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## **The Effect Of Company Size And Debt Policy On Companies In The Technology Sector**

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### **Abstract**

*This study aims to determine the effect of company size and debt policy on firm value in technology sector companies that are included in the IDX list for the 2020-2023 period. The research sample consisted of 16 companies selected by applying purposive sampling method. Multiple regression analysis is applied to be the data analysis method in this study. The type of data used is secondary data obtained from [www.idx.co.id](http://www.idx.co.id). The results of this study show that company size and debt policy have a partial but significant effect on firm value.*

**Keywords:** *Company Size, Debt Policy, Firm Value*

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## **INTRODUCTION**

The rapid development of globalization in the present can be seen in the field of technology. The developments and progress that occur continuously in the field of technology open up opportunities for all aspects of the economy, especially for companies engaged in the technology sector that are qualified in adapting to changes in the continuation of progress. Changes that occur in the future, of course, not only cover the local scope but also cover the international scope that competes with other large countries. (Fadihillah & Utiyati, 2022). In dealing with these changes, it is certainly necessary to have the right and appropriate strategies and policies so that they can have long-term benefits for the company's operations that continue to run and develop or even progress (Aditia et al., 2022). (Aditia et al., 2022)..

The company certainly has several objectives in its operational activities, including short and long term. The use of resources to maximize profits effectively is one of the company's short-term goals. Meanwhile, the continuity of business operations that lasts a long time is one of the long-term goals that also affects the company's value. (Oktaviarni, 2019). A reflection of the company's condition in a certain period can be known from the company's value, of course, regarding being an illustration for potential investors in the basis of decision making in their desire to contribute and take feedback on the company. (Ummah, 2019)

A factor that influences investors' interest in contributing to a company is seen in the size of the company. The prospect of profits and a stable financial situation illustrate the size of a large company. This reflection is able to show that the company's commitment is high to continuously improve their performance, therefore the market can have a willingness to make more expensive payments to obtain the company's shares, this is due to the belief that it will get a return in the form of success from the company. (Oktaviarni, 2019)

Debt policy is a strategy carried out by the company in taking funding sources for operational sustainability that comes from obligations to other parties that must be returned within an agreed period of time. (Suparyanto, 2015). Debt is a very sensitive component related to company value. If the proportion of debt increases, the stock price will also increase, but an increase in debt under certain conditions can reduce the value of the company because the costs incurred are greater than the benefits obtained. The use of a very large amount of debt creates a risk of default by the company due to the large amount of interest expense. (Selvy & Esra, 2022).

## RESEARCH METHODS

### Type of Research

This research utilizes quantitative methods. The quantitative method focuses more on numerical evidence in research related to inter-independent variables and independent variables. The type of data used is secondary data obtained from the financial statements of technology sector companies included in the list of the Indonesia Stock Exchange (IDX) which can be accessed from [www.idx.co.id](http://www.idx.co.id). The Indonesia Stock Exchange was determined to be the place of research because the IDX was the first exchange in Indonesia which was considered to have complete and well-structured data.

### Population and Sample

Population is understood as a generalization category that includes items or people with certain attributes and characteristics selected by research for analysis and drawing conclusions. All companies in the technology sector listed on the IDX form the study population. The sample provides an accurate representation of the population. Samples are understood as some members of the population. Sampling by applying *purposive sampling* method, which is understood as a sampling method with the following criteria is the research method used as the sample of this study:

1. Technology sector companies listed on the Indonesia Stock Exchange (IDX)
2. Technology sector companies that are not listed on the Indonesia Stock Exchange (IDX) during research period 1990-2019
3. Technology sector companies that did not publish financial reports during 2020-2023

From the sample determination criteria, it can be seen that the sample includes corporate entities engaged in the technology sector with a total of 47 operating corporate entities. There are 29 corporate entities in the technology sector that are not listed on the IDX during the research period 1990-2019. There are 2 corporate entities in the technology sector whose financial data does not publish. Thus, as many as 16 corporate entities in the technology sector were sampled with the result that the total data was 64 data and as much as 29 data was excluded from the sample due to extreme values which caused data outliers. Therefore, the final data sample in this study is 35 data.

