The Influence of Financial Aspects on the Valuation of Telecommunication Issuers on the IDX (Period 2018-2022)

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ABSTRACT
Businesses now have to continuously compete to stay in business due to the ever-accelerating flow of information and technological improvements that increase economic competitiveness. Finding out how capital structure, business size, and profitability impact telecom companies listed on the IDX between 2018 and 2022 is the aim of this study. Research using quantitative methods is the approach adopted. Financial reports stored on the IDX serve as the study's secondary data source. Purposive sampling was the method used to choose the study's sample. Nine companies with a total of five years of observation satisfied the criteria to be utilized as samples, hence 45 observation samples were used in this study. The study's findings indicate that a company's valuation is influenced by its size, profitability, and financial structure. A company's value is influenced simultaneously by its size, profitability, and capital structure.

Keywords: ***Profitability, Firm Size, and Capital Structure on Company value***
JEL Classification: C9, G31, H40

INTRODUCTION

Given its current status as a developing nation, Indonesia's national goal is to create a more resilient and adulatory populace. Pemerintah Indonesia is working to improve all aspects of life, including moral, mental, and physical development. Such an undertaking requires a significant financial commitment from the government. (RM. Bramastyo KN1), 2020) Due to the current state of business expansion, many companies would like to continue expanding their operations.(Istanti et al., 2021)

Within the context of AEC, financial management is managers' endeavor to maximize stock prices in order to compete in the free market, with Indonesia facing the single market system. MEA is a group of nations in Southeast Asia that operate a single market system. There are benefits and drawbacks to Indonesia. If there are shortages, the country will lose competitiveness, quality, and pricing. (Poniwatie et al., 2021)

Every company's financial accounts display the position and trajectory of its finances. In order to help users of the financial statements make wiser financial decisions, these financial statements are intended to provide information on the company's performance, changes in its financial position, and financial position overall. Thus, financial management is a part of any firm. Among these is international financial management, which deals with money abroad to facilitate cross-border activities like imports, exports, and foreign currency. International

financial management is composed of three primary components: dividend policies, funding decisions, and investment decisions.

Financial conditions have not improved despite indications of economic recovery in the ASEAN region since the outlook for the global economy remains uncertain. One of the potentials that can be jointly utilized by ASEAN member countries is the blue economy. Indonesia is one of the ASEAN members that seeks to become a middle-income country. Most members are trying to move forward from a lower-middle-income country to an upper-middle-income country. As a result, given the potential of its extraordinary maritime resources, Indonesia needs new methods to build its economic growth. One of the methods that can be used is to develop a blue economy.

The increasing number of trades in fields such as telecommunications, healthcare, and technology, among others, results in fierce competition between businesses in these fields. Due to the fierce competition, managers have to improve the way they manage their business. Managers must have the ability to improve the performance of the company that will be overseen by investors who have and will invest in it. To enable companies to survive, they must have financial management.

According to Erwin Dyah Astawinetu, M. M., & Sri Handini, (2020), the management of financial functions, including how to obtain funds (rising of funds) and using funds (allocation of funds), is defined as financial management. In addition to producing goods and services, financial management is an equally important component of business. Financial management is carried out to ensure that funding is carried out in the most effective and cost-effective manner possible. So, financial management is a way to earn and use money with planning, control, and supervision so that you can make good use of it. According to Indonesian Telecommunication Statistics from the Central Statistics Agency (BPS), Indonesia's population that has internet access over the past five years, from 2018 to 2022, has increased due to the use of financial management.

Gambar 1 Data Pertumbuhan Pengguna Internet
Sumber : bps.go.id

Figure 1 shows the increase in internet users in Indonesia from 2018 by 39.90% to 2022 by 66.48%. In addition, the physical distancing (maintaining distance) and PPKM (enforcement of restrictions on community activities) policies have encouraged most companies to implement the WFH (Work From Home) system. This definitely makes students and employees need private internet access from home. Telecommunications experienced very rapid growth compared to the previous year, making it the most profitable business sector during the pandemic.

