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THE EFFECT OF CAPITAL STRUCTURE, PROFITABILITY AND CORPORATE GOVERNANCE ON COMPANY VALUE (Empirical Study on Manufacturing Companies in the Cosmetics and Household Goods Subsectors Listed on the IDX)

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Abstract

This study aims to analyze the effect of capital structure, profitability, and corporate governance on firm value in cosmetics and household goods manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2019-2023 period. The method used is panel data regression analysis with a purposive sampling approach to 6 companies that meet the criteria for five years, resulting in a total of 30 observation data. The independent variables studied include Debt to Equity Ratio (DER) as a measure of capital structure, Return on Equity (ROE) as an indicator of profitability, and managerial ownership as a representation of corporate governance, while the dependent variable is Price Book Value (PBV) which reflects the value of the company. The results of the analysis show that capital structure (DER) has a positive and significant effect on firm value, Profitability (ROE) also shows a positive and significant effect on firm value, Conversely, corporate governance (KM), although important, does not show a significant effect on firm value in the context of this study. This study indicates the importance of managing capital structure and increasing profitability to increase firm value. These results are expected to provide insight for company management and investors in making strategic decisions.

Keywords: ***Capital Structure, Profitability, Corporate Governance, Company Value, Indonesia Stock Exchange.***

INTRODUCTION

The increasingly widespread development of global business makes it increasingly difficult for companies to compete in business. The main goal of the company lies in efforts to increase profits for shareholders, by promoting political prosperity (Kartim et al., 2023). The development of industry in Indonesia is expected to be increasingly competitive globally from year to year. One of the industries that has experienced rapid growth is the cosmetics and household needs sub-sector listed on the Indonesia Stock Exchange, where this sector is part of the Consumer Goods Industry. This industry operates in the fields of beauty, fragrances (perfumes), hair care products, home and body, food and beverages. Cosmetics are an important need for society today because people need cosmetics to support their appearance and household items cannot be separated from human life (Indriani, 2021). In addition, Indonesia, which is a country with a tropical climate, makes the use of cosmetics one of the important things for society, in addition to supporting appearance, the benefits of cosmetics themselves also affect health (Sadiyah, 2021).

Company value is an investor's perception of the level of success of a company which is often associated with stock prices (Safaruddin et al., 2023). High stock prices make the company's value high and high company value will make the market believe not only in the company's current financial performance but also in the company's prospects in the future (Amrulloh & Amalia, 2020). In this study, company value is measured by Price Book Value (PBV). PBV is defined as the comparison of the market value of a stock with its book value, then the stock price can be measured whether the stock is valued or not. This choice helps investors predict profits and losses that may occur in the future. The price-to-book ratio (PBV) is a way to evaluate the value of a company. In most cases, a PBV ratio greater than one indicates a solid company (Yulianti et al., 2024). There are several factors that can be linked to company value including capital structure, profitability, and corporate governance.

Capital structure is a consideration of the amount of permanent short-term debt, long-term debt, preferred stock and common stock. According to capital structure theory, the goal of a company's funding policy in building

its capital structure is to maximize business value. A company's stock price is maximized by a combination of debt and equity (external sources) in its optimal capital structure (Zalukhu & Pratiwi, 2024). Based on what happened, the company's value is influenced by the Debt to Equity Ratio (DER), which shows the percentage of lender funding to shareholders. Jurizen & Fatin (2020) stated that a high DER indicates that the composition of Total Liabilities (Short-term liabilities and long-term liabilities) is greater when compared to Total Equity so that this condition will have an impact on the increasing burden of the company on external parties (creditors).

Profitability is one of the methods or techniques in analyzing financial statements. The profitability ratio is used to measure a company's ability to earn profits from all of its normal business activities (Hery, 2018). Companies that generate large and stable profits attract investors because they show a strong ability to generate profits. Investors will also take it as a signal that the company has good prospects for the future, which in turn will build investor confidence. Investors will be able to determine how much profit the company can earn from sales and investments if its profitability is strong (Rosid et al., 2022).

