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Original Research Article

The Effect of Competitive Advantage, Intellectual Capital, and Concenctrated Ownerships on Firm Value with Firm Size as the Moderating Variable

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Abstract: In the condition of raw materials price rising, companies needs to know how to utilize the resources they have to create value. Besides that they need to assess whether the utilization of resources they have done so far has been effective in helping the company to generate profits. This study is a quantitative study aims to analyze the effect of Competitive Advantage, Intellectual Capital, and Concentrated Ownerships on Firm Value with Firm Size Used as Moderating Variable. Sampling was carried out using the purposive sampling method, the number of samples selected was 87 samples from 29 companies. The analysis was carried out using the panel data regression method, and for data processing using the Econometrical Views (Eviews) 12 application. The results showed that Competitive Advantage affects Firm Value, while Intellectual Capital and Concentrated Ownership doesn't affect Fim Value. Firm Size is able to moderate the effect of Competitive Advantage and Concentrated ownership on Firm Value, but unable to moderate the effect of Intellectual Capital on Firm Value.

Keywords: Advantage, AUC, Intellectual, MVAIC, Concentrated, KT, Size.

INTRODUCTION

Currently the whole world is trying to recover from the crisis caused by the Covid-19 pandemic, in the midst of this crisis situation the world is competing to invest. This is because investing can create value, create jobs, and increase foreign exchange.

According to the data collected by the ministry of investment (BKPM) Indonesia is still recognized as one of the most favorite country for investment in the field of Consumer Cyclicals sector for the national and international investors, this can be seen from the fact that the realization of investment in this sector has increased rapidly in 2022. In the year of 2021 the realization of investment in the manufacturing sector was 236.8 trillion, while in 2022 the realization of investment in the infrastructure sector was 365.2 trillion (an increase of 54%), and the most contributing sector here is the food and beverage industry which contributed 38 trillion or 9.2% of the total Domestic Investment (Hidranto *et al.*, 2022).

However, food and beverage companies are not yet in a safe position, based on data obtained from BPS (Central Statistics Agency) during 2022 the profit growth of the combined food and beverage companies was only 4.9%. Whereas in previous ears the norm was 7-9%, sometimes even touching 10%. This was caused by the instability of geopolitics and erratic climate change causing an increase in the price of raw materials, energy, and logistics (Islamiati & Meilanova, 2023).

As reported by CNBC, the prices of raw materials for food and beverage production as of November 3, 2023 have experienced a fairly high increase. According to the market monitoring system and basic needs (SP2KP) recorded by the Ministry of Trade, price indicators show red in a number of regions. Since the start of 2023, the prices of basic commodities have increased by up to 10%, and some commodities have even experienced an increase of 20% (CNBC, 2023). The increasing price of raw materials are dangerous for food and beverage companies, because the high price of raw materials for production, will automatically cause the increase of selling prices to compensate, which can cause companies to experience a decline in profits.

This can be a bad situation for the company because profit is closely related to the Firm's Value, if the Firm's Value falls due to a decrease in profit, the impact on investor confidence in the company can also fall. If the company loses the trust of investors, this can push the performance of the food and beverage sector to a worse condition, it is not impossible if this condition is not

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maintained, it can cause large companies such as PT Unilever Indonesia Tbk. which in the 4th quarter of 2022 experienced a decrease in profits of 30.47% (Nurjani & Hidayat, 2023) or PT Indofood which during 2022 experienced a decrease in profits of Rp. 1.3 Trillion (17%) (Ahdiat, 2023), will fall into the brink of bankruptcy.

Companies should take action to deal with the increase in the price of basic commodities, one of the ways is to maintain the Firm Value, there are many ways to measure the Firm Value. Either by using ratios, by looking at profit growth, by looking at discounted cash flow, by looking at dividend growth, by valuing assets, and many more. One of the easiest ways and can be used to measures the Firm Value is to pay attention to the Price to Book Value (PBV) ratio.

Firm value is a ratio used to estimate the intrinsic value of the company (stock value) and shows an assessment of the company's achievements, conditions, and future, we can see the condition of the stock value by paying attention to the PBV value. According to Ginting and Sagala (2020) PBV describes how much the market values the shares of a company, a high valuation means that the share price of a company will also be high, automatically the Company Value will be high. It is expected that the PBV value of a company is greater than 1, it indicates that the market has a good assessment of the company's performance and security. Conversely, companies that have a PBV value below 1, meaning that the market assesses the company as bad and less desirable (Ginting & Sagala, 2020).