Kasmir, (2018) A ratio called the profitability ratio is used to evaluate a business's potential for profit. Additionally, this ratio gives an indication of how well a company's management is performing. Muharramah, R., & Hakim, n.d, (2021.) In the research entitled "The Effect of Company Size, Leverage and Profitability on Company Value in Property Companies Listed on the Indonesia Stock Exchange (IDX) for the 2016-2019 Period" . It is stated that a company's profitability, which is determined by its ability to generate sizable and steady earnings, indicates that its management is capable.

According to Rodoni, (2020) The entire assets of a corporation typically indicate its size. Assets must be compacted together in order to prevent scale bias and since they are typically quite valuable. The research by Kolamban, D. V., Murni, S., & Baramuli, (2020), with his research entitled "Analysis of the Influence of *Leverage*, Profitability and Company Size on Company Value in the Banking Industry Listed on the IDX". Company Size is a management decision in deciding on the Company's financing, so that financial decisions can be used to optimize the company's value.

According to Dewi and Sujana (2019), Investors' assessment of a company in relation to stock prices is known as company value. If a corporation performs well, it is also considered to have good value. The worth of the company increases with the stock price. The goal of business owners is to see their company have a high value, as this indicates that shareholder prosperity is likewise high. Additionally, investors are more likely to want to purchase shares in businesses that have demonstrated a strong track record of growth in value. Implementing financial management functions can optimize a company's value because each financial decision made will influence subsequent actions that will also effect the company's worth and attempt to draw in investors. Wardhani, W. K., Titisari, K. H., & Suhendro, (2021) The impact of capital structure, size, profitability, and strong corporate governance on the value of companies in the consumer goods sector listed on the IDX from 2015 to 2019 Investors evaluate a firm's success rate and use it to determine its company value, which is often correlated with its stock price.

The goal of the research is to determine and assess if variables related to capital structure, company size, and profitability have a simultaneous, partial, or dominant impact on the company value of telecommunications businesses that are listed on the Indonesia Stock Exchange.

METHOD

Type of Research

According to Creswell, (2019), quantitative research is research that uses a deductive approach to test hypotheses and explain causal relationships between the variables studied. Data collection methods in quantitative research generally include surveys, experiments, and secondary data analysis.

Sampling Techniques

The sampling technique used in this study is *purposive sampling,* with a sample technique selected by 9 companies with each company taking financial statements per year and obtaining 45 samples, according to the criteria that have been determined. The criteria selected in the determination of the sample are the

criteria of the companies that will be used as samples in this study as follows:
1. From 2018 to 2022, telecommunication businesses were listed on the Indonesia Stock Exchange.
2. Telecom firms that provide their full financial reports for the years 2018–2022. The source of the data was www.idx.go.id. Financial statement data from the Indonesia Stock Exchange for the years 2018–2022 was used.

RESULTS AND DISCUSSION

Result

Multiple Linear Regression Analysis

This study use multiple linear regression analysis as its methodology. The data is normally distributed and does not exhibit any heteroscedasticity, autocorrelation, or multicoloniality, as demonstrated by the previous traditional assumption test. Thus, it meets the requirements to do multiple linear regression analysis in order to assess the effects of profitability (X1), business size (X2), and capital structure (X3) on the value of firms (Y) in telecommunication companies for the period of 2018–2022.

Table 1 Multiple Linear Regression Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.325	2.700		.491	.626
	Profitability	.044	.012	.501	3.636	.001
	Company Size	.031	.162	.027	.189	.851
	Capital Structure	.089	.138	.092	.644	.523

Source: Researcher (2024)

From the above analysis, the multiple linear regression equation can be obtained as follows:

$$\mathbf{Y = 1.325 + 0.044\ X1 + 0.031\ X2 + 0.089\ X3 + e}$$

Coefficient of Determination Test

One statistical number that can be used to determine whether two variables have an influence relationship is the coefficient of determination. The percentage variation in the value of the Y-bound variable that can be accounted for by the resulting regression line (X1), company size (X2), and capital structure (X3) on the value of companies (Y) in telecommunication companies for the years 2018 through 2022 is indicated by the value of the Determination coefficient.