Corporate governance is a system of rules, practices, and processes that direct and control a company (Purbawangsa et al., 2022). Corporate governance essentially involves balancing the interests of various company stakeholders, such as shareholders, management, customers, suppliers, investors, government, and the community. Because corporate governance also provides a framework for achieving company goals. Various corporate governance mechanisms must be implemented to increase company value. Implementation of GCG with five principles, namely transparency, accountability, responsibility, independence and principles. In carrying out company activities, GCG principles are outlined in a mechanism that allows company activities to run smoothly and healthily according to predetermined targets (Rusli et al., 2020).

After looking at several previous studies, there are still differences in results or opinions regarding capital structure, profitability, and corporate governance on company value. Therefore, researchers are interested in re-examining whether each variable has a significant positive or negative effect on company value. Where in this study the object of study is the Indonesia Stock Exchange company.

LITERATURE REVIEW

- **Teori Sinyal (*Signaling Theory*)**
  Signal theory is a theory that can be applied to the value of a company. First introduced by Spence in his research entitled Signaling in the Labor Market, signaling theory states that when a signal is given, the sender (speaker) tries to convey relevant information to the recipient, then with the same process. The status of this indicator shows that management activities are carried out in order to achieve the owner's goals, namely increasing productivity (Munzir et al., 2023). According to signal theory, a high-quality company or not will offer a good signal in the market. To assess the company's growth prospects and provide evaluations, external parties need the indicators it provides (Fiana et al., 2022). Indicator theory is concerned with how business owners obtain indicators or information about the success and failure of the organization.
- **Company Value**
  Company value is an investor's perception of the level of success of a company which is often associated with stock prices (Safaruddin et al., 2023). High stock prices reflect high company values, thus increasing market confidence not only in the company's current financial performance but also in the company's future prospects (Amrulloh & Amalia, 2020). Measurement of company value can be done using a valuation ratio or market ratio. The valuation ratio is the most comprehensive measure of performance for a company. In this study, company value is measured using:

$$PBV = \frac{Market\ Price\ per\ Share}{Total\ Book\ per\ Share}$$

- **Capital Structure**
  According to Suastra et al (2023), Capital Structure is the composition of a company's capital seen from its sources, especially showing the portion of the company's capital that comes from debt sources and at the same time capital from owners. Capital structure is an important factor for companies to pay attention to, because capital structure can have a direct impact on the company's financial position and will subsequently have an impact on the company's value (Ifvanando & Kusumawati, 2024). In this study, company value is measured using:

$$DER = \frac{Total\ Hutang}{Total\ Ekuitas}$$

- **Profitabilility**
  Profitability is the ability of a company to generate profits during a certain period to finance the company's operational activities so that it will reduce the use of debt in the company (Dharmawan et al., 2021). High profitability can reflect the stability of the company and its ability to overcome risks. This can make the company more attractive to investors and reduce the risk of a decline in the company's value (Aldi et al., 2020). In this study, the company's value is measured using:

$$Return\ On\ Equity = \frac{\text{Laba Bersih Setelah Pajak}}{\text{Total Ekuitas}} \times 100\%$$

- **Corporate Governance**
  Corporate governance is a system that oversees and manages a company in order to generate added value for all stakeholders (Bastomi, 2021). According to Jap et al (2023), corporate governance is governance from the perspective of securing shareholder rights, with the aim of maximizing the value of the company. Corporate Governance is a system designed to direct the management of a company professionally based on the principles of transparency, accountability, responsibility, independence, fairness and equality (https://www.idx.co.id). In this study, company value is measured using:

$$KM = \frac{\text{Jumlah Saham Manajerial}}{\text{Jumlah Saham Beredar}} \times 100\%$$

Previous Recearch

Research conducted by Supriandi & Masela (2023), entitled "The Effect of Capital Structure, Profitability, Market Liquidity on Company Value in the Manufacturing Industry in West Java". The results of the regression analysis show that capital structure, profitability, and market liquidity significantly affect company value in the manufacturing industry in West Java. Previous research conducted by Suastra., et al (2023), entitled, "The Effect of Capital Structure, Company Growth, and Profitability on Company Value in Property and Real Estate Sector Companies Listed on the Indonesia Stock Exchange". The results of the study showed that capital structure had a negative and significant effect on company value.

