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# Academia Open



*By Universitas Muhammadiyah Sidoarjo*

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# Capital Structure Signals in Firm Value of Indonesian Noncyclical Consumers: Sinyal Struktur Modal terhadap Nilai Perusahaan pada Sektor Konsumen Non-Siklikal Indonesia

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## Abstract

**General Background:** Firm value represents a critical indicator of corporate performance and investor perception in capital markets, particularly in sectors providing essential goods where demand remains relatively stable. **Specific Background:** The consumer non-cyclical sector in Indonesia demonstrated resilience during the 2019–2023 period despite economic disruption caused by the COVID-19 pandemic and subsequent recovery dynamics. **Knowledge Gap:** Previous studies report inconsistent findings regarding the relationships between corporate governance, capital structure, profitability, and firm value, while limited empirical research specifically examines these relationships in the consumer non-cyclical sector during the post-pandemic period. **Aims:** This study investigates the relationships between corporate governance, capital structure, and profitability with firm value in consumer non-cyclical companies listed on the Indonesia Stock Exchange during 2019–2023. **Results:** Using panel data regression with a Random Effect Model on 69 companies and 345 observations, the findings show that capital structure measured by the Debt to Equity Ratio has a significant relationship with firm value measured by Price to Book Value, whereas corporate governance measured by the ASEAN Corporate Governance Scorecard and profitability measured by Return on Assets show no significant relationship individually. However, the variables jointly form a statistically significant regression model. **Novelty:** The study contributes empirical evidence from the post-COVID-19 economic recovery period with a sector-specific focus on consumer non-cyclical firms, highlighting how financing policies signal market valuation dynamics. **Implications:** These findings indicate that financing decisions and debt management remain key considerations for investors in assessing firm prospects, while corporate governance implementation and profitability indicators require deeper substantive alignment with business strategy to support long-term corporate valuation.

### Highlights:

- Capital structure represented by Debt to Equity Ratio shows a significant relationship with firm valuation.
- Governance score and asset-based profitability display insignificant individual relationships with market valuation indicators.
- Post-pandemic analysis of 69 Indonesian consumer staple companies reveals financing policy as a dominant market signal.

**Keywords:** Corporate Governance; Capital Structure; Profitability; Firm Value; Consumer Noncyclical Sector

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## Introduction

The growth of the business sector in the current era is marked by the increase in various new companies which results in the level of competition between companies becoming higher. Therefore, every company needs to understand the conditions around it in order to identify opportunities that can be used to improve performance. A company needs to have clear goals in order to develop optimally. One of the main goals is to obtain maximum profits for the party or shareholders, while encouraging the growth of the company's value seen through the level of stock valuation based on market demand. When financial performance shows good results, the value of shares tends to grow, so the value of the company will also rise. On the contrary, if the company's performance decreases, the value of the shares can decrease, which results in a decrease in the value of the entity. The higher the company's valuation, the greater the prosperity that the company owner will receive. Likewise, when the company's financial performance weakens, it allows for a depreciation of the value of shares in the market, which also has an impact on the decline in the company's value. The decline in the value of this company can cause doubts from investors to invest in the company. One way investors assess a company is through its financial performance. The value of a company reflects the investor's view or way of thinking about the value of the shares they own company. In making investment decisions, investors are usually selective and not careless in making choices for the company. Therefore, evaluation of the company is important because investors are more inclined to the performance of companies that have good performance [1].

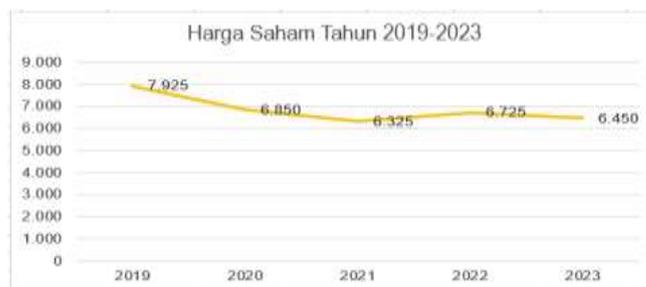
Based on the source (bps.go.id), Indonesia's economic growth during the 2019-2023 period experienced ups and downs that reflect various challenges and recovery processes. In 2019, the economy is still running stable with a growth of 5.02%, this condition shows a fairly normal situation before the big shock comes. However, 2020 was a difficult turning point when the COVID-19 pandemic hit and caused the economy to contract by -2.07%, community and business activities were severely disrupted due to social restrictions, declining global demand, and supply chain disruptions [2]. Moving on to 2021, the economy began to recover slowly with a growth of 3.70%, this increase was triggered by the easing of restrictions and the implementation of vaccinations that reopened economic activities. Then, in 2022 the economy showed a stronger recovery with a growth of 5.31% thanks to increasing public consumption, exports of superior commodities, and investment, especially due to high global commodity prices. In 2023, although growth slowed slightly to 5.05%, Indonesia's economy will still survive amid global challenges. Government policy support, people's purchasing power, and the rapid development of the digital sector help maintain the momentum growth. This trip illustrates Indonesia's economic resilience in the face of various obstacles [3].

Some of the sectors that provide important functions in maintaining the stability of economic development are the consumer non-cyclical sector. This sector includes basic necessities such as food, beverages, household products, and health which remain in stable demand despite difficult economic conditions. In the midst of global and national economic uncertainty, the non-cyclical consumer sector has become a benchmark because its products are basic needs that are not directly affected by economic

fluctuations. This makes the sector more resistant to economic pressures than other sectors and a stable option for investors who want to mitigate risks. Even as the economy begins to recover, the sector continues to contribute significantly through increased domestic consumption, product innovation, and more digital marketing strategies. With its high durability, this sector is also a key component that contributes to the national economic recovery while providing its own attraction for business actors and investors.

The phenomenon of declining company value also occurs in non-cyclicals consumer companies listed on the Indonesia Stock Exchange, one of which occurs by PT Indofood Sukses Makmur Tbk The non-cyclicals consumer sector is classified as a manufacturing company in the Food and Beverage industry subsector which began operating since 1990 and has listed its first shares on the Indonesia Stock Exchange in 1994. so that PT Indofood Sukses Makmur Tbk is one of the companies in the field of Food and Beverage A drink that has been in operation for a long time. Based on monthly statistical information from the Indonesia Stock Exchange (IDX), the consumer goods sector consists of a number of issuers or companies that are members of the subsector, including: Food & Staples Retailing, Beverages, Processed Foods, Agricultural Products, Tobacco, House Products, and Personal Care Products. Based on the demand for the Food and Beverage industry continues to increase. However, the performance of PT Indofood Sukses Makmur Tbk actually showed a decline [4]. Throughout 2023, the company's share value only reached Rp. 6000 rupiah per share, lower than its share price in 2019 which managed to reach Rp.8,000 per sheet.

**Figure 1.** *PT. Indofood Sukses Makmur Tbk*

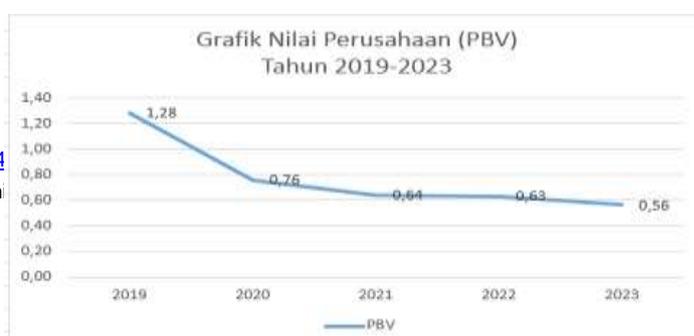


(Source: indofood.com) 2025 data is processed.

In addition to stock prices, the company's performance can also be measured through the Price to Book Value (PBV) ratio. This ratio serves to measure how much the market value of a company's shares is when compared to the book value per share of the company. In general, if the PBV is more than one, it reflects that investors value the company positively. However, the PBV ratio increasing, this situation suggests that the company's stock market valuation tends to be greater than its book value (Setiawan & Kurnia, 2024) [5].