Firm value is an investor's expectation of the company's success rate and is often linked to the stock price. A high stock price will make the value of the company in the eyes of investors become higher as well, this automatically makes investors' trust in the company increase, not only trust in the company's current performance, but also the company's future work prospects. "Company value also reflects the wealth or assets owned by the company. A good company value will attract external parties to join the company"(Hidayah, 2017).

The purpose of this study is to help companies, investors, and related parties to help analyze the factors that affect Firm Value. From the literature and previous studies, researchers suspect factors that have an influence on Firm Value such as Competitive Advantage, Intellectual Capital, Concentrated Ownership, and Company Size.

Competitive Advantage is the superior value that a company has for its products or services compared to other companies. In these days, all businesses that operate must be able to create something that is their own advantage or the uniqueness of their business field, it cannot be denied that each sector, field, market, and industry does not only consist of 1 business. There are a lot of businesses engaged in the same sector, field, market, and industry, therefore to survive a business must be able to create its advantages. According to Setiany, *et al.,* (2023) A company's competitive strategy holds considerable sway in determining its success and growth within a competitive landscape. It serves as a cornerstone for attaining sustained competitive advantage and enhancing overall performance over the long term (Setiany *et al.,* 2023).

According to Michael Porter (2021) Competitive Advantage is the capability possessed by a business or business, in a strategy to get more profit than its competitors in similar industries (Ketels & Porter, 2021). Competitive Advantage can be measured using the Asset Utilization Capability (AUC) ratio, this ratio measures how efficient a company uses its own asset ownership to generate revenue.

Intellectual capital is defined as intangible assets in the form of information and knowledge owned by companies in doing business. This information and knowledge is useful for increasing the value of the company, the impact makes the company have more value or excellence in the eyes of consumers and can also improve company performance.

According to Ihyaul Ulum (2019) Intellectual capital is knowledge that will generate future profits for a company, this profit is obtained through the utilization of its resources. Intellectual capital is the term given to the combination of intangible assets, intellectual property, employees, and infrastructure that enable companies to function (Ulum, 2019). Intellectual Capital is measured using the Modified Value Added Intellecutal Coeficient (MVAIC) method, MVAIC is the most widely used measurement tool to measure intellectual capital. The advantage of this method is that the data needed are easily obtained from various sources because it comes from the financial statements published by the company.

Concentrated Ownership is a situation where the majority of the company's shares are owned by a small group of individuals, resulting in them having a large stake in this company. The goal is to make monitoring or controlling the company becomes easy, concentrated ownership can be the control of the company or it can also be called controlling shareholders. Because shares are only owned by a small group (concentrated), there are not many people whose interests need to be met, automatically managing capital becomes easier. The capital that enters the company must be managed carefully so that it can be used effectively, this is done in order to reduce the company's operational expenses.

According to Jensen & Meckling (2019) Concentrated Ownership refers to a situation where the majority of the shares of a company are held by a small number of individuals, allowing them to own a large stake in this company. The purpose of this is to make monitoring or controlling the company easy, concentrated ownership can control the company or it can also be called controlling shareholders (Jensen & Meckling, 2019).

Company Size is the size of the company which is indicated by total assets, sales, tax burden, amount of profit, etc. Company Size is used to show the scale of company operations, a larger scale is considered capable of providing large results for profits and investors. According to Tarmidi, *et al.,* (2024) Leveraging a larger company size can enable the pursuit of lucrative investment opportunities, including the potential for expanding market share prospects (Tarmidi *et al.*, 2024).

According to Brigham & Houston (2019) Company size is defined as a scale based on total assets or organizations that combine and manage various company resources which are then used to produce or provide services (Brigham & Houston, 2019). How large the size of a company determines how much it is able to utilize resources, this shows that the company can operate properly and generate maximum profit.

2. LITERATURE REVIEW

2.1.1 Resource Based Theory (RBT): Resource Based Theory is a theory that explains the superiority of a company over its competitors because of its resources, this theory is based on 2 main assumptions: (1) Every company, even if it is in the same industry, must have different resources (2) These resources can be intangible so they will usually last a long time. This theory explains how companies maintain their uniqueness to face the competitive climate of the business world, and focuses on the company's efficiency in using its resources to increase the resulting advantages.