### Data Analysis Technique

#### Descriptive Statistics Test

Descriptive statistical analysis is the first step in quantitative research that aims to summarize and represent the characteristics of the data collected. This process involves the collection of quantitative data, the organization of data in tables or graphs, and the measurement of central values such as mean, median, and mode to understand intermediate values. In addition, this analysis also includes measuring variability by calculating range, standard deviation, and

variance to assess the distribution of data. Visualization of data by utilizing graphs supports in understanding patterns and trends, while interpretation of results provides insight into the characteristics and patterns found in the data.

### **Classical Assumption Test**

Classical estimation tests are understood as a series of test measures that are carried out to ensure that the regression sample meets the basic conditions for the analysis output to be valid. Some of the generic tests performed include:

- Normality test Checks whether the residual distribution follows a normal distribution. A common method used in this research is the Kolmogorov-Smirnov test.
- Multicollinearity Test Identifies the presence of high correlation between independent variables. Commonly used methods are Variance Inflation Factor (VIF) and Tolerance.
- Heteroscedasticity Test Verifies that the residual variance is constant over the entire range of independent variable values. The technique used in this study is graphical analysis (scatter plot).
- Autocorrelation test Checks for a relationship between residuals that are considered independent. The most commonly used method is the Durbin-Watson test.

### **Hypothesis Test**

#### **1. Partial Significance Test (t test)**

A statistical analysis method to determine whether an independent variable in the regression model affects by appearing significant to the dependent variable. The t-test is carried out by checking the t-count obtained from the data calculation and comparing it with the critical value (t-table) or by checking the p-value. A variable is considered to partially affect the dependent variable if the p-value is less than the significance level (usually 0.05 or 5%). The opposite applies if the p-value is greater than 0.5 then the variable concerned is considered not to have a significant effect.

#### **2.) Simultaneous Significance Test (F Test)**

A statistical method used in evaluating whether the independent variables in a regression model, taken together, have a significant effect on the dependent variable. Unlike the T test which assesses the effect of each independent variable individually (partially), the f test looks at the overall effect of the independent variables simultaneously.

In the F test, the F-count value obtained from the data calculation is compared with the critical value (F-table) or by looking at the p-value. If the p-value is smaller than the significance level (usually 0.05 or 5%), then the conclusion can be formulated that the dependent variables. If the p-value is greater, then the null hypothesis stating that the independent variable does not affect with apparent significance the dependent variable is not rejected.

## RESULTS AND DISCUSSION

### Descriptive Statistical Test Results

The following analysis is used in providing a summary or description of the data obtained from the mean, standard deviation, maximum value, and minimum value of each variable (Ghozali, 2016: 19). This section describes the data for each variable of interest and presents the results of the study and discussion to answer research questions regarding the effect of company size as an independent variable and debt policy on firm value as the dependent variable. This study uses a sample of 16 technology companies listed on the IDX between 2020 and 2023.

**Table 2. Descriptive Statistical Analysis Results**

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Size	35	25.77	31.43	27.9029	1.52298
DER	35	.07	.71	.2930	.16736
PBV	35	.25	5.45	1.6707	1.50634
Valid N (listwise)	35				

The results of the *Descriptive Statistics* table show that the Company Size variable (Size) shows the smallest value is 25.77, the largest value is 31.43, the average value is 27.9029 and the standard deviation obtained is 1.52298. Debt policy (DER) shows the smallest value of 0.07, the largest value is 0.71, the average value is 0.2930 and the standard deviation obtained is 0.16736. Firm value (PBV) shows the smallest value is 0.25, the largest value is 5.45, the average value is 1.6707 and the standard deviation obtained is 1.50634.

### Classical Assumption Test Results

#### Normality Test Results

**Tabel 3. One Sample Kolmogorov Smirnov  
One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual
N		35
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	1.39786971
Most Extreme Differences	Absolute	.137
	Positive	.137
	Negative	-.093
Test Statistic		.137
Asymp. Sig. (2-tailed) <sup>c</sup>		.096
Monte Carlo Sig. (2-tailed) <sup>d</sup>	Sig.	.095

The One-Sample Kolmogorov- Smirnov Test table shows a significance value of 0.096, where conditions based on the normal distribution of data are said when the Asymp.Sig. (2-tailed) value > 0.05. This shows that the residual value has a normal distribution.