Based on the Financial Statements of PT Indofood Sukses Makmur Tbk during the 2019-2023 period, the company's market valuation pattern is indicated by the fluctuation ratio of Price to Book Value (PBV) for 5 years:

**Figure 2.** *Company Value of PT. Indofood Sukses Makmur Tbk*

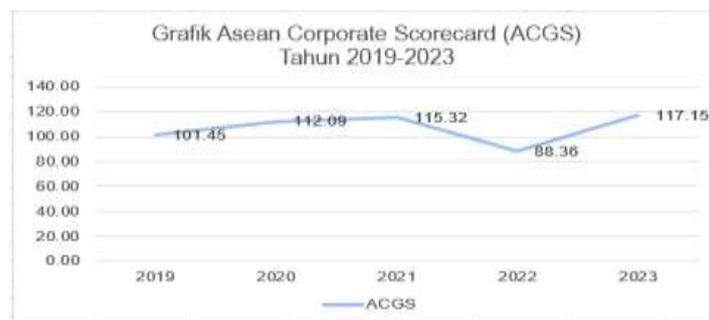


Source: Data processed by the Author, 2025

It can be seen from the graph in Figure 2 above, that the average Price to Book Value (PBV) of PT Indofood Sukses Makmur Tbk in 2019 to 2023 shares fluctuating movements that are unstable and tend to decrease. In 2019 PBV was recorded at 1.28, then decreased by 0.76 throughout 2020. PBV experienced a continuous decline through 2023, with a decline of 0.56 leading to the lowest value. The decrease in PBV experienced at PT. Indofood Sukses Makmur Tbk can be an indication of a decline in positive perception from the market towards performance and the company's prospects, which of course influences investment decisions. This decline also reflects the challenges of maintaining the company's competitive position in an increasingly dynamic market [6].

Price fluctuations to book value (PBV) can have an impact on a company's valuation, which in turn can have an impact on investor confidence and company performance. When PBV increases, this situation reflects a positive view of the company, so it can increase investor interest because it is seen as having promising growth prospects. On the other hand, a decrease in PBV is often interpreted as a signal of a decline in market confidence in the company's performance. However, not all investors consider low PBV to be a negative. For some investors, a low PBV can actually make the opportunity to acquire shares at a price that is considered lower than fair value, especially if the company is backed by strong fundamentals [7]. Therefore, changes in PBV do not necessarily have a direct impact on investment decisions, but must be analyzed together with other financial factors.

**Figure 3.** *Corporate Governance of PT. Indofood Sukses Makmur Tbk*

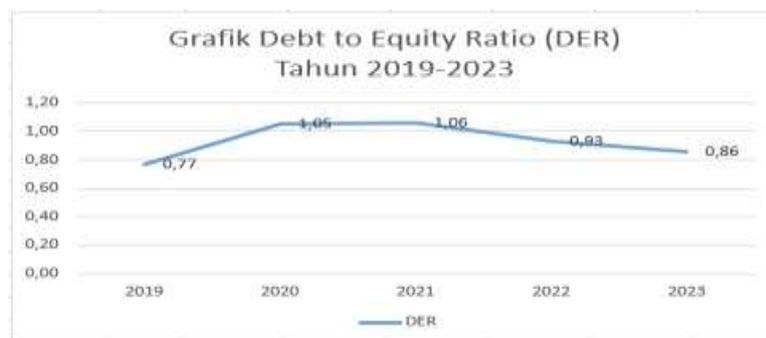


Source: Data processed by the Author, 2025

It can be seen from the graph shown in Figure 3 above, showing how PT Indofood Sukses Makmur Tbk implemented corporate governance from 2019 to 2023. The Company has successfully implemented shareholder rights and positioned all shareholders equally in 2019, as shown by an ACGS score of 101.45 (concept A). The ACGS score then continued to increase in 2020 and 2021, reaching 112.09 and 115.32, respectively. This growth shows that corporate governance is getting better. For example, companies are starting to pay attention to the interests of shareholders (Principle D), are more open to information (Principle C), and show a serious commitment to implementing the principles of corporate governance [8]. However, in 2022 the ACGS score decreased quite far to 88.36. This decline could indicate that the company at that time was not optimal in granting rights to holders shares or unbalanced in the treatment of all shareholders. This can make investor confidence decrease slightly. In 2023, the company managed to improve the ACGS score again to 117.15, which is the highest score for the past five years. This shows that Indofood is starting to get serious again in improving its governance system, such as increasing transparency, communication to shareholders, and the responsibility of the board in managing the company. In addition, the company's ability to recover from previous score declines and show significant improvements also reflects implementation (Principle B). Viewed as a whole, Indofood's ACGS chart from 2019 to 2023 has experienced ups and downs, but ultimately provides a positive growth signal. This indicates that the company is able to adapt and improve its governance well. This improvement in corporate governance can increase investor confidence and have a positive impact on the company's value in the eyes of the market [9].

Based on this data, the condition of PT. Indofood Sukses Makmur Tbk shows that corporate governance (GCG) does not have a direct negative impact on the company's value. Although the ACGS score had experienced a decline in 2022, the increase in the score to 117.15 in 2023 shows that the company is able to improve and maintain the application of good corporate governance principles. These fluctuations in ACGS scores are likely influenced by internal managerial factors or changes in company policy, but do not indicate a sustained or long-term decline long [10]. This is in contrast to the findings (Hamidah & Ramdani, 2023), which show that corporate governance has no effect on company value.

**Figure 4.** Capital Structure of PT. Indofood Sukses Makmur Tbk

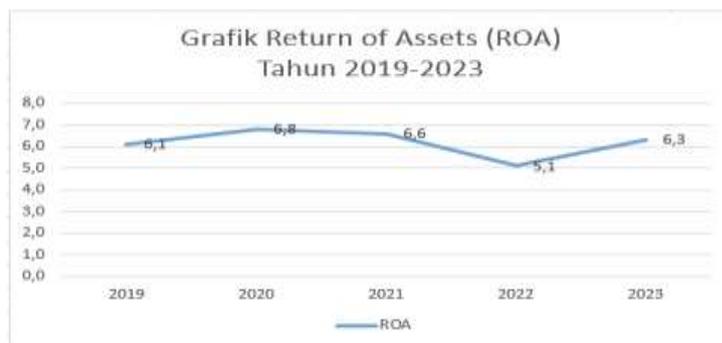


Source: Data processed by the Author, 2025

The Debt to Equity Ratio (DER) graph as depicted in Figure 4 above illustrates the comparative dynamics between debt and corporate equity between 2019 and 2023. The DER ratio of 0.77 in 2019 indicates a relatively low debt-to-equity ratio. This shows that the company at that time tended to be conservative in the use of debt or had not expanded much. However, from 2020 to 2021, the DER ratio increased sharply to a peak of 1.06. This increase is most likely due to companies leveraging greater debt, perhaps to finance expansion, investment, or face economic pressures, such as the impact of the COVID-19 pandemic [11]. Height Risk signifies that debt is almost comparable to its own capital which reflects a more aggressive financial strategy. Furthermore, in 2022 the DER began to decline to 0.93, this decline indicates the company's efforts to reduce its dependence on debt, for example through debt repayment or increased equity, both through retained earnings and the issuance of new shares. In 2023, this trend points to sustainability, with the DER dropping again to 0.86 which signifies better debt management and the company's focus on financial stability [12]. When viewed as a whole, the graph of PT Indofood Sukses Makmur Tbk reflects the company's operational dynamics, from a conservative beginning, then aggressive when it needed additional funding, to returning to stability with healthier debt management. This shows the company's adaptation to various factors that affect its operations and business environment during the 2019-2023 period.