Table 2 Determination Coefficient Test

Model	R	R Square	Adjusted R Square	Std. Error ofthe Estimate
1	.541(a)	.293	.241	1.21444

Source : Researcher (2024)

According to the above computation's results, R Square has a value of 0.293. This indicates that while other factors beyond the scope of this study account for

70.7% of the business's worth, profitability, company size, and capital structure only account for 29.3% of it.

Test F (Simultaneous Test)

To ascertain whether the regression model may be effectively utilized as a data testing model, the F test is performed. If the F value of the computation is greater than the F value in the table, the alternative hypothesis, which holds that all independent factors have an effect on the dependent variable simultaneously, is correct.

Table 3 Test F

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	25.043	3	8.348	5.660	.002 (a)
	Residual	60.469	41	1.475		
	Total	85.512	44			

Source : Researcher (2024)

Based on the value of 0.002, which is less than 0.05, the calculation results above show that the F calculation result is 5,660 greater than the F table result of 2.83. This shows that the variables of capital structure (X3), firm size (X2), and profitability (X1) all have an equal impact on the variable of company value (Y), supporting the second hypothesis.

Test t (Partial Test)

To determine whether or not the independent factors actually have a partial impact on the dependent variables, the t-test is employed. The independent variable regression model's partial influence on the dependent variable is determined or tested using the t-test.

Table 4.Test T

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.325	2.700		.491	.626
	Profitability	.044	.012	.501	3.636	.001
	Company Size	.031	.162	.027	.189	.851
	Capital Structure	.089	.138	.092	.644	.523

Source : Researcher (2024)

Based on the table above, the following results can be shown:

1. Profitability (X1) to Company Value (Y)

The result of the effect of profitability (X1) on the worth of the firm (Y) was a computed t value of 3.636 more than the t of table 2.0195 and a value of 0.001 ($p<0.05$). The effect is somewhat negated or the null hypothesis is rejected if the company's profitability is less than 0.05.

2. Company Size (X2) to Company Value (Y)
   The result of the effect of firm size (X2) on the worth of the company (Y) is an estimated t value of 0.189 smaller than t table 2.0195 and a value of 0.851 ($p>0.05$). If the value is greater than 0.05, either the null hypothesis is validated or the company's size has no effect on its value.
3. Capital Structure (X3) Relative to Company Value (Y)
   A value of 0.523 ($p>0.05$) and a computed t value of 0.644 smaller than t table 2.0195 demonstrated the effect of capital structure (X3) on the value (Y) of the company. When the value is greater than 0.05, the null hypothesis is accepted or there is no discernible partial impact of the capital structure on the company's value.

Dominant Test

To ascertain which characteristics are more dominating between the variables of profitability (X1), company size (X2), and capital structure (X3) to company value (Y) in telecommunications businesses, regression coefficient ranking is utilized, as indicated by the standardized (β) of each independent variable. The variable with the largest coefficient is one of the independent variables (X) that has a significant impact on the bound variable (Y).

Table 5 Dominant Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.325	2.700		.491	.626
	Profitability	.044	.012	.501	3.636	.001
	Company Size	.031	.162	.027	.189	.851
	Capital Structure	.089	.138	.092	.644	.523

Source : Researcher (2024)

The foregoing computation's findings indicate that the capital structure (X3) is 0.092, the company size (X2) is 0.027, and the Standardized Coefficients Beta value of profitability (X1) is 0.501. Thus, the third hypothesis is validated since it can be inferred from the previous statistics that profitability is the primary factor influencing the company's value.

