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Assessing the Dynamics of Corporate Value in the Textile and Garment Industry: The Role of Company Size, Asset Growth, and Public Ownership Structure

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ABSTRACT

Assessment of a company's condition of performance, often assessed based on stock price. The better the value of a company, the more attractive the stock is by investors. In obtaining maximum profits and small risks, investors need to look at the aspects that affect the value of the Company, especially in the textile industry which is experiencing the dynamics of global economic changes. This study aims to determine the influence of company size, asset growth, and public ownership structure on company value. Sampling was conducted by *purposive sampling*, with a total of 20 companies in the textile and garment industry sector on the IDX. Data analysis using multiple linear regression analysis. The test results obtained a determination coefficient (R^2) of 0.279 or 27.9%, while the company size coefficient was -0.309 with a significance of 0.000, asset growth of 3.555 with a significance of 0.000 and public ownership of -0.118 with a significance of 0.802. The conclusion obtained is that the size of the company has a negative effect and the growth of assets has a positive effect on the value company, while the structure of public ownership has no effect on the value of the company.

Keywords: Asset Growth, Company Size, Company Value, Public Ownership Structure.

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INTRODUCTION

Business competition in Indonesia is currently experiencing quite tight progress. The Indonesian capital market has a strategic role in national development that creates competition between companies to get maximum profits. The company prospers and prospers the company owner, this is the second goal of the company to carry out its operational activities. The third goal is also the core goal of the company to go public to add value to the company. The consumer goods industry sector

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is one of the branches of manufacturing companies on the IDX which is very interesting to research, because people cannot be separated from the textile and garment industry for daily needs so that the stock price in this company increases because of the many investors who are interested in investing in the textile and garment industry sector. For investors and companies, the value of a company is important because it provides an overview of the company's performance and ability to achieve its goals (Pangestuti et al., 2022). Investors leverage the company's value for more informed investment decisions, as well as demonstrate market perception and the company's health (Li et al., 2023; Pangestuti et al., 2022)

Increasing the value of the company is the main goal for every company that has gone public. Companies have an increasingly good value, indicating that the company's share price is increasingly in demand by investors. The efforts made by the company in increasing the company's value are to prioritize the interests of shareholders. The value of a good company has several contributing factors. Profitability and financial performance are important aspects of a company's value. This metric is particularly relevant during the various stages of the company's life cycle (Mohammad Jadallah et al., 2023; Pangestuti et al., 2022).

Larger companies tend to have higher profitability, which in turn has a positive impact on the company's value. The market value of large companies increases if their profitability is high (Sudiyatno et al., 2020). Large companies have wider access to external parties funding sources, so it will be easier to obtain loans Because large companies have a higher chance of winning the competition in industry. Several studies that have discussed the size of the company that have an influence on the value of the company show that the size of the company affects significantly on the value of the company, meaning that the assets owned by the company can affect the value of the company so that it is easier for the company to get investors. The company size has a positive effect in producing sustainable competitive advantages and higher company values over time (Ho et al., 2019)(Hendra Titisari et al., 2019). Smaller companies with more productive resources, will be able to earn more revenue per unit of resources compared to larger companies. However, larger companies benefit from scale and economic scope, which can increase brand value (Choi, 2010; Clancy & Román, 2013)

Asset increase is the change in each period of total assets. An increase in assets followed by an increase in profits will further increase public trust in the company. Asset growth in general has a significant positive impact on the company's value. This is supported by research that shows that the increase in assets, such as plants, equipment, property, and current assets, has a positive influence on the value of the company. Specifically, the quotient between current assets and total assets results in the highest beta coefficient, which indicates that significant corporate value creation is realized for each additional current asset owned (Nkonge Habakkuk et al., 2023). On the other hand, there is a phenomenon known as an asset growth anomaly, where a negative relationship is observed between asset growth and subsequent stock returns. This anomaly is caused by an overreaction to growth opportunities, especially in growing companies and companies with a longer asset growth chain (Cai et al., 2019; Yao et al., 2011). The relationship between asset growth and company value can vary based on market conditions and company-specific factors. For example, companies in more competitive industries may experience different asset return dynamics based on market demand (Aguerrevere, 2009). On the other hand, in some cases, asset growth can negatively impact the company's value. For example, profit growth was found to have a significant negative impact on company value, which suggests that not all forms of growth are beneficial (Badruzaman et al., 2019)

