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The Effect of Capital Structure, Liquidity, and Profitability on The Company's Value on Pt Gudang Garam Tbk

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A R T I C L E I N F O

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A B S T R A C T

This study's goal is to examine and ascertain how capital structure, liquidity, and profitability affect PT Gudang Garam Tbk's worth between 2014 and 2024. Secondary data is used in this investigation. Additionally, multiple linear regression using SPSS 26 is the data analysis method. Indragiri Institute of Technology and Business, Management Study Program Liquidity also has a good impact on the company's value, and profitability has a positive and large impact on the company's value, regardless of whether the capital structure has a significant or negative influence.

INTRODUCTION

In an era of increasingly fierce business competition, the creation of firm value is the main goal for every corporation, including PT Gudang Garam Tbk. as a company that produces the largest cigarette in Indonesia. The company's value is a reflection of investors' perception of performance and expectations for the company in the future. There are three fundamental factors that significantly affect the value of the company, namely capital structure, liquidity, and profitability. These three aspects are interrelated and determine the company's ability to realize a competitive advantage and provide maximum returns for stakeholders.

For now, the capital market is making good progress, because more and more business entities are listed on the Indonesia Stock Exchange. This shows that the capital market is becoming more attractive as a substitution of the origin of spending. Therefore, the battle between unions to have more and more management is fierce. The company must be there to prove the main results to snatch from investors. The goal is to make the company's value even better in the eyes of investors.

Our country, Indonesia, is a country that has the largest source of income from excise on tobacco products, especially those produced by cigarettes. To maintain the cigarette industry to develop more, one of them is going public which allows investors to invest their capital to help the company's growth in increasing its profitability.

The development of companies will be positively contested not only for the company itself, but also for the country because it will encourage economic growth. As part of government regulations, companies are responsible for fulfilling their tax obligations, which are part of their participation in nation-building. Company value is a key idea for investors, as it is a guide for the market to weigh the company for everything. The union can contribute welfare to the pesero if the value of the company rises. The higher the value of the funds, the more the value of the company should increase as well. This incident is also in the direction of the will of the owners of the union, because through valuable estimates it shows the comfort of the large shareholders as well (Warapsari et al., 2016).

From the data that has been analyzed, the Earning Per Share (EPS) for PT Gudang Garam Tbk has fluctuated, some have experienced growth or increase and some have experienced declines or decreases. This can be seen in the Earning Per Share (EPS) period 2014 to 2024. The increase or decline in the value of the company's shares can be dominated by the result of several variables, including the influence of capital structure, liquidity, and profitability.

Tabel 1 ***Research Gap***

Research Gap	Results	Researcher
Here are different results from the study of the influence of Capital Structure on Company Value	Signifikan	Fadhilah Tunissa (2016), Ridho Dhinata dan Krisnando (2020), Nurul Indra Ningsih dan Rangga Putra (2021).
	Has no effect	Heni Tri Mahanani1 dan Andi Kartika (2022), Ganesa Mas'ud Kurniadiantoyo (2021)
There are differences in the results of research on the effect of Liquidity on Company V	Signifikan	Imanah & Setiyowati (2020), Istiana (2021), Oktavina et al. (2023), Musarofah (2020) , dan Fitri (2018)
	Has no effect	Sari dan Prabowo (2021), Rahmawati (2020), Hidayati (2019), Nugroho (2022) dan Setiawan (2023).
There are different results of the influence of Profitability on Company Val	Signifikan	Rahman dan Sari (2020), Setiawan (2021), Hidayati (2022), Nugroho dan Prabowo (2023), Irawan (2020)
	Has no effect	Prasetyo dan Wulandari (2021), Sari (2020), Hidayah (2022), Nugroho (2023)

Source: Processed Researcher 2025

The purpose of this study is to investigate and determine the effects of capital structure, liquidity, and profitability on the value of PT Gudang Garam Tbk from 2014 to 2024. This study makes use of secondary data. Additionally, the data analysis method is multiple linear regression with SPSS 26. Regardless of whether the capital structure has a substantial or negative impact, liquidity also positively affects the company's value, and profitability has a positive and significant impact on the company's value.

A large capital structure indicates the investment balance raising the capital itself, whilst a smaller capital structure does not demonstrate the state of stable finance. The capital structure is the division by borrowing with its own capital. To improve stockholder security, the capital structure needs to be managed well and efficiently. The goal of the high share value is to disclose investment provisions to the capital structure, which demonstrates investor safety.