Discussion

Simultaneous Hypothesis Test (Test F)

The calculation produces a result of F that is 5,660 greater than the 2.83 number in the F table. The second hypothesis, according to the value of 0.002, which is less than 0.05, is that the profitability variable (X1), the company size (X2), and the capital structure (X3) all have an ongoing impact on the company

value variable (Y). This could happen because of the way these three combine to form a complicated web of factors that affect the overall value and stability of a business's finances.

Profitability reflects how well a company is making a profit from its operations. The size of the company and the capital structure can play a crucial role in maximizing financial performance. By optimizing profits, managing the size of the company efficiently, and selecting an appropriate capital structure, the company can achieve an optimal level of financial performance, which in turn can increase the company's value. The combination of these three variables can help management manage risk well. High profitability can provide a strong financial foundation, a suitable company size can provide stability, and a prudent capital structure can reduce financial risks. These can all contribute to the sustainability of the company, which can create long-term value.

Profitability, company size, and capital structure can support each other to create efficiencies in the use of resources. Companies that manage profits well, have a size that suits their business type, and use an efficient capital structure can optimize the use of their resources. Profitability plays a role in ensuring that growth is also accompanied by healthy profits. The right capital structure helps manage the risks associated with growth. By considering these three variables simultaneously, companies can develop financial strategies to increase the company's value. The combination of profitability, company size, and capital structure will create a strong foundation for long-term growth and sustainability.

Consequently, it has been determined that the factors profitability (X1), firm size (X2), and capital structure (X3) all simultaneously and significantly impact the company's value (Y).

Partial First Hypothesis Test (t-Test)

That Profitability somewhat affects the value of the company, the size of the company partially does not influence the value of the company and the capital structure does not affect the value of the company in telecommunication firms in 2018-2022.

Profitability (X1) to Company Value (Y)

The result of the effect of profitability (X1) on the value of the company (Y) was a computed t value of 3.636, greater than the t of table 2.0195, and a value of 0.001 ($p<0.05$). Since profitability has a value of less than 0.05 and affects the company's worth somewhat, the hypothesis is accepted. Because the amount of profit a company makes directly affects how much the market values the company for, a firm's profitability has an effect on its value.

A company's ability to turn a profit from its operations is measured by its profitability, which is a measure of its financial performance. A company's capacity to effectively manage its resources and operations is indicated by a high profitability level, which can subsequently boost investor and market trust in the company's financial stability. Companies that can generate a healthy amount of profit typically pique the interest of investors because they can have a favorable effect on their ability to pay dividends and increase the value of investments. Because a high profit rate is indicative of a company's performance

and future prospects, a company's value might rise in tandem with its profitability. Therefore, the relationship between profitability and company value is crucial in analyzing factors that affect market valuation of a company.

The results of this study are supported by the Research of Muharramah, R., & Hakim, n.d.(2021) When it is demonstrated that profitability affects a company's value (see "The Effect of Company Size, Leverage and Profitability on Company Value in Property, Real Estate and Construction Companies Listed on the Indonesia Stock Exchange for the 2016-2019 Period"). Kasmir, (2019) A statistic called the profitability ratio is used to assess how profitable a business can be. Additionally, this ratio indicates the effectiveness of a company's management. The idea that the variable (X1) profitability considerably effects (Y) company value has been proven to be true as a consequence.

Company Size (X2) to Company Value (Y)

The result of the effect of firm size (X2) on the worth of the company (Y) is an estimated t value of 0.189 smaller than t table 2.0195 and a value of 0.851 ($p>0.05$). The company's size has no partial influence when its value is more than 0.05. These statistical findings suggest that the size of a corporation has no effect on its worth.

It is theoretically claimed that one of the factors contributing to the company's high worth is its size. This supports the original concept, according to which the company's size and value are influenced in the same way. An increasing firm size will translate into a higher company value, and vice versa.