## Multicollinearity Test Results

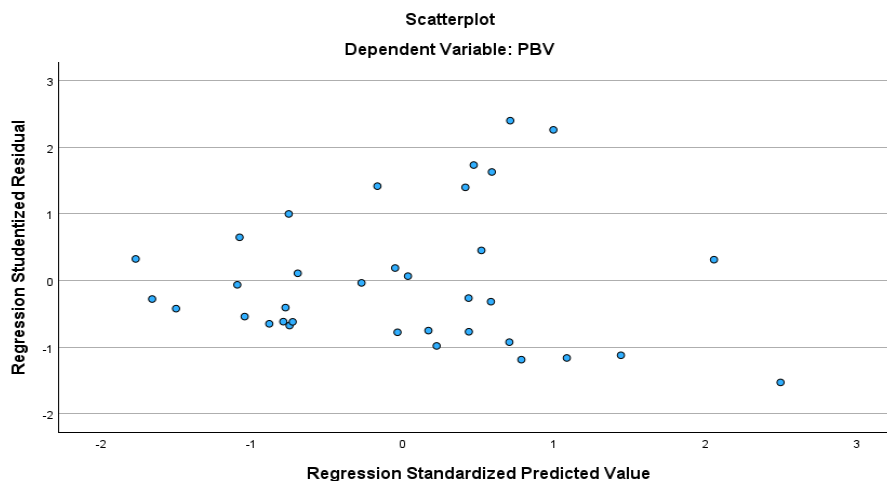
Tabel 4. Hasil Uji Multikolinearitas

Coefficients <sup>a</sup>		Collinearity Statistics	
Model	Size	Tolerance	VIF
1	Size	.989	1.011
	DER	.989	1.011

a. Dependent Variable: PBV

In the *Coefficients* table<sup>a</sup> all independent variables show a *tolerance* value of 0.989 which means  $> 0.1$ , and a VIF value of 1.011 which means  $< 10$ . These results meet the requirements to pass the multicollinearity test, therefore it can be concluded that the research data does not experience multicollinearity.

## Heteroscedasticity Test Results



## Heteroscedasticity Test Results

The scatter plot in Figure 1 shows data points spreading above, below, or around 0. The data points do not accumulate, do not move, widen, then narrow, then widen again, and do not form a pattern. Therefore, we see no symptoms of heteroscedasticity.

## Autocorrelation Test Results

Tabel 5. Hasil Uji Autokorelasi

### Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.373 <sup>a</sup>	.139	.085	1.44074	1.802

a. Predictors: (Constant), DER, Size

b. Dependent Variable: PBV

In the *Model Summary* table<sup>b</sup>, the Durbin-Watson value is 1.802 > dU value of 1.5838 and the Durbin-Watson value of 1.802 < 2.416 which is the 4-dU value. These results meet the requirements to pass the multicollinearity test. So it is concluded that no autocorrelation takes place.

The condition of no autocorrelation:

DW value > dU & DW < 4-dU

Value of dU = 1.5838 (N = 35 & 2 x variables)

### Hypothesis Test Results

### Multiple Linear Analysis Results

**Tabel 5. Hasil Analisis Linear Berganda**

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-4.725	1.859		-2.542	.016
	Size	.202	.067	.383	3.015	.005
	DER	2.623	.609	.547	4.309	<.001

a. Dependent Variable: PBV

The regression equation is obtained as follows:

$$Y = -4.725 + 0.202X_1 + 2.623X_2$$

Based on the regression equation above, it is explained as follows:

1. The constant value of the company value is -4.725 with a negative parameter. This means that if the Size (X1) variable is equal to zero, then the company value is -4.725.
2. If the coefficient value of Size (Company Size) as variable X1 is 0.202 with a positive value. This matter means that if Size (X1) increases by 1 unit, it can increase PBV (Company Value) as variable Y by 0.202.
3. If the coefficient value of DER (Debt Policy) as Variable X2 is 2.623 with a positive value. This means that if DER (X2) increases by 1 unit, it will increase PBV (Company Value) as variable Y by 2.623.