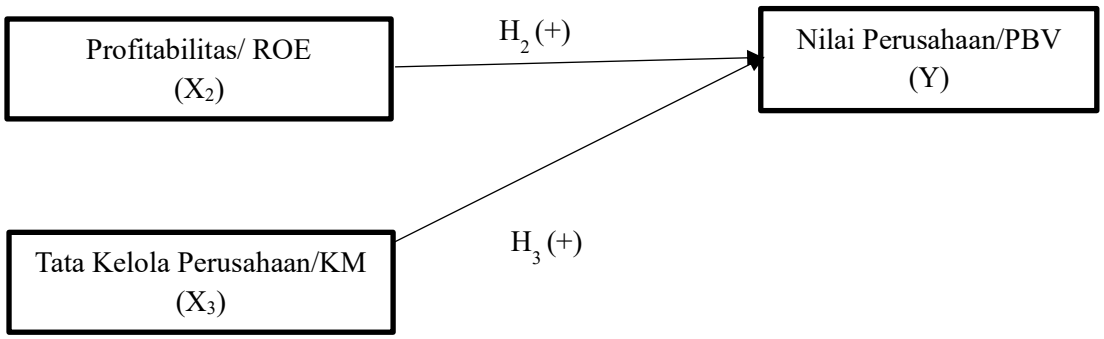
Previous research conducted by Yulianti., et al (2024), entitled "The Effect of Capital Structure, Corporate Governance, and Company Size on the Value of Banking Companies Listed on the IDX in 2019-2022". The results of this study are that Capital Structure has no effect on Company Value, Corporate Governance has an effect on Company Value, and Company Size has no effect on Company Value. Previous research conducted by Hidayat & Khotimah (2022), entitled, "The Effect of Profitability and Company Size on the Value of Chemical Sub-Sector Companies Listed on the Stock Exchange for the 2018-2020 Period". The results of this study indicate that profitability does not have a significant effect on company value and company size has a significant effect on company value. Previous research conducted by Feng., et al (2020), entitled, "Corporate governance, ownership structure and capital structure: evidence from Chinese real estate listed companies" The results show that the board size, ownership concentration and firm size have positive influences on capital structure. State ownership and firm profitability have inverse influences on capital structure.

Conceptual Framework

According to Sugiyono (2020), a conceptual framework is a relationship between one variable and another in a study. The conceptual framework must be able to show the relationship between the variables studied.

Struktur Modal/ DER
(X_1)

H_1 (+)



Hypothesis

H_1 : Capital Structure has a significant positive effect on company value in manufacturing companies in the cosmetics and household goods sub-sector listed on the IDX in 2019-2023.

H_2 : Profitability has a significant positive effect on company value in manufacturing companies in the cosmetics and household goods sub-sector listed on the IDX in 2019-2023.

H_3 : Corporate Governance has a significant positive effect on company value in manufacturing companies in the cosmetics and household goods sub-sector listed on the IDX in 2019-2023.

METHOD

This study uses panel data regression analysis, the sample in this study is 6 manufacturing companies in the cosmetics and household goods sub-sector listed on the Indonesia Stock Exchange in 2019-2023. Sampling in this study using the non-probability sampling method, using purposive sampling techniques based on certain criteria. Data sources are obtained through documentaries, where this study is conducted based on information provided by cosmetics and household goods companies listed on the Indonesia Stock Exchange. The population in this study is 6 cosmetics and household goods companies listed on the Indonesia Stock Exchange (IDX). Data sources are obtained from the Indonesian Stock Exchange (IDX) in 2019-2023 (www.idx.co.id). The following is a table of sample criteria in this study:

Table 1. Sample Selection Criteria

No	Sample Criteria	Amount
1.	All Cosmetics and Household Goods Companies Listed on the IDX in 2019-2023	7
2.	Cosmetics and Household Goods Companies with Incomplete Financial Reports for the Period 2019-2023	(1)
	Total Sample	6
	Total Observations for 5 Years (5×6)	30

Source: Data processed by researchers (2024)

Data Analisis Methods

The data in the study were obtained from the stock summary and financial statements of cosmetic and household goods companies listed on the Indonesia Stock Exchange from 2019-2023, the data were processed using Microsoft Excel and Econometric Views Student (Eviews) programs to regress the formulated model and become a good and unusual prediction tool. The results of this study are prepared in the form of calculation tables and graphs.