According to Imam Ghazali (2020) Resource Based View Theory is a theory that describes how a company can achieve competitive advantage by relying on resources so that it can drive the company to be sustainable continuously. The main approach of Resources Based Theory is an understanding of the relationship between resources, capabilities, competitive advantage, and profitability, especially being able to understand the mechanism by maintaining competitive advantage over time (Ghozali, 2020). Based on the RBT theory approach, it can be concluded that the resources owned by the company affect company performance, which in turn can increase company value.

Variables that are in line with Resource Based Theory in this study are the variables of Competitive Advantage, Intellectual Capital, and Company Size.

2.1.2 Agency Theory: Agency theory explains that people only act in their own interests. On the other hand, shareholders as principals are assumed to be interested only in increased financial returns or in their investment in the company. Agents are assumed to receive satisfaction in the form of financial compensation and the conditions that accompany the relationship. This agency relationship triggers two problems that often occur, namely the occurrence of information asymmetry, where management (agents) have more information about the company's actual financial position and the position of the entity than investors. In addition, the problem that arises is the conflict of interest caused by differences in objectives between the owner (Principal) and the management (Agent). Agency theory explains the existence of conflicts of interest in agency relationships, the differences in positions, functions, situations, goals, interests, and backgrounds between the principal and agent which contradict each other can lead to conflicts of interest and influence between one another (conflict of interest).

According to Jensen & Meckling (1976), the basic idea of agency theory is contracting theory which contains a contractual relationship between the principal and the agent in which to improve the relationship between investors (principal) and managers (agent) it is necessary to improve the employment contract (Jensen & Meckling, 1976). Agency theory is also known as theory of the firm. The agency theory perspective is the basis used in business practice so far. An agency relationship is a contract between investors (principal) and managers (agent).

The variable that is in line with Agency Theory in this study is the Concentrated Ownership variable.

2.1.3 Competitive Advantage: According to Michael Porter (2021) Competitive Advantage is the capability possessed by a company or business, in a strategy to get more profit than its competitors in similar industries (Ketels & Porter, 2021).Companies that have a competitive advantage will get added value in terms of marketing, product quality, and trust, so consumers will prefer companies that have a competitive advantage. Which resulting, companies that have a competitive advantage will get better sales than their competitors, thus increasing the value of the company.

In the food & beverage industry there are dozens of companies engaged, in addition there are also so many types of food & beverage commodities sold. The role of Competitive Advantage in food & beverage companies is to characterize companies in producing their products, products that have Competitive Advantage both in terms of marketing, packaging, and production processes will make the product more attractive and get more trust from consumers so that it helps companies create more value than their competitors.

Competitive Advantage is measured using the Asset Utilization Capability (AUC) ratio, this ratio measures how efficient a company uses its asset to generate revenue.

2.1.4 Intellectual Capital: According to Ante Pulic (2000), Intellectual Capital is knowledge that will generate future profits for a company, these profits are obtained through the utilization of intangible resources such as knowledge of managing products, understanding raw materials, and utilizing technology. Intellectual capital is the term given to the combination of intangible assets, intellectual property, employees, and infrastructure that enables a company to function effectively (Pulić, 2000).

As mentioned earlier that there are so many companies engaged in the food & beverage industry, it is important for them to create their own unique characteristics of strength. Intellectual capital in food and beverage companies such as how they produce a product, how attractive and useful the packaging of a product is, and whether the product produced both in terms of the product itself and how to produce it is environmentally friendly or not, will generate added value for each company that applies Intellectual Capital.

Intellectual capital is measured using the Value Added Intellecutal Coeficient (VAIC) method, VAIC is the most widely used measurement tool to measure intellectual capital. The advantage of this method is that the data needed to calculate various ratios is easily obtained from various sources and types of companies because it comes from the financial statements published by the company.

2.1.5 Concentrated Ownerships: According to Jensen & Meckling (2019) Concentrated Ownership refers to a situation where the majority of the shares of a company are held by a small number of individuals, allowing them to own a large stake in this company. The purpose of this is to make monitoring or controlling the company easy, concentrated ownership can control the company or it can also be called controlling shareholders (Jensen & Meckling, 2019).

Concentrated Ownership is a situation where the majority of the company's shares are owned by a small group of individuals, resulting in them having a large stake in this company. The goal is to make monitoring or controlling the company becomes easy, concentrated ownership can be the control of the company or it can also be called controlling shareholders. Because shares are only owned by a small group (concentrated), there are not many people whose interests need to be met, automatically managing capital becomes easier. The capital that enters the company must be managed carefully so that it can be used effectively, this is done in order to reduce the company's operational expenses.