The results of the study show that this is untrue, showing that a company's high or low value is unrelated to its size. Because, in reality, given recent advancements, businesses that can turn a big profit don't necessarily need to be very big. This indicates that a telecommunications company's capacity to optimize its worth is independent of its size. The reason for this is that the firm's size is determined by the total assets it has, and the larger the company, the more money it will require to carry out its daily operations. Debts owed to outside parties provide the company with a source of funding, so it stands to reason that the larger the company, the higher the debt.

Big businesses should be able to get returns on their debt withdrawals in the form of substantial assets as well. The value of the assets used as collateral to obtain loans exceeds the return of assets that the company receives. This demonstrates the insolvency of debt relative to assets, which worries investors. The company's significant risk is thought to raise the possibility of bankruptcy.

The results of this study are supported by research conducted by Dea V. Kolamban, Sri Murni, Dedy. Baramuli (2020) entitled "Analysis of the Influence of Leverage, Profitability, and Company Size on Company Value in the Banking Industry Listed on the IDX" . When the study's findings reveal that a company's size has no influence on its worth. Anggara and Tony (2021:13) A corporation's size is measured using a scale called "company size" that takes into account its total assets, sales, and market capitalization.As a result, it cannot be proven that (Y) Company Value is substantially influenced by the variable (X2) Company Size.

Capital Structure (X3) Relative to Company Value (Y)

A value of 0.549 ($p>0.05$) and a computed t value of 0.605 smaller than t

table 2.0195 demonstrated the effect of capital structure (X3) on the value (Y) of the company. Should the value exceed 0.05, either the null hypothesis is accepted or the capital structure has no effect on the company's value at all. A corporation's capital structure affects its value since the funding methods used by the company can affect risk, cost of capital, and overall company value.

A company's cost of capital is impacted by its capital structure. A corporation may be able to borrow cash at a lesser cost (loan interest) than if it were to use more debt (debt) in its capital structure as opposed to stocks. On the other hand, funding through stock may incur greater capital expenses. A company's value may rise when its overall cost of capital is decreased with the aid of an ideal capital structure. Even though the capital structure of telecommunications companies is low, investors believe that everyone needs the internet and must prefer telecommunications for communication. As a result, they do not consider the capital structure, according to my research, because they see the long term and the increasing stock opportunity as reasons why the low capital structure will eventually shift to the operation of telecommunications companies. Consequently, the capital structure has little bearing on how much the company is worth.

The results of this study are supported by Mahanani, H. T., & Kartika, (2022) According to the "The Influence of Capital Structure, Liquidity, Company Size, and Profitability on Company Value" study, capital structure has no bearing on the value of a company. I Made Sudana (2019:189) The following is the definition of capital structure: The ratio of debt to own capital serves as a proxy for a company's long-term spending, which is related to the capital structure.As a result, it cannot be demonstrated that the variable (X3) Capital Structure significantly affects (Y) Company Value.

Test the Third Hypothesis of the Dominant Influence

The foregoing computation's findings indicate that the capital structure (X3) is 0.090, firm size (X2) is 0.036, and the Standardized Coefficients Beta value of profitability (X1) is 0.438. In order for the third hypothesis to be validated and the data to indicate that profitability is the primary factor influencing the company's value.

Profitability in the telecommunications industry can provide economies of scale in research activities. Larger telecommunications companies can handle high research and development costs and have the capacity to conduct more intensive research. Great profitability can provide greater ability to access financial markets and obtain the necessary financial resources. Telecommunications companies require more investment in research, production, and distribution, and the size of the company can facilitate access to capital.

Financial management sees profitability as a factor that makes it possible to respond more flexibly to changing market conditions and regulations. Profitability can affect operational efficiency. Financial management can focus more on efficiency in the supply chain, distribution, and production to increase profitability. Greater profitability can provide benefits in terms of operational efficiency.

This profitability cannot stand alone so that the dependence between variables can change according to market conditions and company strategies. Although the size of the company is considered dominant, the company will

certainly also consider other factors such as the size of the company and the capital structure. These three aspects can help companies achieve an optimal balance in creating long-term value

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