Research Article

The Effect of Capital Structure, Profitability, and Company Size on Company Value at PT Tiga Pilar Sejahtera Food Tbk., 2015–2024

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Abstract: This study aims to analyze the effect of capital structure, profitability, and firm size on firm value at PT Tiga Pilar Sejahtera Food Tbk during the period 2015–2024. The research employs a quantitative approach using secondary data obtained from the company's annual financial statements. Data were analyzed using multiple linear regression with the assistance of SPSS software. Prior to hypothesis testing, classical assumption tests were conducted, including normality, multicollinearity, heteroscedasticity, and autocorrelation tests. The results indicate that capital structure has a positive and significant effect on firm value. Meanwhile, profitability and firm size do not have a significant effect on firm value. Simultaneously, capital structure, profitability, and firm size do not significantly affect firm value. These findings indicate that the explanatory power of the regression model is limited, which may be influenced by the relatively small sample size and the presence of other factors outside the research model that affect firm value.

Keywords: Capital Structure; Firm Size; Firm Value; Profitability; Regression Analysis.

1. Introduction

Firm value is an important indicator that reflects investors' perceptions of a company's future prospects and managerial performance in managing corporate resources. A higher firm value indicates better company performance and attracts greater investor interest because it is associated with the potential for higher returns. Therefore, understanding the factors that influence firm value is essential for both academic research and corporate financial decision-making.

One company that presents an interesting case for analysis is PT Tiga Pilar Sejahtera Food Tbk (TPSF), a manufacturing company operating in the food and beverage industry in Indonesia. Although the food and beverage sector is generally considered stable, the financial performance of TPSF has shown fluctuations in recent years. Variations in financial indicators such as capital structure, profitability, and firm size may influence the company's market valuation and investor perception. These conditions indicate the need for further investigation regarding the determinants of firm value within the company.

Previous studies have examined the relationship between financial factors and firm value. Several studies report that capital structure has a significant effect on firm value because the optimal use of debt can provide tax advantages and send positive signals to investors. However, other studies report inconsistent findings regarding the influence of capital structure. Similarly, the relationship between profitability and firm value has produced mixed results, where some studies find a significant positive effect while others report insignificant relationships. Firm size has also been widely studied, yet empirical evidence regarding its impact on firm value remains inconsistent.

The inconsistency of previous research findings indicates the existence of an empirical research gap that needs further investigation. Most previous studies focus on cross-sectional samples of manufacturing companies, while fewer studies examine a single-company case

with observable financial fluctuations over time. Therefore, analyzing the determinants of firm value in PT Tiga Pilar Sejahtera Food Tbk can provide additional empirical insights into how capital structure, profitability, and firm size influence firm value in a specific corporate context.

Based on this background, this study aims to examine the effect of capital structure, profitability, and firm size on firm value at PT Tiga Pilar Sejahtera Food Tbk during the period 2015–2024. This research uses a quantitative approach with secondary data obtained from the company's financial statements and applies multiple linear regression analysis to examine the relationships between variables. This study contributes to the literature by providing empirical evidence from a single-company case study with significant financial fluctuations, offering additional insights into how financial factors influence firm value in a specific corporate context.

2. Preliminaries or Related Work or Literature Review

Firm Value

Firm value reflects investors' perceptions of a company's performance and future prospects. A higher firm value indicates that the company is able to create wealth for shareholders and maintain investor confidence in the capital market. According to Brigham and Houston (2022), firm value represents the price that investors are willing to pay for a company based on expectations of its future cash flows and associated risks. Similarly, Sartono (2021) states that firm value reflects the success of management in maximizing shareholder wealth through effective financial decision-making.

In companies listed on the stock exchange, firm value is commonly measured using market-based indicators such as Price to Book Value (PBV). PBV compares the market price of a company's shares with its book value per share and reflects the market's expectations of the company's future growth and profitability. A higher PBV indicates that investors have positive expectations regarding the company's performance and future prospects.