Based on this data, the condition of PT. Indofood Sukses Makmur Tbk showed that this capital structure did not have a direct negative impact, because although the DER was high throughout 2020-2021, the company managed to lower it in the following year which shows good financial management without any indication of a significant impact on the company's value [13]. This is in contrast to the findings (Liswatin & Pramadan Sumatra, 2022), which stated that the capital structure of a high level of debt utilization indirectly affects the value of the company significantly. However, At the same time, the use of debt that exceeds the limit can actually lower the company's valuation.

**Figure 5.** Profitability of PT. Indofood Sukses Makmur Tbk



Source: Data processed by the Author, 2025

From the chart presented in Figure 5, the Return on Assets (ROA) chart shows the fluctuations in the company's profitability from 2019 to 2023. In 2019, the company recorded a figure of 6.1 which indicates good performance. This figure increased slightly to 6.8 in 2020, which likely reflects the company's response to external challenges, such as the COVID-19 pandemic with good operational adaptation. However, in 2021

there was a slight decrease to 6.6. This decline is relatively small and shows that despite the fluctuations, the company is still able to maintain a fairly high profitability [14]. A more significant decline occurred in 2022 with the figure dropping to 5.1. This decline could be due to increased operating expenses or other cost pressures that are not commensurate with increased revenue.

Based on this data, the condition of PT. Indofood Sukses Makmur Tbk shows that this profitability does not have a direct negative impact. Although ROA briefly declined in 2020 and 2022, the return of ROA to 6.3 in 2023 shows the company's ability to maintain the efficiency of asset use in generating profits. These fluctuations are likely influenced by external or operational factors, but do not indicate a long-term negative trend [15]. This is contrary to the findings (Alhayra et al., 2024), which reveal that profitability has a negative and insignificant impact on the company's value or this fluctuation in profitability does not directly affect the long-term value of the company, it can be said that it is also high and a company with low profitability will not have any impact on its value and will not be significant to its value. At PT Indofood Sukses Makmur Tbk, although it fell, the company's value remained stable, which shows that other factors besides profitability play an important role in supporting the company's value growth.

The value of a company serves as a standard to assess the company's performance over a certain period of time. The value also reflects the extent to which the company has the ability to generate profits that provide added value for shareholders. If the profit achieved by the company reaches the set target, it shows that the company is able to optimize the achievement reflected in the company's value (firm value). The increase in the value of a company usually goes hand in hand with the growth of the stock price in the market. When the value of the company shows significant growth, this reflects the market's confidence in the company's future potential as well as its promising operational performance. This situation shows a good indication to market participants, including investors, that the company has good and stable prospects. As a result, more and more investors are interested in investing, with the aim of obtaining economic benefits and profits from the company's growth in the future (Silalahi et al., 2024). The level of company value, both high and low, can be seen by several factors including corporate governance, capital structure, and profitability.

Good Corporate Governance (GCG) is one of the factors that plays a role in influencing company value. Corporate governance is designed to manage the company professionally by referring to the principles of openness, accountability, responsibility, independence, fairness, and equality. The implementation of poor corporate governance in its implementation can harm the company itself through the behavior of several parties in the company (Armiawan & Achyani, 2024). Corporate Governance must be correct and adequate so that the company can run well if it wants to have successful management. The main purpose of the implementation of corporate governance is to give investors confidence that the funds invested will be allocated for financing, investment, and company development optimally and efficiently. If the company implements corporate governance properly, this condition can help improve the company's image in the eyes of the public and have an effect on improvement.

Previous research conducted by the research (Silalahi et al., 2024), suggests that corporate governance has a positive effect on company value. Meanwhile, in research (Hamidah & Ramdani, 2023), it was stated that governance has no effect on company value. Capital structure refers to the proportion of financing obtained from corporate debt (debt financing), namely the company's leverage ratio (leverage) (Adelin et al., 2022). The purpose of managing the capital structure is to form a long-term source of funds designed to optimize the value of shares, thereby supporting the achievement of the main goal of financial management, which is to increase the value of the company. The company's capital structure is influenced by the financing policy implemented by the financial manager. In making decisions, managers need to consider various aspects both qualitatively and quantitatively. There are at least three main elements that are of concern, namely first, the company's obligation to provide a return for the use of the source of funds to the party providing the funds, or the nature of the necessity for the payment of capital costs. Second, the extent to which the funder has the right of control or influence in the company's decision-making. Third, the potential risks that may be incurred [16].

Previous research conducted by the research (Fauziyanti et al., 2023), suggests that capital structure has a significant effect on the value of a company. In the study (Purba & Hasyim, 2024), it was stated that the capital structure has no effect and is significant on the value of the company. Profitability is related to an indicator that shows the level of a company's ability to earn profits (profits) in a certain period (Lano et al., 2023). Profitability is also a factor that investors pay attention to in determining the purchase of stock value, in addition, the level of profitability of a company can be measured based on the capital itself or from all funds invested in the company. Companies are obliged to maintain and increase profitability to remain attractive to investors. The level of profitability describes the company's ability to generate profits related to sales, total assets, and its own capital (Ambarwati & Vitaningrum, 2021). Profitability can be shown through its success in generating profits sourced from cash, capital, sales activities, number of branches, number of employees, and other supporting aspects. If the company is able to achieve a high level of profitability, it means that it can show the quality of working very well in its activities of managing the company's wealth profit in each period (Puspitasari & Sunarto, 2024). Therefore, every business entity will continue to strive to increase its level of profitability, because high profitability reflects healthy financial conditions and contributes to sustainable operational sustainability.

Previous research conducted by the study (Hadi & Budiman, 2023), stated that profitability has a positive effect on company value, but it was found again in the study (Fauziyanti et al., 2023) stated that profitability does not have a significant effect on the company's value. In its development, the term corporate governance is now better known as corporate governance, in the guidance of the National Committee for Governance Policy (KNKG) in accordance with the use in the latest regulations and scientific writings. Even so, in the title of this study, the term corporate governance is still used to make it easier to understand. This study differs from previous studies because it focuses on the Consumer Non-Cyclicals Sector in 2019-2023.

The novelty of this research lies in its analytical focus on the 2019–2023 period, the post-COVID-19 crisis and recovery phase, which presents different economic dynamics compared to normal periods. This timeframe allows for re-examination of the consistency of the influence of corporate governance, capital structure, and profitability on firm value under fluctuating economic conditions. Furthermore, this study specifically highlights the non-cyclical consumer sector, which is relatively resilient to economic pressures but still experiences fluctuations in firm value. This sectoral focus provides a novel empirical contribution, as most previous research has not specifically examined non-cyclical sectors.

## Method

### A. Types of Research

The type of research used in the preparation of the thesis is an associative method with a quantitative approach.

### B. Place & Time of Research

#### 1. Research Place

In this study, the data used is in the form of financial statements of non-consumer companies listed on the Indonesia Stock Exchange (IDX) and licensed by the Financial Services Authority (OJK) for the 2019–2023 period. The researcher chose IDX as the data source because of its role as a center for recording public stock transactions in Indonesia. IDX provides direct access to information related to dynamics National Stock Market. IDX operates at Jl. Jend.Sudirman Kav 52-53, Jakarta Selatan 12190, Indonesia.

#### 2. Research Time

The research period in this study is from September 2024 to July 2025.

### C. Variable operations

#### 1. Variable Dependency

According to Nazir, (2017), dependent variables or often referred to as bound variables. Dependent variables are variables that depend or are influenced by other variables in this study, namely the company's value. The company's value reflects the ability to manage risks to financial health in carrying out the company's activities.

#### 2. Independent Variable (X)

According to Nazir, (2017) is a formulation of a research problem that asks about the relationship between two or more variables. Thus, in this study, which seeks the relationship and influence between one variable independent (free) namely corporate governance (X1), capital structure (X2), profitability (X3), and with dependent variables (bound) namely company value (Y).

