The Influence of Sales Growth, Capital Structure and Tax Planning on Company Value (Empirical Study of Property and Real Estate Companies Listed on the Indonesian Stock Exchange 2018 - 2022)

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Article Info	Abstract
	This study aims to determine and test the effect of sales growth, capital structure and tax planning on company value in property and real estate companies listed on the Indonesia Stock Exchange for the 2018-2022 period. The population is 88 companies. The method of determining the sample using purposive sampling, obtained 13 companies with a research period of 5 years so that the total research sample was 65. This study used secondary data sourced from company financial reports as data or research objects and tested the hypothesis using E-views 10 software as a test. The results showed that partially sales growth has an effect on firm value, capital structure has no effect on firm value and tax planning has an effect on firm value. Simultaneous testing of sales growth, capital structure and tax planning affect firm value.

INTRODUCTION

Background

High company value can be achieved through an effective financial management process, where the financial policies taken can have an impact on other financial decisions which ultimately affect the value of the company, in today's competition companies are required to provide high quality products with added value, so that they can be seen different from competing products (Maryadi & Djohar, 2023).

Increasing company value can be achieved if company management is able to collaborate well with other parties in making financial decisions. These other parties include shareholders and stakeholders. If the actions taken by the manager and other parties can run as they should, then problems will not occur between the two parties. However, in actual conditions, the integration of interests between the two parties often encounters problems.

In the process of maximizing company value, conflicts of interest will arise between managers and shareholders (company owners) which are often called agency problems. It is not uncommon for management, namely company managers, to have other goals and interests that conflict with the company's main goals and often ignore the interests of shareholders. This difference in interests between managers and shareholders results in a conflict which is usually called agency conflict.

Every time a company increases its company value, property developers who are members of Real Estate Indonesia (REI) complain about the sluggish property industry. The sluggish property and real estate industry is caused by low people's purchasing power, reflected in a survey conducted by Bank Indonesia regarding the Indonesian Consumer Confidence Index, which fell for two consecutive months in August 2018, which amounted to 121.6. Down 3.2 points compared to the previous month which was 124.8. This shows the low purchasing power of people towards property. This weak purchasing ability of the public has caused property sales growth to decline.

(Martha, 2023) stated that the strategic role of the property and real estate sector is reflected in its contribution to the national economy which is never less than 12 percent per year. Even during the Covid-19 pandemic. After weakening in 2020, the property sector will grow again in 2021 and 2022. The property and real estate sector creates economic value or turnover of IDR 4,740-IDR 5,788 trillion per year. These two sectors provide employment opportunities for 13.8 million people, equivalent to 9.6 percent of the national workforce or 10.2 percent of the working population in 2022. This contribution is assessed to increase if supported by policy incentives. Uka added that the property and real estate sector and its multiplier effect during the 2018-2022 period were allegedly generating tax revenues of around IDR 185 trillion per year or the equivalent of 9.26 percent of the total central government tax revenues. Apart from that, it contributes to reducing the poverty rate in Indonesia by 7.83 percent. Despite its strategic role, the property and real estate sector has not received optimal attention due to limited assessments in measuring the sector's contribution.

One of the factors that influences company value is sales growth because it reflects the company's past achievements and is used to predict the company's future achievements. Sales growth can also show a company's competitiveness in the market. If the company's sales growth is positive and increasing, it will indicate a large company value, which is the hope of the company owner. Investors use sales growth as an indicator to see the prospects of the company they will invest in later. Research results (Dewi & Sujana, 2019) state that sales growth has a positive effect on company value. Meanwhile, according to (Romadhina & Andhitiyara, 2021) sales growth does not have a significant effect on company value.

Capital structure is the comparison between foreign capital and own capital. Foreign capital is long-term debt or short-term debt. Meanwhile, own capital is divided into retained earnings and shareholder equity. Research results (Ramdhonah, Solikin, & Sari, 2019) show that capital structure has a positive influence on company value. Meanwhile, in research by (Arianti, 2022) capital structure has a negative and significant effect on company value.