Capital Structure

Capital structure refers to the proportion of debt and equity used by a company to finance its operations and investments. According to Brigham and Houston (2022), capital structure represents the combination of long-term debt and equity used by a firm to finance its assets. Determining an optimal capital structure is an important financial decision because it influences the company's risk level and cost of capital.

The trade-off theory suggests that companies seek to balance the benefits and risks of debt in order to achieve an optimal capital structure that maximizes firm value. The use of debt can provide tax advantages through interest tax shields; however, excessive debt may increase the risk of financial distress. Therefore, companies must carefully manage their financing decisions to maintain financial stability and enhance firm value.

Profitability

Profitability represents the company's ability to generate profit from its business activities and available resources. According to Hery (2021), profitability reflects the effectiveness of management in utilizing company assets to generate earnings. High profitability indicates efficient management performance and the potential to provide returns to shareholders.

From the perspective of signaling theory, profitability can serve as a signal to investors regarding the company's financial performance and future prospects. Companies with higher profitability tend to attract greater investor interest because they are considered capable of generating sustainable returns. In this study, profitability is measured using Return on Assets (ROA), which evaluates the company's ability to generate net income from its total assets. A higher ROA indicates better efficiency in utilizing company assets to generate profits.

Firm Size

Firm size represents the scale of a company's operations and resources. It is commonly measured using total assets, sales, or market capitalization. According to Kasmir (2021), firm size reflects the magnitude of a company's economic resources and operational capacity. Larger firms generally have greater access to financing, stronger market positions, and more stable financial performance compared to smaller firms.

　　　　Firm size is often associated with investor confidence because large companies tend to have more diversified operations and lower business risk. In many empirical studies, firm size is measured using the natural logarithm of total assets to standardize data and reduce scale differences among companies. Larger companies are generally perceived as more stable and credible, which may increase investor confidence and ultimately affect firm value.

3. Proposed Method

　　　　This study employs a quantitative research approach to examine the effect of capital structure, profitability, and firm size on firm value. The data used in this study are secondary data obtained from the annual financial statements of PT Tiga Pilar Sejahtera Food Tbk during the period 2015–2024. The financial reports were collected through documentation methods from the company's official website and the Indonesia Stock Exchange (IDX).

　　　　The variables examined in this study consist of firm value as the dependent variable, while capital structure, profitability, and firm size act as independent variables. Capital structure is measured using the Debt to Equity Ratio (DER), profitability is measured using Return on Assets (ROA), and firm size is measured using the natural logarithm of total assets. Firm value is measured using Price to Book Value (PBV).

　　　　The data analysis technique used in this study includes descriptive statistical analysis and multiple linear regression analysis. Prior to regression analysis, classical assumption tests were conducted, including normality, multicollinearity, heteroscedasticity, and autocorrelation tests to ensure the validity of the regression model. Hypothesis testing was performed using the t-test, F-test, and coefficient of determination (R^2) with the assistance of SPSS software.

4. Results and Discussion

Descriptive Statistics

　　　　Table 1 presents the descriptive statistics of the research variables, including capital structure, profitability, firm size, and firm value during the observation period.

Table 1. Descriptive Statistics.

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Struktur Modal	10	-2.13	1.43	.2920	1.42801
Profitabilitas	10	-2.64	.61	-.1360	.91483
Ukuran Perusahaan	10	28.20	29.86	28.5820	.66705
Nilai Perusahaan	10	-.46	4.38	1.1010	1.39218
Valid N (listwise)	10				

　　　　The descriptive statistics show that capital structure has a mean value of 0.2920 with a standard deviation of 1.42801, indicating fluctuations in the company's debt usage during the observation period. Profitability has a mean value of –0.1360 with a standard deviation of 0.91483, suggesting that the company's profit performance tends to be unstable. Firm size shows a relatively stable condition with a mean value of 28.5820 and a standard deviation of 0.66705. Meanwhile, firm value has a mean value of 1.1010 with a standard deviation of 1.39218, indicating variations in market perceptions of the company's value.