Descriptive Statistical Analysis

Descriptive statistical tests are test tools used to describe and describe the data that has been collected. In this study, the measurements used are the maximum value, minimum value, mean, and standard deviation of each variable (Sujarweni, 2019). In this study, descriptive analysis is used to determine the effect of capital structure, profitability and corporate governance on company value in cosmetic and household goods companies listed on the Indonesia Stock Exchange in 2019-2023.

Classical Assumption Test

The classical assumption test is one of the prerequisite tests in multiple linear regression. According to Kuncoro (2021), a valid regression model must meet the BLUE (Best Linear, Unbiased and Estimated) criteria, in testing using panel data, the classical assumption test depends on the results of selecting the regression model estimate, a strong research analysis that can analyze many variables simultaneously to answer complex research questions is by regression. Basically, we can trust the results if they have met the Ordinary Leat Square (OLS). This assumption test is divided into four parts, namely the normality test, the heteroscedasticity test, the multicollinearity test and the autocorrelation test.

Normality Test

According to Ghozali (2018), the normality test aims to determine whether the dependent variable and independent variable have a contribution in the regression model or not. This normality test is important in quantitative research to ensure the accuracy of the results of the regression analysis or t-test.

1. If the Jarque-Bera value (J-B) $\leq \chi^2$ table and probability > 0.05 (greater than 5%). Then the data is said to be normally distributed.
2. If the Jarque-Bare value (J-B) $\geq \chi^2$ 0.05 and probability < 0.05 (less than 5%). Then the data is said to be not normally distributed.

Multicollinearity Test

The multicollinearity test aims to determine whether there is a correlation between variables in the regression model, in a good regression model there should be no correlation between variables. One way to see the symptoms of multicollinearity is to analyze the correlation matrix of independent variables. If the correlation value is above 0.8, it is stated that there are symptoms of multicollinearity in the study (Gujarati and Porter, 2012).

Heteroscedasticity Test

According to Ghozali (2018), the heteroscedasticity test aims to test whether in the regression model there is inequality of variance from the residuals of one observation to another. A good model is one that is homoscedastic or does not have heteroscedasticity. The most common way used to detect the presence or absence of heteroscedasticity is to look at the scatterplot between the predicted values of the dependent variable, namely ZPRED, and its residual SRESID.

Autocorrelation test

Autocorrelation test is conducted to determine whether there is a correlation between a series of data. observations described in time (time series) and individuals (cross section) (Lestari & Setyawan, 2017). According to Gozali (2016) Autocorrelation arises because sequential observations over time are related to each other. This problem arises because the residuals are not free from observation to observation. This test uses the Durbin-Watson test (DW test). According to (Gozali, 2011), there are three criteria in the Autocorrelation test, as follows.

1. If the DW test value is below -2, it is stated that there is positive autocorrelation
2. If the DW test value is between -2 and 2, it is stated that there is no autocorrelation.
3. If the DW test value is above 2, it is stated that there is negative autocorrelation.

Panel Data Regression Analysis

Panel Data Estimation Model

According to Ghozali (2021), the panel data technique combines cross-section and time series data types. Furthermore, the empirical model of panel data can be written as follows:

$$PBV_{it} = \alpha + \beta_1 DER_{it} + \beta_2 ROE_{it} + + \beta_3 KM_{it} + e_{it}$$

Description:

PBV_{it} = firm value at company I period t
α = constant
$\beta_1, \beta_2, \beta_3$ = regression coefficient.
DER_{it} = debt to equity ratio at company i period t
ROE_{it} = return on equity at company i period t
KM_{it} = managerial ownership at company i period t
i = cross section
t = time series
e_{it} = error term at company i period t

Model Selection

Technique This model specification test is used to determine the most appropriate method used in processing panel data. Panel data is tested using 3 tests, namely the Chow test, the Hausman test and the Lagrange multiplier test.