The ability of the business to cover its costs within a year is measured by its liquidity. The ability of the business to cover its costs within a year without experiencing late payments is known as liquidity. (2020, Fahmi).

Liquidity shows the relationship between a company's cash and other current assets and its current liabilities (Brigham, 2020). The liquidity used to measure financial performance can be from several including current ratio, quick ratio, cash ratio, debt to equity ratio.

The current ratio is a common measure that can be used for short-term solvency. This ratio is a ratio that can measure the company's ability to pay short-term obligations or debts that are due immediately when they will be billed in their entirety (Fahmi, 2018:121).

His happens due to several things, including too much and too low current assets and increasing current liabilities. Meanwhile, the decrease in the current ratio can be caused by an increase in current expenses where the increase is not commensurate with an increase in current assets.

Profitability is the ability of a company to earn profits in relation to sales, the amount of assets and even its own capital (Sihombing & Hutabarat, 2021). When profits increase, this can describe the performance of a good company until it is able to take the form of a sign for stockholders to invest in the business entity in question, then the Company's Value increases. The calculation of the profitability ratio for this observation is using Return On Assets (ROA).
Return On Assets (ROA) is a comparison where the output from the utilization of business entity assets for the formation of net profit. Thus, it can be said that this comparison can be used to estimate the opportunity of the total net profit that will be obtained by each rupiah of funds invested in total assets (Hery, 2018).

LITERATURE REVIEW

The grand theory for this research can focus on financial theories that explain the continuity between capital structure, liquidity, and profitability for the company's value.

In Agency Theory, the contract between investors and agents can also be called agency. The relationship between agencies can be said to have occurred if a contract has been agreed for a contract with one or more people, a principal, an agent and other persons can provide services for the interests of the principal by involving delegating decision-making power to the agent (Apriada and Suardhika, 2016: 203).

Company Values

The importance of company quality for a company can be seen from the fact that the development of the company's quality is in line with increasing the value of shares, which shows an increase in wealth for shareholders. Company values serve as a management benchmark to measure success in the workplace. The value of the company will be a perception for the financier to the level of the luck of the managers to run the resources of the union that has been entrusted to him so that sometimes he is also faced with the price of the shares (Butar, 2019).

The value of a company is the perception of investors at the level of success of the company in managing the resources of the company that has been handed over to it so that it is sometimes related to the value of the shares which reflects the increase in the prosperity of the company. For companies that have gone public, they have the best intention, namely to maximize the company's budget. The receipt of this will be the standard for the progress of the company. The success of the management of a company can be considered in the form of its quantity, which will then make it a mainstay and will also strengthen the security of the pesero. Because it will show the size of the value of a company, as well as the value of the company's shares that in the capital market show a value (Sugeng, 2019:9).

Capital structure

Capital structure is a factor of the financial figure which is in the form of a proportion of the amount of liabilities with independent assets. Capital is the part owned by the owner of a company with stock capital, retained profits or profits or excess of assets that belong to the company for all its debts. Capital structure is the division of other assets and independent assets. Foreign capital can also be understood as debt that has a maturity of more than one year or debt that has a maturity of less than one year. At the same time, the independent assets can be split from unshared profits and with the involvement of the company's capabilities (Kurniasari & Wibowo, 2017:1).

Capital structure is a balance of foreign assets over own assets that can be used by the company to finance its assets, both for a period of less than one year and for a period of more than one year. The capital structure can also be assessed on the Debt To Assets Ratio (DAR) which can also be used to estimate the total amount of the company's assets paid through its obligations. Moreover, the size of the comparison means that the total of credit assets that will be used for investment for assets to realize profits for the company will increase. (Kasmir, 2019:158).

Liquidity

Liquidity can be used to determine the level of ability of the company to finance and fulfill obligations (debts) at the time of billing. The liquidity ratio creates a comparison that illustrates the company's ability to meet its responsibilities that last less than one year. It can be interpreted that if the company is billed, the company will be able to pay the debts that have matured. The liquidity ratio shows the ability of a company to cope with its short-term liabilities (Kasmir, 2019:128).

Liquidity is a reflection of a company's ability to close its expenses within one year on time. This ratio is really very special because if a company goes through a disappointment to pay off its one-year obligations, it can also be the cause of the company's price drop, it can also be the cause of the desire of investors (Fahmi, 2018:107).