Another factor related to company value is tax planning. There are two perspectives on company value, namely positive and negative. Tax planning will have a positive effect on company value if seen from a traditional perspective where reducing the amount of tax burden paid to the state will increase the company value. The second perspective, tax planning has a negative effect on company value, if seen from the perspective of agency theory, where tax planning provides opportunities for managers to take opportunistic actions (prioritizing personal interests over the interests of shareholders) thereby reducing company value. The results of previous research which became a reference for this researcher produced different findings, such as research conducted (Hidayat, Adechandra, & Pesudo, 2019) which examined tax planning variables by connecting them with company value. The results were that tax planning was able to influence company value positively and significantly. This is different from researchers (Hanifah & Ayem, 2022), whose research on the influence of tax planning on company value resulted in the finding that tax planning variables had a negative effect on company value.

LITERATURE REVIEW

Signal Theory

Signal theory is an important tool in understanding how information and signals conveyed by companies can influence the behavior and decisions of other parties, especially in the context of investment and finance. By understanding the mechanisms of signals, companies can leverage them to gain trust and gain profits in the market, while investors can use the signals to make better investment decisions. It is important for companies to provide accurate and reliable information to build a good reputation and create value for shareholders and other stakeholders.

Agency Theory

Agency theory is a relevant theory in understanding the relationship between company owners and management (agents), where there is a potential conflict of interest that causes agency costs. Transparent and accountable management can help reduce potential conflicts and minimize agency costs, thereby creating value for shareholders and company management.

The Value of The Company

Company value is a certain condition that has been achieved by a company which reflects a picture of public trust in the company after going through a process of activities for several years, namely since the company in question was founded until now. Increasing the value of the company reflects achievements, which are in accordance with the wishes of the owners, because as the value of the company increases, the welfare of the owners will also increase (Himawan, 2020). The company's main goal today is to increase company value which is reflected in the prosperity of the company's owners or shareholders.

High company value reflects good company performance and potential for future growth. Increasing company value is expected to provide benefits to shareholders in the form of higher rates of return and increased welfare. Therefore, the company and its shareholders will try to increase the value of the company by making appropriate efforts in managing and developing the company.

Sales Growth

Sales growth is the difference between the number of sales this year and the previous year. If sales growth shows an increase, it will have a positive impact on company profits. This is a consideration for investors when making investment decisions. states that sales growth describes the company's operational success in the

past period and can be used as a prediction of future growth. Sales growth has an important role in assessing a company. By knowing how much sales growth, companies can predict how much profit they will get (Elisa & Amanah, 2021). Companies that have high sales growth tend to require large amounts of funding. Funding sources can come from internal companies such as retained earnings or funding sources from external companies such as debt.

Sales growth is an important indicator for a company in increasing company value in a particular industry. High sales growth reflects the company's high income, which is an important consideration for investors in making investment decisions.

Capital Structure

According to (Novitasari & Krisnando, 2021) capital structure is a description of the form of a company's financial proportions, namely between the equity owned which comes from long-term liabilities and its own equity (shareholders' equity) which is the source of financing for a company. Capital structure is the mix of long-term funding sources used by a company. Good fund management will also have a good impact on the company. Good funding decisions can be seen from the optimal capital structure**.**

Capital structure is a description of the distribution or combination of long-term funding sources (long-term debt) and share capital used by a company to finance its operations. The company's capital structure influences the level of risk and profit faced by the company and can affect the overall value of the company. There is no right capital structure for all companies, as it depends on various factors such as industry, business risks, tax policies and management preferences. Optimal capital structure is the goal of achieving a balance between risk and return from the use of debt and equity.

Tax Planning

Taxes are considered a key instrument in fiscal policy that has a major influence on company value throughout the world. Companies tend to carry out tax planning to minimize income tax burden, increase after-tax profits, and create company value. The main objective of tax planning is to optimize tax benefits, providing a positive reputation through good profits to shareholders. (Chukwudi, Okonkwo, & Asika, 2020).