Classical Assumption Test

Normality Test

　　　　The normality test was conducted using the Kolmogorov–Smirnov test to determine whether the regression residuals were normally distributed.

Table 2. Kolmogorov–Smirnov Normality Test.

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		10
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.84236922
Most Extreme Differences	Absolute	.226
	Positive	.226
	Negative	-.169
Test Statistic		.226
Asymp. Sig. (2-tailed)[c]		.159
Monte Carlo Sig. (2-tailed)[d]	Sig.	.160
	99% Confidence Interval Lower Bound	.151
	Upper Bound	.169

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 2000000.

The results show that the Asymp. Sig. value is 0.159, which is greater than the significance level of 0.05. This indicates that the residuals in the regression model are normally distributed. Therefore, the normality assumption has been fulfilled and the regression model can be used for further analysis.

Multicollinearity Test

The multicollinearity test was conducted to determine whether there is a high correlation among the independent variables in the regression model. A good regression model should not exhibit multicollinearity because it may affect the accuracy of the regression coefficient estimates. Multicollinearity can be detected by examining the Tolerance and Variance Inflation Factor (VIF) values. A regression model is considered free from multicollinearity if the tolerance value is greater than 0.10 and the VIF value is less than 10.

Table 3. Multicollinearity Test.

Coefficients[a]

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	VIF
1 (Constant)	13.223	15.657		.845	.431		
Struktur Modal	.721	.275	.740	2.621	.040	.766	1.306
Profitabilitas	.312	.406	.205	.768	.471	.858	1.165
Ukuran Perusahaan	-.430	.549	-.206	-.784	.463	.883	1.133

a. Dependent Variable: Nilai Perusahaan

Based on Table 3, the results show that all independent variables have tolerance values greater than 0.10 and VIF values lower than 10. Capital structure has a tolerance value of 0.766 and a VIF value of 1.306, profitability has a tolerance value of 0.858 and a VIF value of 1.165, and firm size has a tolerance value of 0.883 with a VIF value of 1.133. These results indicate that there is no multicollinearity among the independent variables in the regression model. Therefore, the regression model is considered suitable for further analysis.

Heteroscedasticity Test

The heteroscedasticity test was conducted to determine whether the variance of the residuals in the regression model is constant across observations. A good regression model should not exhibit heteroscedasticity because it may lead to inefficient and biased parameter estimates. In this study, the heteroscedasticity test was performed using the Glejser method by examining the significance value of each independent variable.

Table 4. Multicollinearity Test.

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	11.026	9.002		1.225	.267
Struktur Modal	.247	.158	.589	1.564	.169
Profitabilitas	-.002	.233	-.002	-.007	.995
Ukuran Perusahaan	-.369	.315	-.410	-1.169	.287

a. Dependent Variable: ABS_RES

Based on Table 4, the results of the Glejser test show that all independent variables have significance values greater than 0.05. Capital structure has a significance value of 0.169, profitability 0.995, and firm size 0.287. These results indicate that there is no heteroscedasticity problem in the regression model. Therefore, the assumption of homoscedasticity is fulfilled and the regression model is considered appropriate for further analysis.

Autocorrelation Test

The autocorrelation test was conducted to determine whether there is a correlation between residuals in one observation and residuals in previous observations. Autocorrelation commonly occurs in time-series data and may affect the accuracy of regression estimates. In this study, the autocorrelation test was performed using the Durbin–Watson statistic.

Table 5. Durbin–Watson Autocorrelation Test.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.796[a]	.634	.451	1.03169	2.256

a. Predictors: (Constant), Ukuran Perusahaan, Profitabilitas, Struktur Modal

b. Dependent Variable: Nilai Perusahaan

Based on Table 5, the Durbin–Watson value obtained is 2.256, which is close to the value of 2. This indicates that there is no autocorrelation problem in the regression model. Therefore, the residuals are independent, and the regression model meets the autocorrelation assumption. Thus, the model is considered appropriate for further analysis.