### Partial Test Results (T Test)

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-4.725	1.859		-2.542	.016
	Size	.202	.067	.383	3.015	.005
	DER	2.623	.609	.547	4.309	.001

a. Dependent Variable: PBV

From the partial test results that can be reviewed in the *Coefficients* table<sup>a</sup>, it is known that the Size and DER variables have positive coefficients. Size (X1) has a t count of 3.015 with a significance of 0.005. The significant value of t Size (X1) < 0.05, it can be concluded that Size has a significant positive effect on PBV. So that H1 is accepted. DER (X2) has a t count of 4.309 with a significance of 0.001. The significant value of t DER (X2) < 0.05, so it can be concluded that DER has a positive and significant effect on PBV. Therefore, H2 is rejected.

## Simultaneous Test (F Test)

**Tabel 6. Hasil Uji Simultan (Uji F)**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.711	2	5.355	15.345	.001 <sup>b</sup>
	Residual	11.168	32	.349		
	Total	21.879	34			

a. Dependent Variable: PBV

b. Predictors: (Constant), DER, Size

From the Simultaneous Test results which can be seen in the *ANOVA* table<sup>a</sup> obtained a Sig. value of 0.001 (<0.05), therefore the Regression Model is declared FIT, it is concluded that the Independent Variable affects with apparent significance in a simultaneous manner (simultaneously) on the Dependent Variable. So that H3 is accepted.

## Determination Coefficient Test

**Tabel 7. Tabel Hasil Uji Koefesien Determinasi**

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted Square	RStd. Error of the Estimate
1	.700 <sup>a</sup>	.490	.458	.59077

a. Predictors: (Constant), DER, Size

b. Dependent Variable: PBV

According to Ghozali (2016: 97) the coefficient of determination measures how proficient the model is in describing variations in the dependent variable. The results of the coefficient of determination test can be reviewed in the *Model Summary* table<sup>b</sup> from the table above it is known that the Adjusted R Square value is 0.458, it can be concluded that the contribution of the influence of the Size (X1) and DER (X2) variables as the Independent Variable to PBV (Y) as the Dependent Variable simultaneously (simultaneously) is 45%. The other 55% gets influence from other factors.

## Discussion

### The Effect of Company Size on Company Value

The test action carried out using the first hypothesis can show that company size has a positive influence and its significance appears on firm value. This is indicated by the significance value of company size (X1) of 0.005 less than 0.05, so H1 is accepted. The results of this study are in line with research (Shelita & Dermawan, 2024). Company size has a positive effect and its significance appears on firm value. It can be concluded that the company's assets are understood to be a supporting factor in investors' decisions in selling the company's shares, so the size of the company must be increased so that the company continues to grow and its performance remains on track to expand.

### The Effect of Debt Policy on Firm Value

The test action carried out on the second hypothesis of this study shows that debt policy (DER) has a positive effect and its significance appears on firm value (PBV). Therefore,

hypothesis H2 is rejected. The findings show that the higher the trust in a company, the greater the return received from the debt policy applied, and this affects the assessment of potential investors in the company. The higher the income of a company, the greater the trust of potential investors in buying its shares. High investment interest from potential investors can affect the increase in company value. The results of this study are in line with research (Hendryani & Amin, 2022). Which says that debt policy has a positive effect and its significance appears on firm value.

### **The Effect of Company Size and Debt Policy on Firm Value**

The test action carried out in the third hypothesis in this study shows that company size and debt policy simultaneously affect firm value by 45% and the remaining 55% gets influence from other factors not reviewed in this study.

## **CONCLUSION**

The conclusions that can be drawn from the results of this study include:

1. Company Size (Size) has a positive effect and appears significant on Firm Value (PBV) (Y) in technology sector companies listed on the Indonesia Stock Exchange during the period 2020-2023.
2. Debt Policy (DER) (X2) has a positive effect and appears to be partially significant on the Company Value (PBV) of technology sector companies listed on the Indonesia Stock Exchange list from 2020 to 2023.
3. Company size and debt policy (PBV) will simultaneously have a significant influence on firm value in technology sector companies listed on the Indonesia Stock Exchange list from 2020 to 2023.

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