2.1.6 Firm Size: According to Brigham & Houston (2019) Company size is defined as a scale based on total assets or organizations that combine and manage various company resources which are then used to produce or provide services (Brigham & Houston, 2019). How large the size of a company determines how much it is able to utilize resources, this shows that the company can operate properly and generate maximum profit.

Company Size is the size of the company which is indicated by total assets, sales, tax burden, amount of profit, etc. Company Size is used to show the scale of company operations, a larger scale is considered capable of providing large results for profits and investors. A large company size can show that the company has a large commitment to increase its value, because the large assets provide more risk for the company if it experiences financial problems, on the one hand this can also be a good investment for the company to develop its business even better.

3. METHOD

This research design is causal research, to determine the effect of one or more variables between the Independent Variable (X) and the Dependent Variable (Y). The method in collecting data for this study uses the documentation method. By reading, recording, observing, and studying through collecting the necessary data from written sources such as journals and downloading data and information from relevant internet sites.

3.1.1 Sample Size and Technique: The sampling technique used in this study was purposive sampling with predetermined criteria, the results obtained 29 food and beverage companies listed on the Indonesian stock exchange. Panel data obtained from 3 years of research, namely 2020 - 2022, thus obtaining a total of 87 data. In this study the data will be analyzed using the Panel Data Analysis method, using the Eviews 12 application.

3.1.2 Firm Value: (Y), are measured using the Price to Book Value (PBV). Price to Book Value (PBV) is a ratio that describes the market assessment of a company's price, this ratio illustrates investors' assessment of the risk or safety of a stock. The high investor valuation will increase the value of shares, which will automatically increase the Company Value. It is expected that the value of PBV is above number 1, this indicates that investors are willing to pay high (above book value) for the company's shares.

$$PBV = \frac{Stock\ Price}{Book\ Value}$$

3.1.3 Competitive Advantage: (X1), are measured using the Asset Utilization Capabillities (AUC). Asset Utilization Capability (AUC) in the asset management ratio is referred to as the total asset turnover ratio, this ratio describes how much the assets owned by the company can provide benefits or generate sales for the company. The efficiency of asset utilization gives the company an advantage in carrying out its operations, with efficiency the company can run the company as well as possible and maximize the revenue generated.

$$AUC = \frac{Penjualan}{Total\ Aset}$$

3.1.4 Intellectual Capital: (X2), are measured using the Modified Value Added Intellectual Capital (MVAIC). Modified Value Added Intellectual Capital MVAIC is an instrument to measure Intellectual Capital performance, MVAIC is designed to provide information about value creation from tangible and intangible assets. This ratio measures how much and how efficiently intellectual capital can create value, seen from human capital, knowledge capital, and structural capital.

$$MVAIC = CEE + HCE + RCE + SCE$$

3.1.5 Concentrated Ownerships: (X3), are measured by comparing the number of Majority shares with the total number of outstanding shares. Concentrated Ownership is a company that are controlled by shareholders whose ownership proportion is the largest of the total outstanding shares, Concentrated Ownership is a situation where the majority of the company's shares are owned by a small group of individuals, so they have a large stake in this company.

$$KT = \frac{Number\ of\ Majority\ Shares}{Outstanding\ Shares}$$

3.1.6 Firm Size: Company size is used to show the scale of company operations, a larger scale is considered capable of providing large results for profits and investors. A large company size can show that the company has a large commitment to increase its value, because the large assets provide more risk for the company if it experiences financial problems. Company Size can be measured by looking at its total assets, then logarithmized to get statistical numbers.

$$Size = LN\ (Total\ Aset)$$

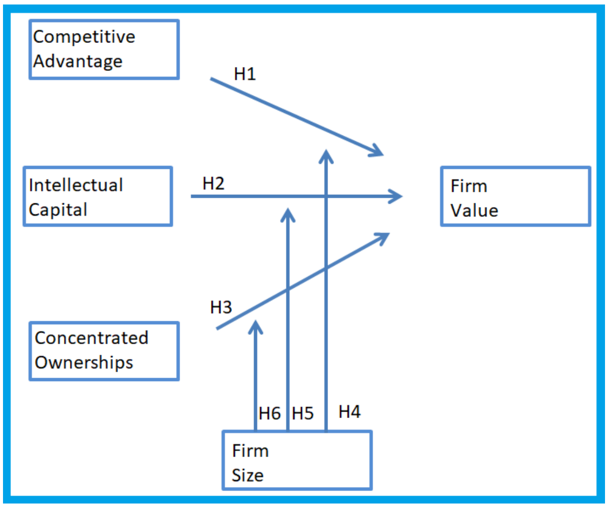

Figure 1: Conceptual Framework

4. DATA ANALYSIS

4.1.1 Model Selection Test: According to Ghazali (2018) in using the Eviews application, before analyzing the data. First, it is necessary to select a model that is suitable for the data to be used, later the model used will be used as the basis for testing until the end of the analysis (Ghazali, 2018). There are three test that were done, namely the Chow Test, Hausmann Test, and Largerange Multipplier Test. From these three tests, it is concluded the model will be used in this study were the Fixed Effect Model.

