Internal Cash Flow, Sales Growth, Firm Size, and Capital Expenditure on Telecommunication Companies at Indonesian Stock Exchange 2017-2021

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KEYWORDS
Cash Flow, Capital Expenditure, Sales Growth

ABSTRACT
This research aims to test and analyze the influence of internal cash flow, sales growth, and firm size on the capital expenditure of telecommunication companies at the Indonesian Stock Exchange 2017-2021. The method used in this research is quantitative. The data used is secondary data, namely the financial reports of telecommunications companies, which are the population in this study. The sample used was 14 companies using the purposive sampling method. The analysis method uses panel data regression analysis using the Eviews 12 application. The research results show that internal cash flow has a significant influence on capital expenditure in telecommunications companies listed on the Indonesia Stock Exchange in 2017-2021. The greater the company's internal cash flow, the greater the company's capital expenditure. Sales growth has a significant influence on capital expenditure in telecommunications companies listed on the Indonesia Stock Exchange in 2017-2021. When sales growth increases, network users increase, so an adequate network is needed, and requires capital expenditure to meet network development needs. Firm size does not have a significant influence on capital expenditure in telecommunications companies listed on the Indonesia Stock Exchange in 2017-2021. The larger the company, the greater the capital required for the company's operational activities.
INTRODUCTION

Information technology and telecommunications are becoming a trend in every individual's life (Danuri, 2019). Telecommunications has an important role for Indonesia, considering that Indonesia is the largest archipelagic country in the world. The development of telecommunications is increasingly advanced and developing. Progress in telecommunications technology is an indicator of a country's development. The communication technology that is developing rapidly is the internet (Nova & Firdaus, 2018). Of the world's population of 7.91 billion, there are 4.95 billion people, or 62.5% have access to the internet. The number of mobile phone holders reached 5.31 billion people or 67.1% of the population. In 2022, internet users in Indonesia will reach 73.7%. Internet use increased during the Covid-19 pandemic in 2019. According to the Central Statistics Agency (BPS), internet users in 2019 in Indonesia increased by a percentage of 73.75%, and there was an increase in 2020 to 78.18%. This increase was caused by restrictions on community activities in order to reduce the spread of the Covid-19 virus (Fadly & Sutama, 2020).

The increasing development of the Internet in Indonesia cannot be separated from the role of telecommunications service providers. Based on a report from the Central Statistics Agency (BPS), in 2021 there will be 1,307 telecommunications companies. Experienced an increase of 36.3% from the previous year which amounted to 959 companies. By increasing the number of telecommunications companies, this will have a positive impact on network infrastructure throughout Indonesia. However, there is still a gap in the value of IP-ICT in Indonesia. The Central Statistics Agency (BPS) noted that in 2019 and 2020, Jakarta was the province with the highest IP-ICT with a score of 7.46. Meanwhile, the Eastern Region of Indonesia, West Sulawesi Province, NTT, West Papua, and Papua are provinces that are still lagging and require more attention in ICT development in these provinces. (Al-Mursyid, 2020).

In supporting the growth of internet networks in all regions, it is necessary to increase company capital expenditure to finance additional assets, to support the operations of the networks they own. In microeconomics, capital expenditure is very important, because the level of capital expenditure will influence decisions in determining the company's strategic plan. Telecommunications industry companies will invest to expedite network renewal activities, and data readiness, expand signal coverage, and expand markets by developing telecommunications infrastructure. Telecommunication providers need to spend on capital expenditure. Capital expenditure is needed by a company to purchase, manage, and maintain assets. Capital expenditure is also one of the management performance factors in improving company performance. The capital expenditure required by companies tends to hold cash or create cash reserves to maintain continuity (Hayati, 2020).

In supporting the company's operational activities, the existence of cash is very important (Najema & Asma, 2019). Companies need to consider the source of funds that will be used for capital expenditure. Deciding capital expenditures using internal cash flow is in accordance with the funding planning proposed by Myers and Majluf in Pecking Order Theory. Pecking Order Theory explains that a company determines the hierarchy of the most preferred sources of funds (Hardiningsh & Oktaviani, 2012). In determining sources of funds, companies prefer internal funding to external funding. The company's growth will be able to influence the ability to maintain profits by marking future opportunities. Increased sales growth will result in higher production, thereby increasing profit value. Profits will be reused for the company's capital expenditure needs. Sales growth has a positive effect on capital expenditure. The more sales growth increases, the higher Capital Expenditure will be.
Company size is the size of an issuer, which can be assessed or calculated from assets, market capitalization, or total sales during a period, as well as the number of workers it has. Company size can reflect how big the company is (Agustin Ekadjaja, 2021). The larger the size of a company, the greater the expenditure of funds required, which can result in a higher level of capital expenditure than a small company. Based on this, researchers are interested in examining things that can influence capital expenditure made by telecommunications companies.