### D. Population & Sample

#### 1. Population

The population in this study is manufacturing companies listed on the Indonesia Stock Exchange (IDX) in the 2019–2023 period. The selection of companies listed on the IDX is based on Consider that these

companies have relatively more complex and complete financial statement information compared to companies that are not listed on the stock exchange.

## 2. Sample

Sampling techniques are based on certain criteria that have been set by the researcher. Through the purpose sampling technique, the researcher managed to obtain 69 companies that met the criteria as a research sample.

### E. Data Collection Techniques

The data collection method used in this study consists of two main techniques: documentation and literature study. Documentation techniques involve the process of gathering different types of written information such as documents, annual reports relevant to the research topic. Meanwhile, literature studies are carried out by examining written sources such as books, scientific literature, and reports that are closely related to ongoing research done.

### F. Data analysis techniques

The data analysis technique in this study uses a statistical science approach, namely the panel data regression analysis method using Eviews version 12 as a tool used to test the data.

#### 1. Descriptive Statistical Analysis

A descriptive approach is used to describe or explain facts related to the variables being studied, such as Corporate Governance, Capital Structure, Profitability. To obtain an overview of each variable, the mean calculation is used. The average value is obtained by summing all the data on each variable, then dividing it by the number of respondents.

#### 2. Suitability of Panel Data Regression Model

According to Ghozali & Ratmono, (2020), data panels are a dataset in which the behavior of cross-sectional units (e.g. individuals, companies, countries) is observed over time. In estimating the panel data regression model, there are three model approaches that can be used. The three approaches include the Common Effect Model, the Fixed Effect Model, and the Random Effect Model. The selection of the right model approach is important to ensure the compatibility of the regression model with the characteristics of the analyzed panel data.

#### 3. Panel Data Regression Model Selection

##### a. Chow Test

According to Nasri et al., (2023), the Chow Test is the best model determination used to choose a Common Effect Model (CEM) or Fixed Effect Model (FEM) Using a significant F-value profitability, this test is performed. If the value  $> 0.05$ , then the Common Effect Model (CEM) is the selected model. Conversely, if the value  $< 0.05$ , then the chosen model is the Fixed Effect Model.

##### b. Hausman Test

According to Nasri et al, (2023), the Hausman Test is the determination of the best model used to select the Fixed Effect Model (FEM) and Random Effect Model (REM). By looking at the profitability value

of Chi-Square, researchers can see the results of the F-test. If the value  $> 0.05$ , then the Random Effect Model (REM) is the selected model. On the other hand, if the value  $< 0.05$ , then the model used is the Fixed Effect Model.

### c. Uji Lagrange Multiplier

According to Nasri et al, (2023), the Lagrange Multiplier Test is the determination of the best model used to select the Common Effect Model (CEM) and Random Effect Model (REM). This test is based on the distribution of Chi-squares with degrees of freedom (df) of the number of independent variables. And if the probability value  $> 0.05$ , then the Common Effect Model is selected. Conversely, if the probability value  $< 0.05$ , then the Random Effect Model is more appropriate [17].

### 4. Data Prerequisite Analysis (Classical Assumptions)

#### a. Normality Test

According to Ghozali & Ratmono, (2020), the normality test aims to test whether the regression, variable or residual model has a normal distribution. As is well known, the t-test and f-test assume that the residual follows a normal distribution. If this assumption is not met, the statistical test will be invalid, especially for a small sample. One of the residual normality tests that is often used is the Jarque-Bera (JB) test. This B test is designed for large (asymptotic) samples.

#### b. Heteroskedasticity Test

According to Ghozali & Ratmono, (2020), the heteroskedasticity test is used to look for variance or residual disparities between observational data in regression models. The Glejser test can be used to perform heteroscedasticity tests. The Glejser test is carried out with criteria. If  $\text{ObsR-squared} > 0.05$  ( $\text{sig} > 0.05$ ), then there is no heteroscedasticity, while if  $\text{ObsR-Squared} < 0.05$  ( $\text{sig} < 0.05$ ), then heteroscedasticity occurs or if the probability value  $> 0.05$  then the data can be said to be free of heteroscedasticity, and this result is the result expected by the researcher.

#### c. Multicollinearity Test

According to Ghozali & Ratmono, (2020), the purpose of the multicollinearity test is to find out whether the variables are free in the regression model used in the study. It is said that multicollinearity occurs when the coefficient of the relationship between each variable is greater than 0.80. on the contrary, the model in which Multicollinearity does not occur if the correlation coefficient between each variable is below 0.80 and this is the expected result. If it is proven that there is multicollinearity, one of the independent variables should be removed from the model, and then the regression model is repeated.

#### d. Autocorrelation test

According to Ghozali & Ratmono, (2020), the autocorrelation test here aims to test whether in one regression model there is a correlation between the disruptive error in the current period (t) and the error in the previous period (t-1). The autocorrelation test can be performed using the Durbin-Watson test (DW test). This test is specifically designed to detect first-order autocorrelation in data. The main requirement for the

application of the Durbin-Watson test is that the regression model must have an intercept (constant), and there must be no additional variables that mediate the relationship between independent variables.

## 5. Multiple Linear Regression Analysis Data Panel

Multiple Linear Regression Analysis is used to measure the influence between more than one predictor variable (independent variable) on bound variables.

## 6. Research Hypothesis Analysis

### a. Simultaneous Influence Test (Statistical F Test)

The F test is performed to find out whether independent variables have a joint influence on the bound or dependent variables. In this case, the independent variables in question, namely corporate governance, capital structure, and profitability have a simultaneous effect on the company's value. This test aims to see if these variables simultaneously affect the company's value.

### b. Individual Parameter Significance Test (t-test)

The t-statistical test is a test method that aims to measure the extent of the influence of each independent variable on the dependent variable. The results of the t-test can be seen from the table of coefficients in the sig column. The t-test can be seen from the magnitude of the p-value compared to the level of significance ( $\alpha = 0.05$ ) and the degree of freedom ( $df = n-k$ ). If the probability of value or significance  $< 0.05$  or t is calculated  $> t$  table, then it can be concluded that independent or independent variables have an individual influence on dependent variables. However, if the probability of the value of t  $> 0.05$  or t is calculated  $< t$  table, then it can be said that the independent variable has no individual influence on the variable.

### c. Coefficient of Determination Test ( $R^2$ )

This test was conducted to determine the close relationship between the independent variables of corporate governance ( $X_1$ ), capital structure ( $X_2$ ), and profitability ( $X_3$ ) and the dependent variables of company value ( $Y$ ).

## Results And Discussion

### A. Research Results

The hypothesis test in this study was carried out through the multiple linear regression method, which aims to obtain a comprehensive understanding of the impact of independent variables in the form of corporate governance, capital structure, and profitability on company value.

#### 1. Descriptive Statistical Analysis Results

The following table describes the distribution of data from each of the variables analyzed in the study. The description in this study includes 4 variables, namely Company Value ( $Y$ ), Corporate Governance ( $X_1$ ), Capital Structure ( $X_2$ ), Profitability ( $X_3$ ). The results of descriptive data processing carried out using Eviews 12 are shown in the table below:

**Table 1.** *Descriptive Statistical Test*

	PBV (Y)	ACGS (X1)	DER (X2)	ROA (X3)
Mean	3.442899	0.792459	2.089524	0.217830
Median	1.580000	0.794400	0.920440	0.045465
Maximum	60.67000	1.339900	54.97976	42.42269
Minimum	0.180000	0.171600	0.102822	-3.221999
Std. Dev.	6.965135	0.241574	4.848571	2.434931
Skewness	5.363198	-0.128456	6.636095	15.81803
Kurtosis	35.50278	2.489695	57.58055	267.2116
Jarque-Bera	16840.12	4.692223	45355.83	1017874
Probability	0.000000	0.095741	0.000000	0.000000
Sum	1187.800	273.3982	720.8857	75.15123
Sum Sq. Dev.	16688.51	20.07509	8086.972	2039.538
Observations	345	345	345	345