1. Chow Test
   The Chow test is a test to determine the type of model to be selected between the common effect model or the fixed effect model. The following are the test criteria:
   a. If the probability value (P-value) for cross section F ≥ 0.05 (significant value) then H0 is accepted. So the most appropriate model to use is the Common Effect Model (CEM).
   b. If the probability value (P-value) for cross section F ≤ 0.05 (significant value) then Ho is rejected. So the most appropriate model to use is the Fixed Effect Model (FEM)
2. Hausman Test
   The Hausman test is a test to determine the type of model to be selected between the fixed effect model (FEM) and the random effect model (REM). The following are the test criteria:
   a. If the probability value (P-value) until cross section F>0.05 (significant value) then Ho is accepted. So the most appropriate model to use is the Random Effect Model (REM).
   b. If the probability value (P-value) for cross section F <0.05 (significant value) then Ho is rejected. So the most appropriate model to use is the Fixed Effect Model (FEM).
3. Lagrance Multiplier (LM)
   Test The Lagrance Multiplier Test is a test to determine the type of model to be selected between the common effect model (CEM) and the random effect model (REM) This Lagrance Multiplier test was developed by Breusch Pagan, this test is based on the residual value of the common effect model method. The basic criteria are as follows:
   a. If the Breusch-pangan cross section value >0.05 (significant value) then HO is accepted, so the most appropriate model to use is the Common Effect Model (CEM).
   b. If the Breusch-pangan cross section value <0.05 (significant value) then HO is rejected, so the most appropriate model to use is the Random Effect Model (REM).

Hypothesis Testing

Hypothesis testing conducted in this study was conducted to determine the influence of independent variables (return on equity, debt to equity ratio, managerial ownership) on the dependent variable (Price to Book Value).

Partial influence test (t-test)

The t-test is a statistical test used to test the influence of independent variables individually on the dependent variable (Ghozali, 2018). The t-test is carried out by comparing t count and t table where the level of significance in this study uses 5% so that the possible conclusions obtained have an error tolerance of 5% or a probability of 95%. The criteria used in drawing conclusions are:

1. If $t_{count} > t_{table}$ and the level of significance < 0.05 it can be concluded that H_0 is rejected and H_a is accepted. This means that partially there is a significant influence between the independent variables on the dependent variable
2. If $t_{count} < t_{table}$ and the level of significance > 0.05 it can be concluded that H_0 is accepted and H_a is rejected which means that partially there is no significant influence between each variable.

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

Table 2. Descriptive Statistical Results

	PBV	DER	ROE	KM
Mean	8,5876	1,1333	0,2250	0,0206
Median	0,9350	0,6750	0,0400	0,0002
Maximum	59,4100	3,9300	1,4500	0,1300
Minimum	0,1500	0,2000	-0,6200	0.0000
Std. Dev.	17,8192	1,1336	0,5620	0,0464
Observations	30	30	30	30

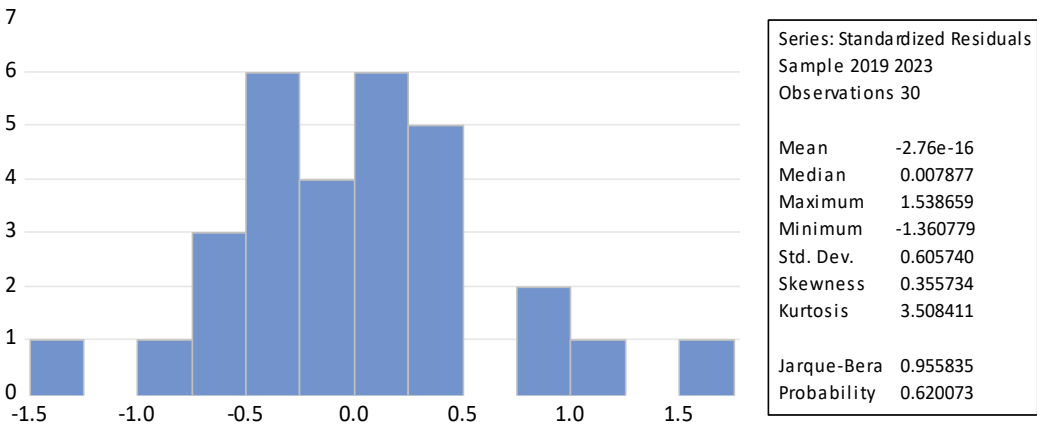
Source: Data Processed by Researchers, 2024
Description: PBV (Price to Book Value), DER (Debt to Equity Ratio), ROE (Return on Equity), KM (Managerial Ownership).