Profitability

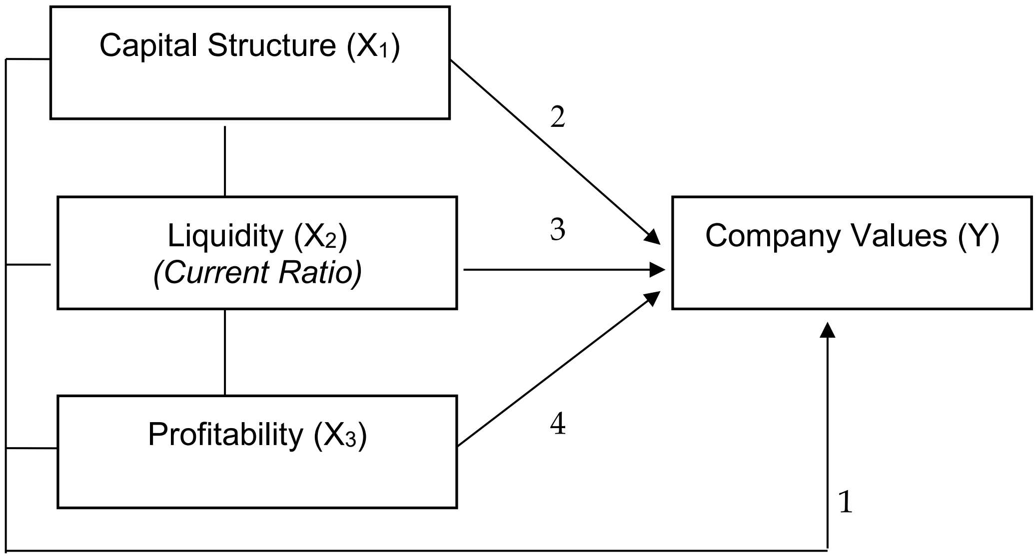
Profitability can be interpreted as the capacity of a company to seek benefits for a finite period both according to appropriateness and success. The use obtained can be used for operational costs from the company. Profitability can also be called Profitability. This profitability is a measure to determine the profit obtained by the company in a specific time based on the results of capital, investment, and sales. Profitability also has the ability of a company to get profits from sources and abilities obtained in activities from the number of employees, sales, cash and capital. This ratio is useful as a tool to measure the effectiveness of the use of capital which is also in accordance with the level of risk (Jufrizen & Asfa, 2018).

The profitability ratio is also used to estimate the ability of the company to obtain the usefulness of the ordinary activities of its business and to assess the

effectiveness of the management by carrying out the company's operations. A healthy or good company has a large profitability value and tends to have a financial record with the ability to get a good opinion and will grow if it is carried out with little profit. (Hery, 2018:192).
The hypothesis of this study is as follows:
H1 : Suspected Capital Structure, Liquidity and Profitability, significant to the Company Value in PT Gudang Garam Tbk.
H2 : It is suspected that the capital structure is significant to the Company Value in PT Gudang Garam Tbk.
H3 : It is suspected that significant liquidity to the Company Value in PT Gudang Garam Tbk.
H4 : Suspected Significant Profitability to Company Value in PT Gudang Garam Tbk.

Frame of Mind

The framework of thinking in this study is as shown in the following image: Figure 1.



Independent Variabel Dependent variable

Information:
1. The Influence of Capital Structure, Liquidity, and Profitability, on Company Value.
2. The Influence of Capital Structure on Company Value.
3. The Effect of Liquidity on Company Value.
4. The Influence of Profitability on Company Value.

RESEARCH METHODOLOGY

The author employs a quantitative approach for this observation. The quantitative observation method is an empirically supported research approach that uses statistical concepts to examine social phenomena. Additionally, if the researcher shows how the dependent variable's (criterion) state changes over time and if there are two or more independent variables acting

as predictor factors that change in value, the researcher employs multiple linear regression analysis (Sugiyono, 2019:275).
Multiple Linear Regression Analysis is the method employed in the analysis, and the Statistical Package for Social Science software is used for the test. Thus, this insight explains how the bound variable, company value, is affected by the free variables, capital structure, liquidity, and profitability.
This observation falls within the topic of quantitative data. That's the kind of data that takes the shape of numbers. The annual reports from 2014 to 2024 have the statistics.

RESULTS AND DISCUSSION

Classic Assumption Test

1. **Normality Test**

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		14
Normal Parameters[a,b]	Mean	.0000001
	Std. Deviation	98850668.64389940
Most Extreme Differences	Absolute	.140
	Positive	.140
	Negative	-.117
Test Statistic		.140
Asymp. Sig. (2-tailed)		.200[c,d]
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

In the table of the one-sample kolmogorove-smirnov test above, it can be seen that the value of Asymp sig (2-tailed) is greater than the significance level used in this observation, which is 0.200 > 0.05. Therefore, it can be summarized for all variables in this observation to be normally distributed.