Source: Output Eviews Statistics Version 12, 2025

a. Company Value (PBV) (Y)

The company's value (Y) as a dependent variable has the lowest value of 0.180000, which was recorded in PT Mustika Ratu Tbk in 2019, while the highest value reached 60.67000 and was obtained by PT Unilever Indonesia in the same year. The average of the overall sample was 3.442899, with a standard deviation of 6.965135. The standard deviation number that far exceeds the average value reflects that the PBV data has an uneven or heterogeneous distribution.

b. Asean Corporate Governance Scorecard (ACGS) (X1)

The Asean Corporate Governance Scorecard (X1) as an independent variable has the lowest score of 0.171600 recorded at PT Tri Banyan Tirta Tbk in 2021. The highest value of 1.399000 was obtained by PT Perusahaan Perkebunan London Sumatra Indonesia Tbk in 2020. The average overall score reached 0.792459, with a standard deviation of 0.241744. Because the standard deviation value is smaller than the average, the distribution of ACGS data is homogeneous.

c. Debt to Equity Ratio (DER) (X2)

The Debt to Equity Ratio (X2) as an independent variable has the lowest value of 0.102822 recorded at PT Perusahaan Perkebunan London Sumatra Indonesia Tbk in 2023. Meanwhile, the highest score reached 54.97976 and was obtained by PT Wicaksana Overseas International in the same year. The average DER is at 2.089524 with a standard deviation of 4.848571. A much larger standard deviation value than this average indicates that the DER data has a high degree of distribution or is heterogeneous.

d. Return on Assets (ROA) (X3)

Return on Assets (X<sub>3</sub>) as an independent variable showed the lowest value of -3.221999, recorded at PT Indofood Sukses Makmur Tbk in 2023. The highest score of 42.42269 was obtained by PT Smart Tbk in 2022. ROA recorded an overall average value of 0.217830, with a standard deviation of 2.434931. Because the standard deviation value is higher than the average, the distribution of ROA data is classified as varied or heterogeneous [18].

## 2. Estimation of Panel Data Regression Model

### a. Common Effect Model (CEM)

The initial stage in this analysis process is carried out by applying the Common Effect Model approach. This model is the simplest form of panel data analysis, as it combines time series and cross-section data into one structure without distinguishing the characteristics of each individual or time. Estimation in this model can be done through the Ordinary Least Square (OLS) approach (Widianto et al., 2024).

### b. Fixed Effect Model (FEM)

After the test is carried out using the Common Effect Model approach, the next stage is to estimate the model using the Fixed Effect Model. This approach is often referred to as the Least Square Dummy Variable (LSDV), which is used to capture differences in intercept values between companies through the insertion of dummy variables.

### c. Random Effect Model (REM)

After testing using a fixed effect model, the next stage of analysis is directed to the application of random effect models. This model is used when there is a possibility of correlation between individuals and between times in the error component in the data panel. In its approach, the random effect model is processed using the Generalized Least Square (GLS) estimation technique, also known as the Error Component Model (ECM) [19].

## 3. Panel Data Regression Model Selection Testing

### a. Chow Test

The Chow test is used as a statistical method to determine the most suitable model between the Common Effect Model and the Fixed Effect Model in panel data analysis. If the probability value of the Cross-section Chi-square is smaller than the significance level ( $\alpha = 0.05$ ), then  $H_0$  is rejected, so the appropriate model to use is the Fixed Effect Model. Details of Chow's test results are presented in Table 2 below [20].

**Table 2.** Chow Test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	29.750191	(68,273)	0.0000
Cross-section Chi-square	734.662878	68	0.0000

Source: Output Eviews Statistics Version 12, 2025

Based on table 2, the results of Chow's test show that the probability value of the Cross-section Chi-square is 0.0000. Since the value is below the significance level of 0.05 ( $0.0000 < 0.05$ ), the null hypothesis

(H<sub>0</sub>) is rejected and the alternative hypothesis (H<sub>1</sub>) is accepted. Thus, the most suitable model to use is the Fixed Effect Model (FEM). To determine whether the fixed effect model is more suitable than the random effect, the next stage is to run the Hausman test to choose the most appropriate between Fixed Effect and Random Effect.

**b. Hausman Test**

The Hausman test is a statistical test to determine whether the Fixed Effect Model or Random Effect Model is the most appropriate to use to estimate the regression of panel data. If the probability value of Cross-section is random > a significant value ( $\alpha = 0.05$ ). Then H<sub>0</sub> is accepted and the appropriate model used for panel data regression is the Random Effect Model. The results of the hausman test can be seen in the following table 3:

**Table 3. Hausman Test**

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	6.068495	3	0.1083

Source: Output Eviews Statistics Version 12, 2025

Based on table 3 of the thurst test results above, it can be seen that the probability value of Cross-section random > significant value ( $0.1083 > 0.05$ ). This means that H<sub>0</sub> is accepted and H<sub>1</sub> is rejected. So it can be known that the chosen model is the Random Effect Model so that it is followed by a Langrage Multiplier test to determine between the Random Effect Model or the Common Effect Model [21].

**c. Uji Lagrange Multiplier**

The multiplier range test is performed to determine which model is more appropriate to use between the Common Effect Model and the Random Effect Model. If the probability value of the cross-section > a significant value ( $\alpha = 0.05$ ). So the right model to use for the regression of panel data is the Common Effcet Model. The results of the langrage multiplier test can be seen in the following table 4:

**Table 4. Lagrange Multiplier Test**

Test Hypothesis			
	Cross-section	Time	Both
Breusch-Pagan	471.3463	0.423059	471.7694
	(0.0000)	(0.5154)	(0.0000)

Source: Output Eviews Statistics Version 12, 2025

Based on table 4 of the multiplier error test above, it can be seen that the probability value of Cross-section < significant value ( $0.0000 < 0.05$ ). This means that H<sub>0</sub> is rejected and H<sub>1</sub> is accepted. So it can be known that the chosen model is the Random Effect Model.

**d. Model Selection**

**Table 5. Model Selection**

No.	Model Selection Test	Model
-----	----------------------	-------

		Selected
1.	Chow Test Common Effect Model (CEM) vs Fix Effect Model (FEM)	FEM
2.	Hausman Test Fix Effect Model (FEM) vs Random Effect Model (REM)	REM
3.	Uji Lagrange Multiplier Common Effect Model (CEM) vs Random Effect Model (REM)	REM

Source: Data processed by the author, 2025

The Random Effect (REM) model was determined as the most suitable model in this study based on a series of model selection tests that had been carried out. The results of those tests are listed in the previous table. The selection of REM is supported by the results of the Hausman Test and the Lagrange Multiplier Test, both of which show that REM is the most appropriate approach. Therefore, the next estimate using the REM approach is presented as follows [22].