**LITERATURE REVIEW**

**Capital Expenditure**

Capital expenditure is costs incurred to repair or create new assets for use by the company (Kim et al., 2011). Capital expenditure is divided into two (Haryanto & Retnaningrum, 2019), namely maintenance capital expenditure and growth capital expenditure. Maintenance capital expenditure is used to run the company's business using large amounts of cash. Meanwhile, growth capital expenditure is used to develop the company. Capital Expenditure finances capital expenditures to purchase fixed assets or extend the life of fixed assets, meaning that capital expenditures made by the company can function to minimize the risk of the production process not running smoothly because when there are problems with equipment or fixed assets, repairs or purchasing new assets are required, so that will expedite and fulfill production activities. Capital expenditure is needed by a company to purchase, process, and maintain assets. Fixed assets play a very important role in linking company goals. Thus, capital expenditure is very important for companies to carry out, because it can function as capital savings in managing or maintaining company assets if damage occurs during operations.

\[
\text{Capital Expenditure} = \text{Total Fixed Asset } t - \text{Total Fixed Asset } t-1
\]

**Pecking Order Theory**

The pecking order describes a hierarchy in the company's search for funds, where the company uses internal equity to pay dividends and implement them as growth opportunities (Yeannie & Handayani, 2007). If a company needs external funds, it will prefer debt over external equity. Internal Equity is obtained because the company issues new shares. By the pecking order theory, investments will be financed with internal funds first. This is then followed by the issuance of debt consisting of free debt and risky debt. Once the debt is insufficient, the final step is to issue new shares. Debt usually increases when investment exceeds retained earnings, and debt decreases if investment is less than retained earnings.

**Internal Cash Flow**

Internal cash flow is the internal cash flow obtained from the implementation of company operations after paying taxes and interest. This internal cash flow is obtained from the company's operational activities which originate from profits from the company's internal production and sales activities in one period. The form of internal cash flow comes from retained earnings and depreciation. Internal cash flow is a source of internal funds originating from cash flow activities, namely operating activities, investment activities, and financing activities (Hidayati et al., 2019). Operating activities are activities related to transactions that determine profit or loss such as cash receipts, cash sales, and cash payments. Cash flow from operating activities and dividends are the main generators of company income. Operating cash flow is an indicator used to measure the efficiency of operational activities, namely whether the company can generate cash flow to carry
out company operations, pay company dividends, and carry out funding or investments without relying on sources of income from outside the entity.

$$\text{ICF} = \text{EAT}_t - \text{EAT}_{t-1}$$

$$\text{ICF} = \text{Internal Cash Flow}$$

$$\text{EAT}_t = \text{Earning After Tax in year } t$$

$$\text{EAT}_{t-1} = \text{Earning After Tax in the previous year}$$

Pecking order theory explains that managers will tend to use internal cash flow in making capital expenditures. Pecking order theory is related to the governance of company funding decisions, namely financial decisions related to meeting the company's funding needs in choosing its funding sources. Companies are required to use funding sources that have the lowest cost of capital or choose available funding alternatives. In the pecking order theory, companies prefer to use internal rather than external funds in making capital expenditures for business development.

### Sales Growth

Company growth is the change in total company sales (Tita, 2011). Company growth is measured based on changes in sales. Sales growth reflects the company's operational success in the past period and can be used as a prediction of future growth (Mawar Sharon R. Pantow, Sri Murni, 2015). Sales growth is calculated as follows:

$$\text{Growth of Sales} = \frac{S_t - S_{t-1}}{S_{t-1}} \times 100\%$$

**Information:**

$$S_t = \text{sales in year } t$$

$$S_{t-1} = \text{sales in the previous period}$$

Sales growth can show the extent to which a company can increase sales compared to the total sales made. High and stable sales growth can have a positive impact on the company's profits (Suweta & Dewi, 2016), so that it can be a consideration for management in determining the capital structure. Sales growth is a ratio that describes a company's ability to maintain its economic position. Profitable sales volume should be the main goal of the company. So, sales volume is the total sales that can be assessed from company units in a certain period to achieve maximum profit, so that it can support capital expenditure to carry out sales growth.

### Firm Size

Firm size is a basic measure that reflects the size of the company's sales level and internal control (Arifin & Dectriana, 2016). Company size is the size of a company which is shown or assessed by total assets, total sales, total profits, tax burden, and so on. The size of the company will be able to influence the company in meeting its sources of funds in the capital market. So it...
can be concluded that company size is the total wealth owned by the company, both current assets and fixed assets. Company size is expressed by total assets. The greater the total assets owned, the greater the size of the company.

Company size can be determined by various values such as total assets, sales, capital, profits and others. These values can determine the size of the company. Company size indicators can be used in two ways:

Company size = Ln Total Assets

Assets are assets or resources owned by a company. The greater the assets owned, the company can invest well and meet product demand. This further expands the market share achieved and will affect the company's profitability.