Multiple Linear Regression Analysis

Multiple linear regression analysis was conducted to examine the effect of capital structure, profitability, and firm size on firm value.

Table 6. Multiple Linear Regression Results.

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1(Constant)	13.223	15.657		.845	.431
Struktur Modal	.721	.275	.740	2.621	.040
Profitabilitas	.312	.406	.205	.768	.471
Ukuran Perusahaan	-.430	.549	-.206	-.784	.463

a. Dependent Variable: Nilai Perusahaan

Based on Table 6, the multiple linear regression equation in this study can be formulated as follows:

$$Y = 13.223 + 0.721X1 + 0.312X2 - 0.430X3$$

where:
Y = Firm Value
$X1$ = Capital Structure
$X2$ = Profitability
$X3$ = Firm Size

The regression results indicate that capital structure has a positive coefficient of 0.721, meaning that an increase in capital structure tends to increase firm value. The significance value of 0.040 indicates that capital structure has a significant effect on firm value.

Meanwhile, profitability has a positive coefficient of 0.312, indicating a positive relationship with firm value. However, the significance value of 0.471 shows that this effect is not statistically significant.

Furthermore, firm size has a negative coefficient of -0.430, indicating an inverse relationship with firm value. However, the significance value of 0.463 indicates that the effect of firm size on firm value is not statistically significant.

These results indicate that among the independent variables examined in this study, only capital structure shows a significant influence on firm value.

Hypothesis Testing (t-test)
Partial Effect (t-test)

The t-test was conducted to determine the partial effect of each independent variable, namely capital structure, profitability, and firm size, on firm value.

Table 7. Results of the t-test (Partial Test).

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1(Constant)	13.223	15.657		.845	.431
Struktur Modal	.721	.275	.740	2.621	.040
Profitabilitas	.312	.406	.205	.768	.471
Ukuran Perusahaan	-.430	.549	-.206	-.784	.463

a. Dependent Variable: Nilai Perusahaan

Based on Table 7, the results of the partial hypothesis testing can be explained as follows.

Capital Structure (X_1) has a t-value of 2.621 with a significance value of 0.040, which is less than 0.05. This indicates that capital structure has a significant effect on firm value. Therefore, the first hypothesis is accepted.

Profitability (X₂) has a t-value of 0.768 with a significance value of 0.471, which is greater than 0.05. This indicates that profitability does not have a significant effect on firm value. Therefore, the second hypothesis is rejected.

Firm Size (X₃) has a t-value of -0.784 with a significance value of 0.463, which is greater than 0.05. This indicates that firm size does not have a significant effect on firm value. Therefore, the third hypothesis is rejected.

Simultaneous Test (F-test)

The F-test was conducted to determine whether the independent variables, namely capital structure, profitability, and firm size, simultaneously affect firm value.

Table 8. Results of the t-test (Partial Test).

ANOVAᵃ

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	11.057	3	3.686	3.463	.091ᵇ
Residual	6.386	6	1.064		
Total	17.443	9			

a. Dependent Variable: Nilai Perusahaan

b. Predictors: (Constant), Ukuran Perusahaan, Profitabilitas, Struktur Modal

Based on Table 8, the F-test results show an F-value of 3.463 with a significance value of 0.091. Since the significance value is greater than 0.05, the regression model is not statistically significant. This indicates that capital structure, profitability, and firm size simultaneously do not have a significant effect on firm value.

Although the partial test shows that capital structure has a significant effect on firm value, the simultaneous test indicates that the three independent variables together are not able to significantly explain variations in firm value. This condition may be influenced by the relatively small sample size used in this study.

Coefficient of Determination (R²)

The coefficient of determination (R²) is used to measure how well the independent variables explain the variation in the dependent variable.

Table 9. Results of the t-test (Partial Test).

Model Summaryᵇ

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.796ᵃ	.634	.451	1.03169

a. Predictors: (Constant), Ukuran Perusahaan, Profitabilitas, Struktur Modal

b. Dependent Variable: Nilai Perusahaan

Based on Table 9, the correlation coefficient (R) value is 0.796, indicating a strong relationship between the independent variables (capital structure, profitability, and firm size) and the dependent variable (firm value).