**Table 6.** Selected Research Models

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.711443	0.964609	2.810925	0.0052
ACGS (X1)	-0.574984	0.820064	-0.701146	0.4837
DER (X2)	0.568291	0.037840	15.01809	0.0000
ROA (X3)	-0.001609	0.067400	-0.023877	0.9810

Source: Output Eviews Statistics Version 12, 2025

4. Classic Assumption Test

After the panel data regression model selection stage, the next step is to perform a classical assumption test. This test aims to assess whether the model regression has been used to meet the BLUE (Best Linear Unbiased Estimator) criteria or not in accordance with the OLS assumptions. If all assumptions are met, then the resulting estimate will have a higher level of accuracy and be able to represent conditions that are close to the actual state.

a. Normality Test

According to Ghozali & Ratmono, (2020) The normality test was carried out to find out whether the data of the free variables (Corporate Governance, Capital Structure, Profitability) and the bound variables (Company Value) in the resulting regression equation were normally distributed or abnormally distributed

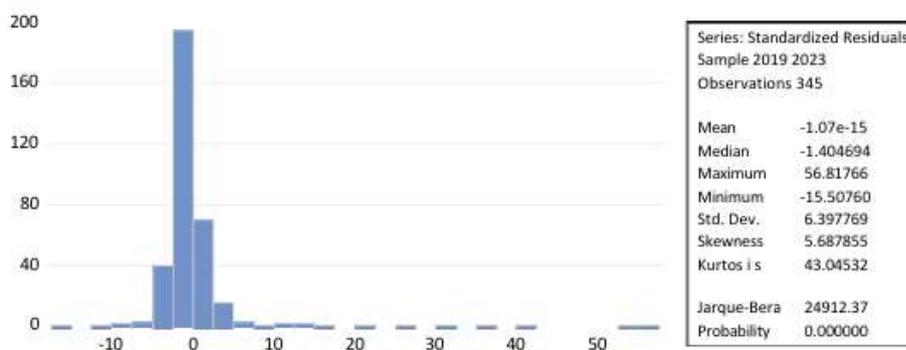
[23]. To approach the problem of normality in this study, the JarqueBera test was used with the following hypothesis:

Ho : Normal Data Distribution

H1 : Abnormal Data Distribution

Decision-making in the normality test refers to the probability value (prob) of the Jarque-Bera statistic. If the prob value is less than the significance level ( $\alpha$ ), then Ho is rejected. Conversely, if the value of the prob is greater than  $\alpha$ , then Ho is accepted. In this study, the significance level used was 5 ( $\alpha = 0.05$ ). The results of the normality test can be seen in the following figure 6:

**Figure 6. Normality Test**



Source: Output Eviews Statistics Version 12, 2025

Based on the normality test histogram in Figure 4.1, it can be seen that the Jarque-Bera probability < significant value ( $0.000000 < 0.05$ ). This means that it shows that the data is not distributed normally. This condition can be caused by the diversity of data, consisting of over 69 entities during the 5-year observation period, resulting in 345 observations. In this study, the assumption of normality was tested with the Central Limit Theorem (CLT), which states that if the sample count is large enough ( $>30$ ), then the distribution will be close to normal even though the initial data is abnormal (Gujarati, 2013). With a total sample of 345, the data in this study can be considered to meet the assumption of normality in an approach because it is classified as a large sample [24].

**b. Multicollinearity Test**

According to Ghozali & Ratmono, (2020), the existence of a strong correlation between independent variables in multiple regression can be an indication that there is a very close linear relationship, even close to a perfect linear relationship between these variables. If these variables are independent or unrelated, then the value of the correlation coefficient is below 0.80. On the other hand, if there is a correlation between independent variables, then the correlation value will be more than 0.80. The results of the multicollinearity test are presented in the following table 7

**Table 7. Multicollinearity Test**

	ACGS (X1)	DER (X2)	ROA (X3)

ACGS (X1)	1.000000	-0.039450	0.018697
DER (X2)	-0.039450	1.000000	-0.031949
ROA (X3)	0.018697	-0.031949	1.000000

Source: Output Eviews Statistics Version 12, 2025

Based on table 7 which presents the results of the multicollinearity test, all the values produced are below 0.80. This suggests that there is no strong relationship between independent variables in the model. So it can be decided that the model does not have symptoms of multicollinearity and can be continued to the next test [25].

c. Heteroscedasticity Test

Heteroscedasticity testing aims to find out whether there is a residual variance in the regression model between one observation and another. In this study, the Glacier method was applied to identify potential heteroscedasticity by regressing the absolute value of the residual to an independent variable, then analyzed at a predetermined significance level. The following results of the heteroscedasticity test with the Glacier test can be seen in table 7 below:

**Table 8. Heteroscedasticity Test**

F-statistic	13.84733	Prob. F(3,341)	0.0000
Obs*R-squared	37.46513	Prob. Chi-Square(3)	0.0000
Scaled explained SS	80.41091	Prob. Chi-Square(3)	0.0000

Source: Output Eviews Statistics Version 12, 2025

Based on table 7 of the heteroscedasticity test results above, it can be seen that the probability value of Chi-Square (3) is smaller than the significant value ( $0.0000 < 0.05$ ). Thus, it can be said that this regression model shows a symptom of heteroscedasticity, because it rejects the null hypothesis (homocedasticity) and shows the existence of an inequality of variance from residuals. According to Septianingsih, (2022), heteroskadacity tests need to be carried out on models that use OLS estimation methods such as the Common Effect Model and Fixed Effect Model. Meanwhile, in the estimation model using GLS, namely in the Random Effect Model, it is not mandatory to test heteroskadacity.

d. Autocorrelation Test

Autocorrelation testing aims to detect the possibility of a relationship in the linear regression model, the occurrence of a relationship between the error or residual in the t period and the error of the t-1 period (previously). One method to detect the presence or absence of autocorrelation is the Durbin-Watson Test (DW). The results of the autocorrelation test can be seen in table 4.12 below:

**Table 9. Autocorrelation Test**

Weighted Statistics			
R-squared	0.454436	Mean dependent var	-1.03E-15
Adjusted R-squared	0.446390	S.D. dependent var	6.275182

S.E. of regression	4.669049	Sum squared resid	7390.205
F-statistic	56.47516	Durbin-Watson stat	1.980099
Prob(F-statistic)	0.000000		

Source: Output Eviews Statistics Version 12, 2025

Based on the results of the autocorrelation test in table 8, it shows that the Durbin-Watson (DW) value of 1.980099 is close to 2. This means that based on the Durbin-Watson value (DW) which is in the range of -2 to 2, it can be concluded that the regression model in this study does not have autocorrelation and is suitable for use in further analysis.

5. Multiple Linear Regression Analysis

The panel data regression method is used to assess the extent to which independent variables affect dependent variables in a model. The Random Effect Model is used because it is considered the most suitable for analyzing panel data in this study. The Random Effect Model in this study is presented in table 4.13 below:

**Table 10.** Panel Data Regression Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.711443	0.964609	2.810925	0.0052
ACGS (X1)	-0.574984	0.820064	-0.701146	0.4837
DER (X2)	0.568291	0.037840	15.01809	0.0000
ROA (X3)	-0.001609	0.067400	-0.023877	0.9810
Effects Specification				
			S.D.	Rho
Cross-section random			5.834001	0.8523
Idiosyncratic random			2.428949	0.1477
Weighted Statistics				
R-squared	0.396324	Mean dependent var	0.630218	
Adjusted R-squared	0.391013	S.D. dependent var	3.126509	
S.E. of regression	2.439	Sum squared resid	2029.933	
	853			
F-statistic	74.62416	Durbin-Watson stat	1.716804	
Prob(F-statistic)	0.000000			
Unweighted Statistics				
R-squared	0.156281	Mean dependent var	3.442899	
Sum squares resid	14080.42	Durbin-Watson stat	0.247507	

Source: Output Eviews Statistics Version 12, 2025

Based on table 9 above, a  $\alpha$  value of 2.711443 can be obtained with  $\beta_1$  of -0.574984,  $\beta_2$  of 0.568291, and  $\beta_3$  of -0.001609. If included in the regression equation, then the results can be seen in the following equation:

$$Y = \alpha - \beta_1 X_1 + \beta_2 X_2 - \beta_3 X_3 + \varepsilon$$

$$Y = 2.711443 - 0.574984 X_1 + 0.568291 X_2 - 0.001609 X_3 + \varepsilon$$

From the regression equation, it can be explained that:

- a. The constant value ( $\alpha$ ) of 2.711443 indicates that if all independent variables (ACGS, DER, and ROA) are zero, then the value of the dependent variable is at 2.711443%.
- b. The ACGS coefficient ( $X_1$ ) is -0.574984 and is marked negative, which indicates that if the ACGS ( $X_1$ ) increases by 1% assuming that other variables are fixed, then PBV (Price to Book Value) will decrease by 0.574984%. However, the probability value (0.4837) indicates that this variable is not statistically significant to PBV.
- c. The DER (Debt to Equity Ratio) ( $X_2$ ) coefficient is 0.568291 and is positive, which indicates that if the DER ( $X_2$ ) increases by 1% assuming that other variables are fixed, then the PBV will increase by 0.568291%. A probability value of 0.0000 indicates that the influence of this variable is statistically significant on PBV.
- d. The ROA (Return on Assets) ( $X_3$ ) coefficient is -0.001609 and is marked negative, which indicates that if the ROA ( $X_3$ ) increases by 1% assuming other variables are fixed, then the PBV will decrease in ROA to the PBV by 0.001609%. However, a probability value of (0.9810) indicates that the ROA to PBV is not statistically significant.