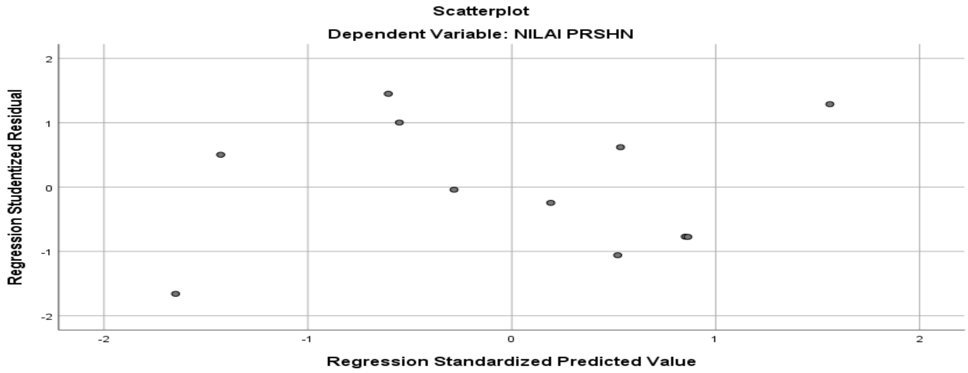
2. **Multicollegiate Test**

Coefficients[a]

Model		Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	CAPITAL STRUCTUR	.539	1.854
	LIQUIDITY	.565	1.769
	PROFITABILITY	.939	1.065

a. Dependent Variable: COMPANY VALUES

In the table of coeficients, it was successfully found, namely VIF < 10 and Collinearity Tolerance > 0.10, meaning that something like this does not happen Multi Collinearity.



3. Heteroscedasticity Test

Based on the image above, this Heteroscedasticity test can be concluded that the data is distributed normally because from the Scatterplot the data spreads above Zero and also below Zero.

4. Autotocorrelation Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.937[a]	.877	.825	.574412	1.722

a. Predictors: (Constant), PROFITABILITY, LIQUIDITY, CAPITAL STRUCTUR

b. Dependent Variable: COMPANY VALUES

From the Model Summary table, it was found that for Durbin-Watson, 1.722 means 1< DW < 3. This means that Auto Correlation does not occur.

Multiple Linear Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.405	1.996		.704	.504		
	CAPITAL STRUCTUR	-.020	.019	-.191	-1.061	.324	.539	1.854
	LIQUIDITY	6.716E-5	.007	.002	.009	.993	.565	1.769
	PROFITABILITY	.310	.044	.961	7.035	.000	.939	1.065

a. Dependent Variable: COMPANY VALUES

Sourced from the tabulation of coefficients, the results of the calculation of Capital Structure (X1), Liquidity (X2), and Profitability (X3) for Company Value (Y) are obtained as follows:

$$\boxed{Y = 1{,}405 - 0{,}020\, X_1 + 0{,}00006716\, X_2 + 0{,}310\, X_3 + e}$$

Information:

a = Constant
Y = Company Value
X1 = Capital Structure

X2 = Liquidity
X3 = Profitability

From the statistical analysis equation of the multiple linear regression coefficient, it can be explained as follows:

1. If the capital structure, liquidity and profitability are equal to zero, then the – Company Value is equal to 1.405.
2. If the capital structure increases by one unit while the Liquidity and Profitability variables are permanent until the Company Value will decrease by 0.020.
3. If the Liquidity increases by one unit while the Capital Structure and Profitability variables remain the same, the Company's Value will increase by 0.00006716.
4. If the Profitability increases by one while the Capital Structure and Liquidity variables are permanent until the Company Value will increase by 0.310.

Multiple Correlation Coefficient (R) Analysis

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.937[a]	.877	.825	.574412	1.722

a. Predictors: (Constant), PROFITABILITY, LIQUIDITY, CAPITAL STRUCTUR

b. Dependent Variable: COMPANY VALUES

Based on the table model summary, the result of the multiple correlation coefficient (R) is 0.937. Thus this situation shows that the interweaving rank of all variables is free to make the bound variable for this observation housed in a very strong relationship criterion.

Coefficient of Determination

The coefficient of determination is 87,7%. This means that the contribution of the variables of Capital Structure, Liquidity and Profitability to Company Value is 87.7% while the remaining 12.3% is controlled by different variables.