Based on table 4.1, the results of the descriptive statistical analysis that have been processed are as follows:

1. The mean and standard deviation values of the PBV (Price to Book Value) variable are 8.5876 and 17.8192 with a maximum value of 59.4100 and a minimum value of 0.1500.
2. The mean and standard deviation values of the Debt to Equity Ratio (DER) variable are 1.1333 and 1.1336 with a maximum value of 3.9300 and a minimum value of 0.2000.
3. The mean and standard deviation values of the Return On Equity (ROE) variable are 0.2250 and 0.5620 with a maximum value of 1.4500 and a minimum value of the PSP variable is -0.6200.
4. The mean and standard deviation values of the Managerial Ownership (KM) variable are 0.0206 and 0.0464 with a maximum and minimum value of 0.0000.

Classical Assumption Test

Normality Test



Source: Data Processed by Researchers, 2024

Image: Normality Test Results

We can see in the table above the probability value is 0.620073 which is greater than 0.05, so it can be concluded that the normality test is normally distributed.

Multicollinearity Test

Table 3. Multicollinearity Test

	DER	ROE	KM
DER	1,0000	0,7782	0,0915
ROE	0,7782	1,0000	-0,2469
KM	0,0915	-0,2469	1,0000

Source: Data Processed by Researchers, 2024

Based on Table 3 above, it can be seen that all correlation values are below 0.8. It can be seen that there is a correlation relationship between the independent variables, so it can be concluded that there are no symptoms of multicollinearity in this study. This means that all independent variables in this study, namely Debt to Equity Ratio (DER), Return On Equity (ROE), Managerial Ownership (KM) have a Correlation relationship.

Heteroscedasticity Test

Table 4. Heteroscedasticity Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0,4579	0,1127	4,0617	0,0004
DER	-0,0055	0,1172	-0,0470	0,9628
ROE	-0,1534	0,2430	-0,6314	0,5332
KM	1,5478	1,8581	0,8330	0,4124

Source: Processed by Researchers, 2024

Based on Table 4 above, it can be seen that all independent variables are above 0.05, so it can be concluded that the independent variable data in this study are free from heteroscedasticity symptoms.

Autocorrelation Test

Table 5. Autocorrelation Test

R-squared	0,8825	Mean dependent var	0,3326
Adjusted R-squared	0,8689	S.D. dependent var	1,7672
S.E. of regression	0,6397	Akaike info criterion	2,0680
Sum squared resid	10,6407	Schwarz criterion	2,2548
Log likelihood	-27,0205	Hannan-Quinn criter.	2,1278
F-statistic	65,0987	Durbin-Watson stat	1,2944
Prob(F-statistic)	0,0000		

Source: Data Processed by Researchers, 2024

Based on Table 5, it can be seen from the Durbin Watson value. In this study, Durbin Watson is 1.2944. This value is between the tolerance values in the autocorrelation test, namely -2 and 2. Based on the criteria put forward by (Ghozali, 2018), this value is still in the range free from autocorrelation symptoms, so it can be concluded that the model in this study is free from autocorrelation symptoms.

Panel Data Model Selection Technique

To ensure that the model used is good and appropriate, a model selection is needed. There are three models in panel data regression, including the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). To determine the best and most appropriate model to use in this study, the Chow Test, Hausman Test, and Lagrance Multiplier Test are carried out.

1. Chow Test

Table 6. Chow Test Results

Effects Test	Statistic	d.f.	Prob.
Cross-section F	4,5163	(5,21)	0.0060
			0.0005
Cross-section Chi-square	21,9035	5	

Source: Data Processed by Researchers, 2024

Based on Table 6 above, the Chow Test Results can be seen that the value is 0.0005, and the Probability value is below 0.05, so the best model is FEM. Then it can be continued with the Housman Test Model.

2. Hausman Test

Table 7. Hausman Test Results

Test Summary	Chi-Sq. Statistic	Chi-Sq. D.f.	Prob.
Cross-section random	20,9799	3	0,0001

Source: Data Processed by Researchers, 2024

Based on Table 4.6 above, the Hausman Test Results can be seen that the value is 0.0001, and the Probability value is below 0.05, so the best model is FEM.

