, thus the size of the company has an effect and is not significant on Firm Value (Y) . The magnitude of the influence of the ROE variable (X3) on the firm value is known from the Beta value in the standardized Coefficient column coefficients table of 0.184.

Direct Influence, Indirect Influence and Total Influence

Table 5. Path Coefficient Decomposition Process of Direct, Indirect and Total Effect

Variabel	The Influence	Causal Influence		Total
		Directly	Indirectly through z	
X1	X1 to Z	-0,011		-0,011
	X1 to Y	0,474	0,474 x 0,145 = 0,0687	-0,011 + 0,0687 = 0,0577
X2	X2 to Z	0,342		0,342
	X2 to Y	- 0,489	-0,489 x 0,145 = -0,0709	0,342 - 0,0709 = 0.2711
X3	X3 to Z	0,184		0,184
	X3 to Y	0,019	0,019 x 0,145 = 0,0027	0,184 + 0,0027 = 0.1867
Z	Z to Y	0,359		0,359

Source: Processed primary data

Equation Structure of sub structure 2

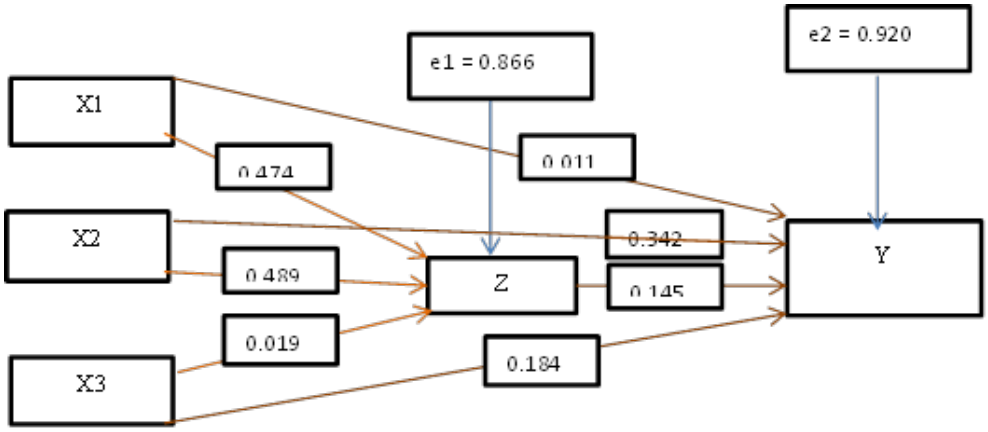


Figure 3 Empirical Model Sub Structure 2
Source: Processed secondary data

Discussion

Effect of Asset Structure on Capital Structure

The asset structure itself is a ratio that measures the amount of wealth owned by a company. This variable also describes the amount of fixed assets owned which can be used as collateral for the provision of funds by creditors if in the future these obligations cannot be carried out by the company itself. Thus, the higher the asset structure obtained by a company, the easier it will be for the company to obtain optimal sources of funds to fund its operational activities due to the large number of assets that can be used as collateral to creditors themselves. The results of this study are in accordance with research conducted by Dahlia et al (2020), Riski et al (2017), and Elok (2019). However, this is different from the research conducted by Nurul et al (2020), Hilma et al (2018), and Shelly (2016) which stated that the asset structure had a negative effect on the capital structure.

Effect of Firm Size on Capital Structure

The size of the company itself is a ratio related to the size of the company's activities. The larger a company indicates that the company requires greater capital to finance the company's operations. Assessment related to the size of the company can be based on several factors, one of which is total assets. Large total assets indicate that the company has positive cash flow and has good prospects in the long term, and is more stable and able to generate profits compared to companies with small total assets. Thus, companies will find it easier to obtain sources of funds than companies that are classified as small. The results of this study are supported by Riski et al (2017), Siddik et al (2017), Indra (2019), and Hilma (2018). However, there are studies that are different from the results obtained, namely the research of Dahlia et al (2020), Noor (2019), and Dewa et al (2017).

Effect of Profitability on Capital Structure

In theory, ROE is a profitability ratio that measures a company's ability to manage its sources of funds to increase its income. With the high ROE generated, it means that the management has been able to manage the existing capital as well as possible so that the profit generated is high. which is expected to attract investors to invest in the company. However, in this study, ROE has no effect on capital structure. This could be because ROE is not a factor for investors in considering the provision of funds to companies or in terms of determining the company's

internal funding sources, namely those originating from retained earnings. These results are supported by research by Stenyverens et al (2018), Indra (2019), and Hasim (2017). However, there are different research results, including research from Dahlia et al (2020), Rachmat et al (2019), and Kurniawan et al (2018), Hirdinis (2019).