4.1.2 Classical Assumption Test: The classical assumption test is carried out to determine whether the data processed is valid, meaning that there are no deviations, and the distribution is normal. In addition, this test can determine whether the model used in regression really shows a significant and representative relationship that makes the results accountable and unbiased. There are 3 tests in the classical assumption test, namely the autocorrelation test, heteroscedasticity test, and multicollinearity test. From these three tests, it is concluded that the data used is normal and unbiased.

4.1.3 *Regression Test:*

Table 1: T Analysis

Dependent Variable: Y				
Method: Panel Least Squares				
Date: 02/03/24 Time: 09:33				
Sample: 2020 2022				
Periods included: 3				
Cross-sections included: 29				
Total panel (balanced) observations: 87				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	63.92800	9.319904	6.859298	0.0000
X1	1.563528	0.586515	2.665793	0.0101
X2	0.276169	0.167625	1.647538	0.1053
X3	0.082112	0.042198	1.945856	0.0569
Z	1.939121	0.365586	5.304144	0.0000

Figure 2: T Table

α / df	0.2	0.1	0.05	0.02
82	1.29196	1.66365	1.98932	2.37269
83	1.29183	1.66342	1.98896	2.37212
84	1.29171	1.66320	1.98861	2.37156
85	1.29159	1.66298	1.98827	2.37102

By looking at the two tables above, it can be concluded:

- AUC variable has T count > T table, it can be concluded that AUC affects PBV. AUC has a probability value of 0.00 < 0.05 (significance), so statistically the AUC variable has a significant effect on the PBV variable.
- The MVAIC variable has T Count < T Table, it can be concluded that MVAIC has no effect on PBV. MVAIC has a probability value of 0.24 > 0.05 (significance), so statistically the MVAIC variable has no significant effect on the PBV variable.
- The KT variable has T Count < T Table, it can be concluded that KT has no effect on PBV. KT has a probability value of 0.06 > 0.05 (significance), so statistically the KT variable variable has no significant effect on the PBV variable.
- The Company Size variable has T Count > T Table, it can be concluded that Company Size has an effect on PBV. KT has a probability value of 0.00 < 0.05 (significance), so statistically the Company Size variable has a significant effect on the PBV variable.

4.1.4 Moderating Regression Test:

Table 2: T Analysis Moderating

Dependent Variable: Y				
Method: Panel Least Squares				
Date: 02/03/24 Time: 09:57				
Sample: 2020 2022				
Periods included: 3				
Cross-sections included: 29				
Total panel (balanced) observations: 87				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	146.7152	46.41319	3.161067	0.0026
X1	34.86941	8.492511	4.105901	0.0001
X2	1.234689	2.859368	0.431805	0.6677
X3	3.062878	0.606455	5.050462	0.0000
Z	5.511350	1.688122	3.264782	0.0020
X1Z	1.224879	0.318315	3.848008	0.0003
X2Z	-0.074747	0.230750	-0.323930	0.7473
X3Z	0.111547	0.021824	5.111228	0.0000

Table 3: T Table Moderating

α / Df	0.2	0.1	0.05	0.02
79	1.29236	1.66437	1.99045	2.37448
80	1.29222	1.66412	1.99006	2.37387
81	1.29209	1.66388	1.98969	2.37327
82	1.29196	1.66365	1.98932	2.37269

By looking at the two tables above, it can be concluded:

- After being moderated, AUC variable has T count > T table, it can be concluded that AUC has an effect on PBV. AUC has a probability value of 0.00 < 0.05 (significance), it can be concluded that company size strengthens the relationship between AUC and PBV.
- After being moderated, the MVAIC variable has T count < T table, it can be concluded that MVAIC has no effect on PBV. MVAIC has a probability value of 0.68 > 0.05 (significance), it can be concluded that company size weakens the relationship between MVAIC and PBV.
- After being moderated, the KT variable has T count > T table, it can be concluded that KT has an effect on PBV. KT has a probability value of 0.00 < 0.05 (significance), it can be concluded that company size strengthens the relationship between KT and PBV.