3. Lagrange Multiplier Test

Table 8. Lagrange Multiplier Test Results

	Cross-section	Test Hypothesis Time	Both
Breusch-Pagan	1,8682 (0,1717)	0,0592 (0,8077)	1,9274 (0,1650)

Source: Data Processed by Researchers, 2024

Based on the results of the Lagrange Multiplier test in Table 8, it shows that the cross-section value obtained is 0.1717 or greater than the significance level value used, namely 0.05. So it can be concluded that the Common Effect Model (CEM) is the most appropriate model to use in this study.

Panel Data Regression Estimation

Table 9. Effect Model (CEM) Estimation Results

Variable	Coefficient	Std. Error	t-Statistic	t_{tabel}	Prob.
C	-2,2066	1,6068	-1,3732	1,7056	0,1814
DER	6,3949	1,6709	3,8272	1,7056	0,0007
ROE	18,6632	3,4630	5,3891	1,7056	0,0000
KM	-31,6448	26,4806	-1,1950	1,7056	0,2429
R-squared	0,9093	Mean dependent var		8,5876	
Adjusted R-squared	0,8988	S.D. dependent var		17,8192	
S.E. of regression	5,6674	Akaike info criterion		6,4309	
Sum squared resid	835,1184	Schwarz criterion		6,6177	
Log likelihood	-92,4638	Hannan-Quinn criter.		6,4906	
F-statistic	86,8944	Durbin-Watson stat		1,5373	
Prob(F-statistic)	0.0000				

Source: Data Processed by Researchers, 2024
Description: Significant variables include: PBV = (C) + Debt to Equity Ratio (DER) + Return on Equity (ROE) + Managerial Ownership (KM).

Based on Table 9 above, the equation in this study can be arranged as follows:
PBV = -2.2066 + 6.3949 DER + 18.6632 ROE – 31.6448 KM.

From the results of the equation above, it can be explained that the constant value in this study is -2.2066. This means that if the Capital Structure (DER), Profitability (ROE), Corporate Governance (KM) variables have no value (value 0), then PBV will remain constant with a value of -2.2066.

Based on the estimation results, table 4.8 shows the following:

1. In the Capital Structure (DER) variable, it has a positive effect on PBV, with a coefficient value of (6.3949), this shows that if the DER variable increases, PBV also increases.
2. In the Profitability (ROE) variable, it has a positive effect on PBV, with a coefficient value of (18.6632) this shows that if the ROE variable increases, PBV also increases.
3. In the Corporate Governance (KM) variable, the results are contradictory where KM has a negative effect on PBV with a coefficient value of (-31.6448), this shows that increasing the KM variable will reduce PBV in Manufacturing companies in the Cosmetics and Household Goods sub-sector.

The coefficient of determination in this study can be seen in the Adjusted R Square which is 0.898843 or 89.8%. This shows that the Capital Structure, Profitability and Corporate Governance variables are able to explain the Company's Value by 89.8% and the remaining 10.2% will be explained by other factors not analyzed in this study.

CONCLUSION

Based on the results of the research and discussion on the Influence of Capital Structure, Profitability and Corporate Governance on Company Value (Empirical Study on Cosmetics and Household Goods Sub-sector Manufacturing Companies Listed on the IDX), the following conclusions can be drawn:

1. Based on the results of the hypothesis test, it can be seen that the Debt to Equity Ratio (DER) has a positive and significant effect on the Price Book Value (PBV) in cosmetics and household goods sub-sector manufacturing companies listed on the IDX.
2. Based on the results of the hypothesis test, it can be seen that Return On Equity (ROE) has a positive and significant effect on the Company Value Price Book Value (PBV) in cosmetics and household goods sub-sector manufacturing companies listed on the IDX.

3. Based on the results of the hypothesis test, it can be seen that Managerial Ownership (KM) has a negative but not significant effect on the Price Book Value (PBV) in cosmetics and household goods sub-sector manufacturing companies listed on the IDX. The results showing that managerial ownership has no significant effect on firm value (PBV) may be caused by the low proportion of shares owned by management, so that it is unable to align the interests of managers with shareholders. In addition, in the cosmetics and household goods industry, firm value is more influenced by external factors such as market trends and brand reputation than by internal governance aspects.

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