Tax planning is an effort carried out by company management to regulate tax policies with the aim of minimizing the tax burden that must be paid by the company, so as to increase net profit and company value.
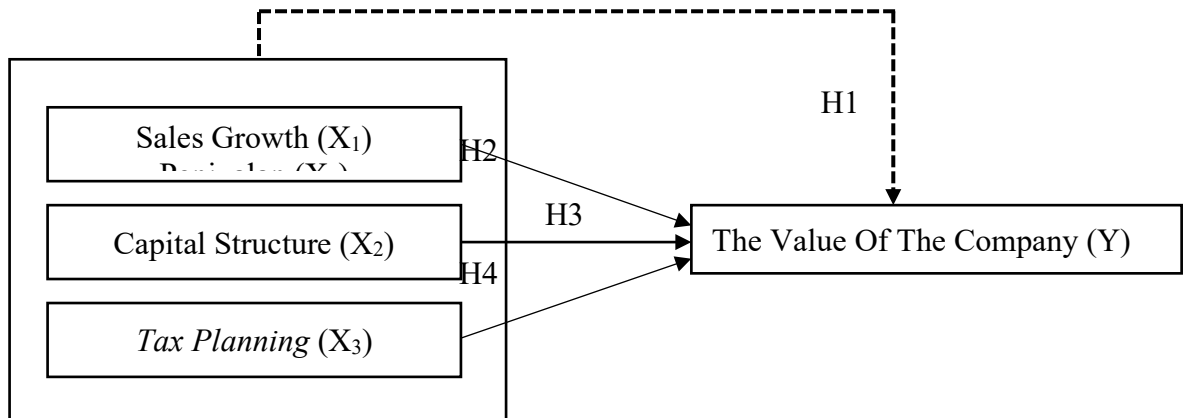
Framework Of Thinking

Figure 1. Framework Of Thinking

Hypothesis

H1: Sales growth, capital structure and tax planning are variables that show X1, X2 and X3 have an influence on company value.

H2: Sales growth is a variable that shows X1 has an effect on company value.

H3: Capital structure is a variable that shows X2 has an effect on company value.

H4: Tax planning is a variable that shows X3 has an effect on company value.

Research Methods

The type of data in this research is secondary data. Secondary data is obtained from sources that can support research, including documentation and literature. The population in this research is all 88 property and real estate sector companies listed on the Indonesia Stock Exchange (BEI), the length of the observation period in this research is 5 (five) years, namely 2018-2022.

Company value is proxied by Price Book Value (PBV) which is obtained by calculating the share price with its book value. According to (Widyaningsih, 2018) company value can be formulated as follows:

$$PBV = \frac{\text{Share price per share}}{\text{Book value per share}}$$

Sales growth reflects the success of investments in the past period and can be used as a prediction of future growth, showing sales performance by comparing sales

acquisition at the end of the period with sales at the end of the previous period.

$$PP = \frac{\text{Sales (t)} - \text{Sales(t} - 1)}{\text{Sales (t} - 1)}$$

Capital structure is a company's funding structure obtained from the amount of debt and own capital (Kusumawati & Rosady, 2018). The measurement uses the debt to equity ratio (DER) with the following formula:

$$DER = \frac{\text{Total } debt}{\text{Total equity}}$$

Tax planning is a decision taken to reduce the tax burden to a minimum in order to maintain profits which will later affect the value of the company.

$$ETR = \frac{\text{Total } Tax\ Expenses}{Pre\ Tax\ Incom}$$

In sampling, techniques are needed to determine the sample to be used. Researchers used a purposive sampling method to determine research samples in property and real estate sector companies according to the types and criteria required.

The following are several criteria that must be met as consideration in determining the sample:

1. Property and real estate sector companies listed on the Indonesia Stock Exchange (BEI) during the 2018-2022 period.

2. Property and real estate sector companies that have complete financial reports from 2018-2022 on the Indonesia Stock Exchange (BEI).

3. Property and real estate sector companies that gain profits consecutively during the 2018 – 2022 period.

4. Property and real estate sector companies that use the rupiah currency. This criterion is necessary so that the measurement of the currency values is the same.

Data analysis in this research uses panel data (pool data) which uses a combination of time series and cross section data which consists of many objects over many time periods. So, to be more accurate, the analysis technique for hypothesis testing uses panel data regression. The data processing tool used is Eviews-10.

Results and Discussion

Panel Data Regression Analysis

Common Effect Model (CEM)

The Common Effect Model has a constant coefficient value of 1.019239, with a regression coefficient value of X1 of 0.595464, X2 of 0.007664 and X3 of -0.851714. The probability of X1 is 0.0000, the probability of X2 is 0.9519 while the probability of X3 is 0.2326.

Fixed Effect Model (FEM)

The Fixed Effect Model has a constant coefficient value of 1.380978, with a regression coefficient value of X1 of 0.421807, X2 of -0.332701 and X3 of -1.577985. The probability of X1 is 0.0000, the probability of X2 is 0.3986 while the probability of X3 is 0.0378.