5. RESULT AND DISCUSSION

5.1.1 The Effect of Competitive Advantage on Company Value: The results of the analysis show that Competitive Advantage has an influence on Company Value, in daily operations every company must compete with each other to be able to produce the best sales. When one company can reduce the costs used for production better or more effectively than other companies, they can record better profits, this will cause the company to have better Firm Value.

This is in line with Resource Based Theory, where when companies succeed in utilizing their assets well, they can produce better value than their competitors.

The results of this research are in line with research conducted by Romadhani, *et al.,* (2022) where by using the right assets, costs will be maximized such as promotional costs, advertising and employee salaries, the impact of which is that companies can record smaller expenses and increase company value (Romadhani *et al.,* 2022).

5.1.2 The Influence of Intellectual Capital on Company Value: The results of the analysis show that Intellectual Capital has no effect on Company Value, this is because for amateur investors they only pay attention to basic ratios in making investment decisions, so the increase or decrease in the value of Intellectual Capital cannot be used as a benchmark for the increase or decrease in Company Value.

This is contrary to Resource Based Theory where a company has an advantage in its products, both in terms of production or raw materials. It should be able to attract more interest from customers and become a selling point to attract consumers.

The results of this research are in line with research conducted by Prima, *et al.,* (2018) where many investors still use other factors in making investment decisions, such as ownership retention factors, fundamental factors achieved, profit levels and company provisions in distributing dividends rather than making Intellectual Capital in producing investment decisions (Roma Prima *et al.,* 2021).

5.1.3 The Effect of Concentrated Ownership on Company Value: The results of the analysis show that Concentrated Ownership has no effect on Company Value, the high level of Concentrated Ownership indicates the high level of supervision exercised by stakeholders. There is a concern that too strict supervision will actually make the company not run as it should, the overly strict rules applied by the company are only to maximize the benefits of the stakeholders and do not think about how it will affect the company itself.

This is in contrast with Agency Theory where with the supervision carried out by interest holders, the company should be able to run better and can be an additional boost for the company to record good performance.

The results of this study are in line with research conducted by Sulistiorini and Lestari (2022) where the high level of control owned by interest holders is not directly proportional to the high conflict of interest, so investors need to consider other aspects in decision making (Sahrul & Santi Novita, 2020).

5.1.4 Company Size Moderates the Effect of Competitive Advantage on Company Value: The results of the analysis show that company size is able to moderate the influence of competitive advantage on company value. With the large amount of assets provided by company management, the company has sufficient capital to be able to operate as well as possible. If the company succeeds in utilizing these assets, they will generate even greater company value.

This is in line with Resource Theory where by the availability of sufficient resources by stakeholders (total assets provided), the company can utilize these resources to record better sales.

The results of this research are in line with research conducted by Hidayatulloh (2019) where when stakeholders provide large assets for the company, management will carefully utilize these assets so that the use of these assets can increase the value of the company and provide benefits to the stakeholders from the investment (Hidayatulloh, 2019).

5.1.5 Company Size Moderates the Effect of Intellectual Capital on Company Value: The results of the analysis show that company size is unable to moderate the influence of intellectual capital on company value. Most investors still use other factors in making investment decisions, especially with the company's high assets, they will pay more attention to factors such as company liquidity and solvency rather than Intellectual Capital.

This is contrary to the Resource Theory where by providing sufficient resources by stakeholders (large total assets), the company should be able to use this as an advantage to record better sales.

5.1.6 Company Size Moderates the Effect of Concentrated Ownership on Company Value: The results of the analysis show that company size is able to moderate the influence of concentrated ownership on company value. When stakeholders provide large assets to the company, the capital they provide for the company automatically increases. Of course, they don't want this to produce nothing, they will ensure that the company can increase its productivity with the assets they have prepared. This means the company can operate better, and generate higher profits.

This is in line with Agency Theory where when stakeholders provide sufficient resources (total assets), they will ensure that their investment in the company will get a return, bearing in mind that with increasing assets in the company, its operational costs will also increase.

The results of this research are in line with research conducted by Suriawinata and Nurmalita (2022) where as company size increases, management becomes more careful in running their company, bearing in mind that as company size increases, operational costs and other costs will also increase. So management will monitor the running of the company very carefully so that by increasing the size of the company, they can also increase the value of the company (Suriawinata & Nurmalita, 2022).

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