## 6. Uji Hypothesis

### a. Simultaneous Significance Statistical Test (F Test)

Simultaneous testing or F-test is used to test the influence of independent variables (Corporate Governance, Capital Structure, Profitability) collectively on dependent variables (Company Value). The decision-making criterion used is that if the probability value of F-statistical  $< \alpha$  (0.05) then  $H_0$  is rejected or  $H_1$  is accepted, so that it is concluded that the variable The results of the joint hypothesis test (F Test) are presented in table 10 below:

**Table 11. Test F**

F-statistic	74.62416
Prob(F-statistic)	0.000000

Source: Output Eviews Statistics Version 12, 2025

Based on table 10 above, the results of the F test are calculated as 74.62416 and the significance value is 0.05 with  $df_1 = (k-1)$  or  $4-1 = 3$  and  $df_2 = (n-k)$  or  $345- 4 = 341$  ( $N_2$ ) ( $n$  is the sum of data and  $k$  is the sum of dependent and independent variables). The result obtained for F table is 2.63. So that F calculates  $> F$  table ( $74.62416 > 2.63$ ) and the probability value (F-statistic)  $<$  significant value ( $0.000000 < 0.05$ ). Therefore,

it can be concluded that independent variables (Corporate Governance, Capital Structure, Profitability) as a whole have a significant effect on the dependent variable (Company Value), so that the model is accepted as a suitable model in this study.

b. Partial Significance Test of Individual Parameters (Statistical Test t)

Partial testing was used to test the influence of each independent variable (Corporate Governance, Capital Structure, Profitability) on the dependent variable (Company value). The decision-making criteria used is that if the probability value is  $< \alpha$  (0.05), then  $H_0$  is rejected or  $H_1$  is accepted, it can be concluded that independent variables have an effect on variable dependent. The partial hypothesis test (t-test) can be seen in table 11 below:

**Table 12.** *T test*

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.711443	0.964609	2.810925	0.0052
ACGS (X1)	-0.574984	0.820064	-0.701146	0.4837
DER (X2)	0.568291	0.037840	15.01809	0.0000
ROA (X3)	-0.001609	0.067400	-0.023877	0.9810

Source: Output Eviews Statistics Version 12, 2025

Based on the results of the partial test (t-test) presented in the table, it can be concluded that:

1) The Influence of Corporate Governance (ACGS) on Corporate Value.

The results of the data regression analysis test above showed the result of t calculation of -0.701146, when compared to the t table at the significance of  $\alpha = 5\%$  (0.05) with df (n-k) or  $345-4 = 341$ , which is 1.9667. Because the absolute value of t is calculated to be smaller than the t table ( $-0.701146 < 1.9667$ ), and the probability value of ACGS  $>$  significance value ( $0.4837 > 0.05$ ) means that  $H_0$  is accepted and  $H_1$  is rejected. Therefore, it can be concluded that the ACGS variable partially does not have a significant effect on the value of companies in the primary consumer goods sector listed on the Indonesia Stock Exchange for the 2019-2023 period.

2) The Influence of Capital Structure (DER) on Company Value.

The results of the analysis of the data regression analysis of the panel above showed the result of t calculation of 15.01809, when compared with t of the table at the significance of  $\alpha = 5\%$  (0.05) with df (n-k) or  $345-4 = 341$ , which is 1.96695. Because the The absolute t count is greater than the t table ( $15.01809 > 1.96695$ ), and the probability value of DER  $<$  significance value ( $0.0000 < 0.05$ ) means that  $H_0$  is rejected and  $H_1$  is accepted. Therefore, it can be concluded that the DER variable partially affects the value of companies in the primary consumer goods sector companies listed on the Indonesia Stock Exchange for the 2019-2023 period.

3) The Effect of Profitability (ROA) on Company Value

The results of the analysis of the regression analysis of the above panel data showed the result of t calculation of -0.023877, when compared to t table at the significance of  $\alpha = 5\%$  (0.05) with df (n-k) or 345-

4 = 341, which is 1.96695. Because the absolute value of t is calculated to be smaller than the t table (-0.023877 < 1.96695), and the probability value of ROA > significance value (0.9810 > 0.05) means that H<sub>0</sub> is accepted and H<sub>1</sub> is rejected. Therefore, it can be concluded that the ROA variable partially does not have a significant effect on the value of companies in the primary consumer goods sector listed on the Indonesia Stock Exchange for the 2019-2023 period.

4) Coefficient of Determination Test (adjusted R<sup>2</sup>)

The degree of proximity of the value of R<sup>2</sup> to the number one indicates that the contribution of independent variables in explaining dependent variables is relatively large, so that almost all the information required can be explained by the model. On the other hand, if the R<sup>2</sup> value is low, it indicates that the ability of independent variables to influence the dependent variables in this study is relatively limited. The value of the determination coefficient in this study can be found in table 12 below.

**Table 12.** *Coefficient of Determination*

R-squared	0.396324
Adjusted R-squared	0.391013

Source: Output Eviews Statistics Version 12, 2025

Table 12 above shows that the value of Adjusted R-Squared is 0.391013. This shows that independent variables (Corporate Governance, Capital Structure, and Profitability) contribute to the company's value by 39.10%. However, the rest (100% - 39.10% = 60.90%) can be explained by factors that are not included in the regression model of this study.

**B. Research Discussion**

The purpose of this study is to analyze the extent to which corporate governance disclosures, capital structure, and profitability affect the value of the company, both overall and individual variables, in non-cyclicals consumer subsector companies listed on the Indonesia Stock Exchange.

1. The Influence of Corporate Governance on Company Value

Based on the results of the test through table 4.15, the corporate governance variable (X<sub>1</sub>) obtained a calculated t value that is smaller than the t table (-0.701146 < 1.96695), and the prob value. ACGS > significance value (0.4837 > 0.05) meaning that H<sub>0</sub> is accepted and H<sub>1</sub> is rejected. Therefore, it can be concluded that the ACGS variable partially does not have a significant effect on the value of companies in the primary consumer goods sector listed on the Indonesia Stock Exchange for the 2019-2023 period.

This means that the higher the corporate governance score (ACGS), the higher it is, the more it is not able to have a real impact on the performance of the company's value. The findings of this study indicate that the ACGS (ASEAN Corporate Governance Scorecard) variable does not have a significant effect on the value of the company). Although in general the company has implemented the principles of good corporate governance, this has not been fully responded to by the market in the form of increasing the company's value. Based on the data, the average ACGS score over the last five years is 79.24 which is included in the level 2

category with fair interpretation, which means that the company has awareness and has started to apply some of the principles of corporate governance. This means that formally corporate governance has been implemented, but it is not strong enough to have a real impact on investor perception. During the observation period, in 2019, an average score of 69.41 showed that the company was at level 1 (Minimum Requirement), meaning that it only met basic standards according to regulations. In 2020 and 2021, the scores increased to 74.93 and 80.82 so that they entered level 2 (Fair), indicating that the company's awareness is starting to grow to implement governance principles. Meanwhile, the highest average scores were recorded in 2022 and 2023 of 85.21 and 85.85 entering level 3 (Good), namely that companies have begun to adopt some of the principles of international governance. The highest score in 2023 was driven by the high score on the board of directors responsibility principle (Principle D) which has a large valuation weight. In contrast, a low score is subject to an item penalty for a violation of governance principles. This shows that although the company obtains a high ACGS score, it is not necessarily strong enough to drive an increase in the value of the company, as the market may not consider it an indicator of success in increasing the value of the company [26].