The Adjusted R Square value of 0.451 indicates that approximately 45.1% of the variation in firm value can be explained by capital structure, profitability, and firm size. Meanwhile, the remaining 54.9% is explained by other variables outside the regression model that were not included in this study.

The use of Adjusted R Square is considered more appropriate in this study because the regression model includes more than one independent variable, making it a more accurate measure of the explanatory power of the model.

5. Comparison and Discussion
Effect of Capital Structure on Firm Value

The results of this study indicate that capital structure has a significant effect on firm value at PT Tiga Pilar Sejahtera Food Tbk. This finding suggests that the use of debt in the

company's financing structure can increase firm value, which is reflected in the positive perception of investors toward the company's financial policy.

This result supports capital structure theory, which states that the optimal use of debt can provide tax benefits through interest tax shields and potentially increase firm value. In addition, this finding is consistent with signaling theory, which explains that a company's financing decisions may serve as signals to investors regarding the firm's future prospects.

Empirically, this result is consistent with the findings of Arini Viola Pitaloka and Teguh Gunawan Setyabudi (2022), who found that capital structure significantly affects firm value. Similarly, the study conducted by Rifqi Adhitama Firdaus and Dwi Artati (2023) also indicates that capital structure plays an important role in determining firm value.

Effect of Profitability on Firm Value

The results show that profitability does not have a significant effect on firm value. This indicates that the level of profit generated by the company is not the main consideration for investors in assessing firm value during the research period.

This finding is consistent with the research conducted by Clarissa Mercyana et al. (2022), which found that profitability does not significantly affect firm value in certain models. In addition, Sri Widati and Liswatin (2023) also reported that profitability has a positive but insignificant effect on firm value. The insignificant effect of profitability may be caused by fluctuations in the company's earnings and unstable internal conditions, which limit the ability of profits to provide a strong signal to investors.

Effect of Firm Size on Firm Value

The results of this study indicate that firm size does not have a significant effect on firm value. This finding suggests that the size of a company's assets does not necessarily reflect an increase in firm value from the perspective of investors.

This result is consistent with the study conducted by Rahayu Nur Listiyo Ningsih et al. (2022), which found that firm size does not significantly influence firm value. Similarly, the research by Akbar H. Burhan and Batara Daniel Bagana (2024) also found that firm size does not significantly affect firm value. This indicates that investors do not only consider the size of a company but also evaluate its efficiency and performance in creating value.

Simultaneous Effect of Capital Structure, Profitability, and Firm Size on Firm Value

The simultaneous test results indicate that capital structure, profitability, and firm size do not significantly affect firm value. This finding is consistent with the study conducted by Rahayu Nur Listiyo Ningsih et al. (2022), which found that these variables simultaneously do not influence firm value.

The insignificant simultaneous effect may be explained by the limited number of observations and the relatively short research period, which reduces the explanatory power of the regression model. In addition, firm value may also be influenced by other factors outside the research model, such as macroeconomic conditions, market sentiment, and industry dynamics.

6. Conclusions

This study examines the effect of capital structure, profitability, and firm size on firm value at PT Tiga Pilar Sejahtera Food Tbk during the period 2015–2024. The results indicate that capital structure has a significant effect on firm value, suggesting that financing decisions play an important role in influencing investor perceptions and the company's market valuation.

Meanwhile, profitability and firm size do not have a significant effect on firm value during the observation period. Furthermore, the simultaneous test shows that capital structure, profitability, and firm size collectively do not have a significant influence on firm value. These findings imply that firm value may also be influenced by other factors outside the research model, such as macroeconomic conditions, market sentiment, or industry dynamics.

This study contributes to understanding the role of financial decisions in shaping firm value. However, the research is limited by the relatively small number of observations and the focus on a single company. Future studies are recommended to include a larger sample of companies, extend the research period, and incorporate additional variables that may affect firm value.

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