Public ownership is the ownership of shares by individual investors or institutions outside of management that have no special relationship with the company. Public ownership indicates ownership by a company by the public or the state. A high concentration of public ownership can lead to better oversight and harmonization of the interests of the owner with the manager, thus increasing the value of the company (Hoffmann, 2014). However, if it goes beyond a certain level,

it can also lead to the takeover of minority shareholders, ultimately reducing the company's value (Santos et al., 2013). Public ownership, by state ownership, tends to have a negative impact on the value of the company. This is due to the high cost of agencies and inefficiencies associated with state ownership (Alipour, 2013; Musallam, 2020). In contrast, companies with lower levels of state ownership or higher levels of foreign ownership tend to perform better, as these ownership structures are associated with better governance practices and lower agency costs (Tran et al., 2025).

Although many variables are studied, this study is unique or new compared to other studies, meaning that there is still a difference between previous assessment results *(gap research)* and the current period and different research objects. So that this research can provide supporting information, especially related to market dynamics that are important for investors and companies.

METHODS

The research is a quantitative model. The population of companies in the textile and garment industry subsector in the IDX for the 2019-2022 period, a total of 22 companies. The data studied is in the form of secondary data, namely the company's financial statements. purposive sampling method was used in determining the research sample. the criteria for determining the sample are as follows:

1. Companies listed on the Indonesia Stock Exchange (IDX) in the textile and garment subsector during the 2019-2022 period.
2. Availability of complete financial data for 4 consecutive years (2019-2022).

The sample criteria that have been determined are 20 companies with an observation year of 4 years. Analysis technique with multiple linear regression. The testing steps of this research began with the Classical Assumption Test, Multiple Linear Regression Analysis, The hypothesis test looked at the T Test with a significance of 1,5%,10%.

RESULTS AND DISCUSSION

Results of the Classic Assumption Test

Table 1: Classical Assumption Test

Item	Types of tests	Result	Criterion	Conclusion
Normality Test	Kolmogorov sminor test	0,169	Over 0.05	Normal
Multicollinearity Test	VIF Value	Company size 0.963 Public ownership structure 0.986 Asset Growth 1,032 Public ownership structure 1,015	Under 10	Qualify
Heteroscedasticity Test	Graphics scater plot	The regression model has no symptoms of heteroscedasticity	Images are spread evenly without patterns	Qualify

Source: Data process

Model regression

The resulting regression equation model is as follows:

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NP = 9,783 – 0,309UP + 3,555PA – 0,118KP

Table 2. Test Results

Model	Coeff	T	Sig.	Information
Company Size	– 0,309***	-4,409	0,000	Significant
Asset Growth	3,555***	3,725	0,000	Significant
Public ownership structure	- 0,118^{ns}	-0,252	0,802	Non Significant
		R	**R Square**	**Adjusted R Square**
		0,528	0,279	0,251

Source: Data Processing Results using SPSS V26 (2024)

The determination coefficient obtained was 0.279, it can be concluded that the size of the company, asset growth, and public ownership structure affect the company's value by 27.9%. Meanwhile, the difference of 72.1% was influenced by other factors.

The calculated value of the company size is -4.409 and the t table shows a value of 1.99085, meaning that the calculated value is less than the t table. In addition, a significant value of 0.000 and lower than 0.05 is a significant criterion. Therefore, that the size of the company has a negative effect on company value.

