ABSTRACT

This study aims to analyze the effect of capital structure on firm value among technology sector issuers listed on the Indonesia Stock Exchange (IDX) during the 2020–2023 period. Capital structure is measured using the Debt-to-Equity Ratio (DER), while firm value is measured by the Price to Book Value (PBV), transformed into its natural logarithm form (ln_PBV). Return on Equity (ROE) and firm size (Size) are included as control variables to obtain more robust estimations.

The study employs a quantitative approach using panel data regression with a Fixed Effect Model (FEM) and applies robust standard errors to address heteroskedasticity and autocorrelation issues. The sample consists of 23 technology firms selected through purposive sampling, resulting in 92 firm-year observations.

The results show that DER has a positive and statistically significant effect on firm value at the 10% significance level. In contrast, ROE and Size do not exhibit significant effects. Simultaneously, the three variables significantly influence PBV. The R-squared value of 48.75% indicates that DER, ROE, and Size adequately explain variations in firm value. These findings suggest that capital structure, particularly DER, remains a strategic factor influencing market perceptions of technology companies.

Keywords*: Capital Structure, Debt to Equity Ratio, Price to Book Value, Return on Equity, Firm Size*