Effect of Asset Structure on Firm Value

Based on the research conducted, it is found that the asset structure has no direct influence on firm value. This is because the value of the company is the perception of investors regarding the company's performance which is assessed in terms of liquidity, solvency, activity and profitability. Thus, it can be said that this asset structure is not a determinant of whether the value of the company will increase or decrease. However, this variable has an indirect influence on firm value, namely through the capital structure. Because the high asset structure indicates that the company's ability to guarantee its long-term obligations is also high, because the company has a number of fixed assets that can be used as collateral to creditors. Seeing this, investors assume that the company is expanding its business, which indicates that the company's performance is getting better. So this will have an impact on the value of the company which is marked by rising share prices. This research is supported by Mita et al (2018), Angelita et al. (2018), and Zaher (2020). However, it is different from the results found by Setiadharma (2017).

Effect of Firm Size on Firm Value

Based on the analysis test results, directly the size of the company does not affect the value of the company, the reason is because some investors have the assumption that in determining the size of the company, it must be seen from its financial performance and how the image of the company itself. Then it could be that the size of the total assets as the size of the company has not been able to provide confidence for investors regarding the company's ability to manage its assets. Looking at the capital structure as an intervening variable between firm size and firm value, there is also an indirect relationship that is not significant. The results of this study are in line with research conducted by Fides et al (2020), Mita et al (2018), Reni et al (2019), and Widya Sari et al (2021), and Hirdinis (2019). However, it is different from the results of research from Adi et al (2016), Fitria (2018).

Effect of Profitability on Firm Value

The effect of profitability as measured by ROE on firm value either directly or indirectly, namely through the intervening variable of capital structure, no significant effect was found. This is because investors themselves tend not only to see a high rate of return, but they will also assess the condition of the investment environment, so that the investment benefits that can be obtained are less profitable for shareholders. The results of this study are in line with research conducted by Marina et al (2015), Kezia et al (2019), and Indra (2019). However, this is different from the research conducted by Sianturi (2015), Hirdinis (2019), Gregorius (2017), Saleh (2020), and Tjandrakirana and Monika (2014).

Effect of Capital Structure on Firm Value

Capital structure has no significant effect on firm value. A high capital structure may indicate that the company is more likely to utilize external sources of funds to fulfill the company's operational activities. This can lead to additional debt and may increase the risk of financial distress as the company continues to bear interest expenses. The interest expense will have an

impact on the company's profit so that it can reduce investors' perceptions of the company. However, if the loan is managed properly by the company, of course this will provide long-term benefits for the company itself. Thus, the company will get a better company value, so investors will judge that the company's performance is getting better. From the perspective of different investors, this is the reason why this variable has no effect on firm value. These results are supported by research by Isabella and Satia (2017), Hirdinis (2019), and Lubis et al (2017). However, this is different from the research results of Zuhria et al (2016), Hardiyanto et al (2021), Indra (2019).

CONCLUSIONS & LIMITATIONS

Conclusion

1. The Asset Structure has a positive and significant influence on the Capital Structure, so the hypothesis stating that the Asset Structure has an effect on the Capital Structure is **accepted.**
2. Company size has a negative and significant effect on capital structure, so the hypothesis that firm size affects capital structure is **accepted**.
3. Profitability has no significant effect on Capital Structure, so the hypothesis which states Profitability has an effect on Capital Structure is **rejected.**
4. Asset Structure has no significant effect on Firm Value, so the hypothesis which states Asset Structure has an effect on Firm Value is **rejected**. However, asset structure has an indirect and significant effect on firm value through capital structure as an intervening variable.
5. Firm size has no significant effect on firm value, so the hypothesis that firm size affects firm value is **rejected**. Capital structure as an intervening variable between Firm Size and Firm Value does not indirectly have a significant effect.
6. Profitability has no significant effect on firm value, so the hypothesis stating that profitability has an effect on firm value is **rejected**. Capital structure as an intervening variable between profitability and firm value does not indirectly have a significant effect.
7. Capital structure has an insignificant effect on firm value, so the hypothesis that capital structure affects firm value is **rejected**.

Suggestion

Based on the results of this study, it is expected to be able to provide an overview of the factors that affect the Capital Structure and Firm Value of manufacturing companies in Indonesia, but this research still has limitations. Therefore, it is hoped that this research can be a reference for further research, to be even better. The suggestions that can be given are:

1. Further research is expected to increase the number of independent variables, such as ownership structure, taxes, ROA, company growth and others
2. Further research is expected to increase the number of years of observation and also the number of research samples.
3. For investors, if they want to invest, they must consider the value of the company, because the increasing value of the company attracts investors to invest

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