The calculated value of asset growth is 3.725 and t table shows a value with the sum of 1, 1.99085, meaning that the calculated value exceeds t table. Meanwhile, a significance value of 0.000 is lower than 0.05 as a significance criterion. So it can be concluded that the asset growth variable has a positive influence on the company's value.

The t count value of the public ownership structure is -0.252 and the t table shows a value of 1.99085, meaning that the tcount value is less than the t table. Where the significant value of 0.802 is more than 0.05. So it can be interpreted that the public ownership structure has no influence on the value of the company.

DISCUSSION

The first finding, where the results of the research analysis showed that company size had a negative effect on the value of the company. So it can be interpreted that if the size of the company increases, the value of the company decreases, and vice versa if the value of the size of the company decreases, the value of the company increases. The meaning of this finding is that companies with large scales are not always able to optimize productivity so that the company's profit level is low. The size of a large company also does not always indicate high value in the eyes of investors, this is because investors' views on companies with large total assets tend to hold more profits than distribute dividends to investors. In the case of garment companies, the existence of several companies that are considered bankrupt, indicates that the size of the company is not always directly proportional to its health level. This condition often makes market sentiment diverse. Investor sentiment can lead to misinterpretation of financial information, which can lead to pricing errors, but the impact is more pronounced in large companies (Simlai, 2024). Investor sentiment can also affect the returns of different stocks with respect to the size of the company (Fang-Ming Hsu & Chien-Ho Liao, 2016; Hirose et al., 2009). Larger companies are often considered to have lower risk, which can lead to higher transaction multiples (Kohoutek, 2024). However, this perception does not always result in higher profits. In some cases, the market may react irrationally to profitability shocks in large companies, leading to lower profits despite positive fundamentals (Yin & Liao, 2021)

The second finding, asset growth has a positive influence on the company's value. This means that if asset growth followed by increased profits will further increase public trust in the company allowing the company to develop its business and expand the market. Effective asset utilization can improve financial performance, will ultimately have a positive impact on the company's market

value. This shows that how well a company uses its assets can be crucial in translating asset growth into an increase in company value (Dwaikat et al., 2023; Fajaria, 2018; Mangesti Rahayu, 2019)

The third finding, the results of the analysis, found that the public ownership structure has no influence on the value of the company. In general, public ownership has proven to have a positive impact on the value of the company in certain contexts. For example, one study showed that public ownership has a positive impact on environmental, social, and governance (ESG) disclosures, which in turn has a positive impact on company value. This can happen as long as there are efforts to increase transparency. and accountability. The relationship between public ownership and corporate value can be moderated by the company's capital structure. In particular, the capital structure can increase the positive effect of public ownership on the value of the company. This implies that the benefits of public ownership may be more pronounced when the company has an optimal capital structure. It is different if the capital structure is unbalanced, so that investor sentiment is worried about the safety of their funds. In this context, public ownership must be supported by ESG disclosure (Fuadah et al., 2022). But Public ownership, by the state, tends to negatively impact the value of the company. This is due to the high cost of agencies (Alipour, 2013; Musallam, 2020). In contrast, companies with lower levels of state ownership or higher levels of foreign ownership tend to perform better, as these ownership structures are associated with better governance practices and lower agency costs (Tran et al., 2025).

The implications of this finding can practically be supporting information for both investors and companies in stock market dynamics. Investor sentiment has a role in determining the influence of the company's value. This is certainly a record for stakeholders, how to achieve stability and a sustainable increase in the Company's value. Theoretically, this finding provides additional information if the Company's value from fundamental factors is a record for investors in deciding to invest. This has an impact on market sentiment and affects the Company's value.

CONCLUSION

The size of the company has a negative effect and the growth of assets has a positive effect on the value of the company, while the structure of public ownership has no effect on the value of the company. In this study, there are limitations where The population of companies in the garment and textile industry sector is limited to 2019-2022. Another limitation is in the research variables, where it is possible to develop again, especially the moderation variables of government policies, certain economic conditions and other financial behaviors.

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