HYPOTHESIS TEST RESULTS

$$\boxed{Y = 1{,}405 - 0{,}020\ X_1 + 0{,}00006716\ X_2 + 0{,}310\ X_3 + e}$$

Simultaneous Test Results (F)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16.540	3	5.513	16.709	.001[b]
	Residual	2.310	7	.330		
	Total	18.849	10			

a. Dependent Variable: COMPANY VALUES

b. Predictors: (Constant), PROFITABILITY, LIQUIDITY, CAPITAL STRUCTUR

The significance level, as determined by the statistical computation of the F test, was 0.001 < 0.05. This indicates that Ho is turned down and Ha is accepted, indicating that the company's value is positively impacted by capital structure, liquidity, and profitability all at once.

Partial Test Results (t-test)

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.405	1.996		.704	.504		
	CAPITAL STRUCTUR	-.020	.019	-.191	-1.061	.324	.539	1.854
	LIQUIDITY	6716E-5	.007	-.002	.009	.993	.565	1.769
	PROFITABILITY	.310	.044	.961	7.035	.000	.939	1.065

a. Dependent Variable: COMPANY VALUES

- In the Coeficients table above, the significance of the capital structure is 0.324 > 0.05 so in this case accepting Ho and subtracting Ha, this means that the capital structure (X1) pragmatically has no impact on the company's value (Y).
- In the table above, it is known that the significance of Liquidity 0.993 > 0.05 so accept Ho and reject Ha, meaning that liquidity (X2) partially does not have an impact on the company's value (Y).
- In the table above, it is known that the significance of Profitability 0.000 < 0.05 means that Ho is rejected while Ha is accepted, it is useful that profitability (X3) partially impacts the company's Value (Y).

DISCUSSION

1. It is evident from PT Gudang Garam Tbk's multiple linear regression test results that the company's value is influenced concurrently by its capital structure, liquidity, and profitability.
2. The link between capital structure, liquidity, and profitability influences the company's overall worth. Liquidity helps a corporation meet its short-term obligations, capital structure can influence risk and capital costs, and profitability shows growth potential and operational efficiency. With an ideal capital structure, the business can fund expansion with debt in a prudent manner without jeopardizing its financial health. All three operate concurrently; if properly balanced, they can enhance operational effectiveness and promote long-term profitability; if not, they can worsen financial performance and raise business risk.
3. The capital structure does not have an impact on the Company's value. This is the same as the research of Heni Tri Mahanani and Andi Kartika (2022), Ganesa Mas'ud Kurniadiantoyo (2022). Then liquidity has no effect or significance on the value of the Company, this is the same as the research of Sari and Prabowo (2021), Nugroho (2022) and Setiawan (2023).

Furthermore, profitability has an effect or is significant on the Company's value. This is the same as the research of Rahman and Sari (2020), Setiawan (2021), Hidayati (2022), Nugroho and Prabowo (2023), Irawan (2020)

Elysa Yulianti et al. (2022) found that while profitability has a positive and significant impact on company value, capital structure has no effect or a significant impact, liquidity has a negative and significant impact, and company size has no effect or a significant impact.

In order to further enhance the company's value, the business must focus on financial management by keeping a sound capital structure, maintaining optimal liquidity, and continuing to sustain profitability.

CONCLUSIONS AND RECOMMENDATIONS

It is possible to get the conclusion that capital structure, liquidity, and profitability all have an impact on PT Gudang Garam Tbk's company value based on the analysis of their effects. The following conclusions can be drawn:

- The capital structure has a major impact on the company's value.
- The company's value is negatively impacted by liquidity.
- The value of the company is impacted or significant by profitability.

All things considered, the company's value is significantly impacted by its capital structure, liquidity, and profitability.

ADVANCED RESEARCH

The following are some potential research avenues for future studies on the impact of capital structure, liquidity, and profitability on the company's value:

1. Influence of Macroeconomic Variables
   That is, to look at how the relationship between capital structure, liquidity, profitability, and firm value is impacted by macroeconomic factors like inflation, interest rates, and economic growth.
2. Case Studies of Companies
   That is, carrying out in-depth case studies on specific businesses to comprehend the elements that affect managerial choices about capital structure and liquidity as well as how these choices affect the profitability and value of the business.
3. Institutional Investors' Function
   It examines the effects of institutional investors on capital structure and liquidity decisions, as well as how these decisions affect the company's value.

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