Random Effect Model (REM)

The Random Effect Model has a constant coefficient value of 1.044526, with a regression coefficient value of X1 of 0.550256, X2 of -0.002914 and X3 of -1.007245. The probability of X1 is 0.0000, the probability of X2 is 0.9816 while the probability of X3 is 0.1110.

Panel Data Regression Model Selection Test

Chow Test

The probability value in the Chi-square cross-section is 0.0001 < 0.05. So it can be concluded that what was chosen in this chow test was the fixed effect model (FEM). So the Hausman test will be continued for model selection between the fixed effect model and the random effect model.

Hausman Test

The probability value in the random cross-section is 0.002 <0.05. So it can be concluded that the best model in the research is the fixed effect model (FEM) and will not proceed to the Lagrange multiplier test.

Based on the results of the panel data regression above, it can be concluded that the results of the fixed effect model are suitable for use for further testing.

Classic Assumption Test

Normality test

The probability value is greater than the significant alpha value of 0.05. The Jarque-Bera value is 1.487129 with a probability of 0.475416. So it can be concluded that the probability value is greater than significant (0.475416 > 0.05). This means that

the residuals are normally distributed, so that the classical assumptions in the regression model fulfill the normality assumption.

Multicollinearity Test

All variables show a VIF value of less than 0.90. So it can be concluded that this proves that there is no multicollinearity problem in all the independent variables used in this research. Therefore, this regression model is suitable for use in research.

Heteroscedasticity Test

Prob value. Chi-Square is 0.9646 > 0.05. So with these results it can be concluded that there is no heteroscedasticity problem.

Autocorrelation Test

The Chi-Square Prob value on Obs*R-squared is 0.1342 > 0.05. This means that in the regression model used there is no autocorrelation problem.

Hypothesis Test

Coefficient of Determination Test (R2)

The adjusted R- squered value is 0.583636, meaning that it can be concluded that the potential influence of the independent variables, namely sales growth, capital structure and tax planning, is 58.36%, while the remaining 41.64% (100%-58.36%) is influenced other independent variables not examined in this study.

Simultaneous Test (Uji F)

The calculated F is 6.980772 and the significant value is 0.000000. The F table can be seen in the statistical table at a significance level of 0.05. With (n= 65) observations, the number of dependent and independent variables is (k= 4), then the degree of freedom (df1) = 3 (independent variable) and the degree of freedom (df2) = n-k-1 = 65-4- 1= 60, this shows that the F-count 6.980772 is greater than the F-table 2.76 (6.980772 > 2.76) and the probability (F-statistic) of 0.000000 is less than 0.05 (0, 000000 < 0.05) so it can be concluded that the independent variables, namely sales growth, capital structure and tax planning have a simultaneous influence on company value.

Partial Test Results (Uji t)

To find out the t-count value, first look for the t-table, n = 65 and k = 4 then df = (n-k) is df = (65-4) = 61, then the t-table value is 1.67022. Based on the t test results from the table above, each variable shows the following:

1. Effect of Sales Growth on Company Value

Based on the table above, the t-count value of 4.887560 is greater than the t-table value of 1.67022 (4.887560 > 1.67022) which is positive. And the probability value X1 of 0.0000 is smaller than the significant value (0.0000 < 0.05). So it can be concluded that sales growth has an effect on company value.

2. Effect of Capital Structure on Company Value

Based on the table above, the t-count value is -0.851567 which is smaller than the t-table value of 1.67022 (-0.851567 < 1.67022) which is negative. And the probability value of X2 is 0.3986 which is greater than the significant value (0.3986 > 0.05). So it can be concluded that capital structure has no effect on company value

3. Effect of Tax Planning on Company Value

Based on the table above, the t-calculated value of -2.134516 is greater than the t-table value of 1.67022 (-2.134516 > 1.67022) which is negative. And the probability value of X3 is 0.0378 which is smaller than the significant value (0.0378 < 0.05). So it can be concluded that tax planning has an effect on company value.

Conclusion

Based on the research results that have been presented, the conclusion can be drawn that:

1. Sales growth, capital structure and tax planning simultaneously influence company value in property and real estate sector companies listed on the IDX for the 2018-2022 period.

2. Partial sales growth has an influence on company value in property and real estate sector companies listed on the IDX for the 2018-2022 period.

3. Partial capital structure has no influence on company value in property and real estate sector companies listed on the IDX for the 2018-2022 period.

4. Tax planning partially has an influence on company value in property and real estate sector companies listed on the IDX for the 2018-2022 period.

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