The reason ACGS has not had a significant effect is because management has not shown a real commitment to implementing governance principles as a whole. If the principles of governance are only implemented to fulfill formalities, then a high ACGS score will not be enough to encourage an increase in the company's value, because investors tend to assess fundamental aspects and real performance, not just compliance scores. This condition reflects the principle in Stewardship Theory that has not been fully implemented by the company's management. This theory explains that his ideal manager acts as a manager who is responsible for the interests of the company and shareholders. However, when governance is only formally implemented without real commitment and responsibility from management, a high ACGS score will not be enough to increase investor confidence or overall company value.

This research is in line with the findings presented by (Nopagia et al., 2024), which states that the implementation of GCG has not had a direct impact on company value. This situation mainly occurs if the company does not have a clear operational strategy and does not convey information transparently. On the other hand, the results of this study are different from the findings (Jao et al., 2023), finding that corporate governance actually has a positive and significant effect on company value. According to the researcher, if the principle

Corporate governance is well executed, it will increase investor confidence, improve operational efficiency, and help create long-term value for the company. Therefore, in order for corporate governance to really increase the value of the company, serious and consistent implementation is needed. Principles such as management responsibility (Stewardship) and transparency must be implemented in the company's real activities, not just written in formal reports.

## 2. The Influence of Capital Structure on Company Value

Based on the results of the test through table 4.15 of the Capital Structure variable ( $X_2$ ), a calculated t value was obtained that was greater than the t table ( $15.01809 > 1.96695$ ), and the prob. DER < significance value ( $0.0000 < 0.05$ ) meaning that  $H_0$  is rejected and  $H_1$  is accepted. Therefore, it can be concluded that the DER variable partially affects the value of companies in the primary consumer goods sector companies listed on the Indonesia Stock Exchange for the 2019-2023 period.

The findings of the study indicate that the DER (Debt to Equity Ratio) indicator has a significant impact on the company's valuation rate (PBV). Based on data, the average DER over the last five years is 2.09, which means that the company uses a lot of debt in its operational activities. The use of debt that is still within reasonable limits is seen positively by investors because it reflects that the company is able to manage its financing efficiently, as long as the company can pay its obligations on time and its debt is used for productive activities, the investor's view will be assessed [27].

The company has good prospects, so it has the potential to increase the value of the company. The reason DER has a significant effect is because the company's capital structure, especially the use of debt, can give signals to investors. In Signaling Theory, if a company dares to use debt, it means that management is confident that its company will grow and be able to repay its debts. This signal fosters confidence in investors that the company has the prospect of making a profit in the future. Therefore, DERs that are within reasonable limits and can still be controlled can increase investor confidence and have an impact on increasing the company's value. (Hamidah & Ramdani, 2023), which concludes that capital structure has no effect on the value of a company. The high debt burden is considered to increase financial risks and reduce the company's flexibility in carrying out its operations. When debt is not managed properly, investors will tend to avoid the company because it is considered to have the potential for default.

These results are in line with research (Hamidah & Ramdani, 2023), which concluded that capital structure does not have a significant impact on increasing the value of a company. The high debt burden is considered to increase financial risks and reduce the company's flexibility in carrying out its operations. When debt is not managed properly, investors will tend to avoid the company because it is considered to have the potential for default. On the contrary, these results show a difference in research (Adelin et al., 2022), which shows that the capital structure has an effect on the value of the company. The use of controlled and directed debt for productive activities can increase financial efficiency as well as provide positive signals to investors. This condition makes investors more confident in the company's prospects, thereby encouraging an increase in the company's value in the market. Therefore, the influence of capital structure on a company's value is highly dependent on how the company manages and utilizes its debt efficiently.

### 3. The Effect of Profitability on Company Value

Based on the results of the test through table 4.15 of the Profitability variable ( $X_3$ ), the calculated t value was obtained to be smaller than the t table ( $-0.023877 < 1.96695$ ), and the probability value. ROA > significance value ( $0.9810 > 0.05$ ) meaning that  $H_0$  is accepted and  $H_1$  is rejected. Therefore, it can be

concluded that the ROA variable partially does not have a significant effect on the value of companies in the primary consumer goods sector listed on the Indonesia Stock Exchange for the 2019-2023 period.

The findings of this study indicate that the Return on Assets (ROA) indicator does not have a significant impact on the value of the company as measured through PBV. Based on the data, the average ROA over the past five years is worth 0.22 which indicates that the profit generated by the company from the assets it owns is still relatively low. In general, ROA is considered good to be above 5% so that 0.22% indicates that the company is not efficient enough in generating profits. Although ROA is generally used to assess a company's efficiency in managing assets, in this study, the value has not been powerful enough to grab investors' attention. This shows that investors are focusing more attention on indicators that reflect the future of the company and the direction of the company's business strategy.

The reason ROA does not have a significant effect is because investors tend to pay more attention to the prospects and business direction of the company. A low ROA does not give investors a convincing signal about potential future profits. In Signaling Theory, if a company shows weak performance, the signals that investors receive will also be weak. Therefore, the low ROA has not been able to increase investor confidence, so it does not have a major impact on the company's value [28].

These results are in line with research (Alhayra et al., 2024), which found that profitability, especially ROA, does not have a significant effect on company value. Too low ROA is not enough to reflect promising prospects to investors, so it has not been able to increase market confidence in the company's value. On the contrary, these results are in line with research (Ambarwati & Vitaningrum, 2021), which states that profitability has a positive and significant effect on company value. The research explains that companies with high levels of profitability tend to be more attractive to investors because they are able to reflect the company's good and sustainable financial condition. Therefore, a low ROA rate is not enough to have a meaningful influence on the company's value growth, because it does not hold a convincing signal for investors.

The findings of this study confirm that improving governance scores alone is insufficient if it is not accompanied by substantive implementation of GCG principles in a company's strategy and operations. Transparency, accountability, and effective oversight must be reflected in actual performance to increase company value. Practically, management needs to utilize governance as a strategic instrument to strengthen reputation, minimize agency risk, and build market trust. In terms of capital structure, proportional use of debt has also been shown to contribute to increasing company value. Therefore, financing policies must be carefully designed, taking into account risk, repayment capacity, and cash flow stability to maintain productivity and control.

Conversely, the insignificant profitability indicates that the market in the non-cyclical consumer sector prioritizes long-term stability and prospects over short-term profits. This implies that management needs to balance profit achievement with sustainable growth strategies, innovation, and strengthening company fundamentals. Investors should conduct a comprehensive company evaluation, considering the

quality of governance implementation, funding policies, financial performance, and non-financial factors before making investment decisions.

## Conclusion

Based on research findings on the non-cyclical consumer sector listed on the Indonesia Stock Exchange for the 2019–2023 period, it can be concluded that capital structure significantly influences company value, while corporate governance and profitability do not. This finding indicates that in post-pandemic conditions and economic fluctuations, investors tend to pay more attention to funding policies and debt management as key indicators in assessing a company's prospects. Therefore, company management is advised to optimize capital structure through balanced leverage management, financial risk control, and capital cost efficiency to bolster market confidence. Furthermore, the implementation of corporate governance needs to be substantively strengthened and integrated into business strategy so that it is not merely administrative but truly adds value and enhances the company's credibility. Although profitability does not significantly influence profitability, management still needs to maintain consistent profit performance by emphasizing sustainable growth and strengthening long-term fundamentals. For investors, these results can be a consideration to place greater emphasis on capital structure analysis and evaluate the quality of governance implementation and the sustainability of company performance comprehensively before making investment decisions by considering other variables that may mediate the relationship between profitability and firm value.

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