SUMMARY


Agribusiness is one of the sectors driving Indonesia’s economy that has a role in increasing the welfare of society and the country, but there are difficulties with high risk characteristics that makes it difficult to develop this business. One of such problems is capital. As a source of funding, both long term and short-term capital become very important in business development. Determining the optimal capital policy will benefit the company greatly by saving money and giving business the capability to expand which will increase their profitability and firm value.

The data used in this study are secondary data from annual reports and statistic data from BEI. This study used a quantitative approach in the form of statistical and econometric analysis. The samples chosen for this study are 16 companies as observed from 2012 to 2016.

The data used are follows: (1) Analysis of capital structure, firm financial performance, and firm value by calculating the average value using Microsoft Excel 2013 software, (2) Panel data regression is used to test the effect of capital structure and firm financial performance towards firm value by using software Eviews 9. The results of the study show that the capital structure (DER) of agribusiness firms differs from one firm to another, depending on their needs. It could be observed that there are 63% firms choosing to use debt as the source of their main capital, while 37% or the other firms used equity instead. Agribusiness firm value (PBV) which is described by its share price offered in the market is still higher compared to the price offered by the company.

The analysis of the effect of capital structure and firm financial performance on firm value shows that capital structure (DER) and firm financial performance (ROA & ROE) have a positive and significant effect on firm value (PBV), while the control variable that used in this study, like firm growth (Growthsales), dividend policy (DPR) and firm size (Size (Lntotalasat)) have insignificant influence on firm value, where firm size and dividend policy have a positive effect, while firm growth has a negative effect on firm value.

Keywords: panel data, financial performance, firm value, capital structure