Company size = Ln Total Sales

Sales is a marketing function that is very important for companies to achieve company goals, namely making a profit. Continuously increasing sales can cover costs incurred during the production process. This will increase company profits which will then affect the company's profitability.

RESEARCH METHODS

The method used in this research is quantitative methods. The quantitative method is Quantitative research is a process of discovering knowledge that uses data in the form of numbers as a tool to analyze information about what we want to know (Djollong, 2014). The type of data used in this research is secondary data in the form of financial reports of telecommunications companies for the 2017-2021 period obtained via the Indonesian Stock Exchange website www.idx.co.id. The population in this research is all telecommunications companies listed on the Indonesia Stock Exchange in 2017-2021. The total population is 19 companies. The sampling technique used in this research was purposive sampling. Purposive sampling is a non-random sampling method where researchers ensure the citation of illustrations through a method of determining special identities that suit the research objectives so that they are expected to be able to respond to research cases (Lenaini, 2021). The sample criteria for companies used in this research are telecommunications sector companies that are still listed on the Indonesia Stock Exchange in 2017-2021, telecommunications sector companies that provide complete financial reports in rupiah currency, and companies that report financial reports consecutively 2017-2021.

Table 1. Research Sample

<table>
<thead>
<tr>
<th>No</th>
<th>Kriteria</th>
<th>Jumlah</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Telecommunication sector companies that are still listed on the Indonesian Stock Exchange in 2017-2021</td>
<td>19</td>
</tr>
<tr>
<td>2</td>
<td>Telecommunication sector company that provides complete financial reports in rupiah currency</td>
<td>14</td>
</tr>
</tbody>
</table>
Companies that report financial and annual reports consecutively in the research period, namely 2017-2021

Appropriate sample criteria

(Source: Processed data, 2022)

The data analysis technique used in this research is a panel data regression analysis model. Panel data is a combination of time series data and cross-section data. Panel data was chosen because this research uses data over several years and also many companies. This research was assisted in managing and testing data using the Econometric Views (Eviews) software program version 12. The data analysis techniques used include statistical analysis, testing the selection of the best panel data, namely the common effect model, fixed effect model, and random effect model which must be tested. First of all, I used UJ Chow and Hausman. Classic assumption tests include normality, multicollinearity tests, heteroscedasticity tests, and autocorrelation tests, as well as hypothesis tests using panel data regression analysis and t-test.

RESULTS AND DISCUSSION

Result

1. Descriptive Statistical Analysis

Table 2.

Descriptive Statistical Analysis

<table>
<thead>
<tr>
<th>X1</th>
<th>X2</th>
<th>X3</th>
<th>Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>-6.769527</td>
<td>2.760683</td>
<td>32890408</td>
</tr>
<tr>
<td>Median</td>
<td>-0.178300</td>
<td>0.088300</td>
<td>7762702.</td>
</tr>
<tr>
<td>Maximum</td>
<td>579.3770</td>
<td>40.329000</td>
<td>2.77E+08</td>
</tr>
<tr>
<td>Minimum</td>
<td>-581.3430</td>
<td>-0.954200</td>
<td>3266.00</td>
</tr>
<tr>
<td>Std. Dev.</td>
<td>102.6872</td>
<td>9.453644</td>
<td>5937870.</td>
</tr>
<tr>
<td>Skewness</td>
<td>0.081880</td>
<td>3.368275</td>
<td>2.789908</td>
</tr>
<tr>
<td>Kurtosis</td>
<td>30.12139</td>
<td>12.85277</td>
<td>10.18556</td>
</tr>
</tbody>
</table>

(Source: Processed data, 2022)

Based on the table above, the descriptive test results are as follows:

a. Internal Cash flow

The results of descriptive statistical tests show that the internal cash flow of telecommunications companies in 2017-2021, shown in profit for the year, has the highest value of 579.3% and the lowest value of (581.3%). The average value of the internal cash flow variable is (6.7%), and has a standard deviation value of 102.62%. The highest change in internal cash flow was at PT. First Media Tbk in 2021. Meanwhile, the lowest change in internal cash flow was at PT. Centratama Telecommunications Indo (CENT) in 2020.

Sales Growth

The results of descriptive statistical testing show sales growth in telecommunications companies in 2017-2021 with the highest value of 40.3% and the lowest value of (0.9%), with an average value of sales growth of 2.7% and a standard deviation of 9.4 %. The highest change in company sales growth occurred at PT.
Centratama Telekomunikasi Indo (CENT) in 2017 while the lowest sales growth occurred at PT. Bakrie Telecom Tbk (BTEL) in 2017.

b. Firm Size

The firm size shown is the total assets of telecommunications companies in 2017-2021. The highest firm size is IDR 277,184,000,000,000. The lowest value is IDR 3,266,000,000. Changes in company size and total assets of the company with the highest total asset value occurred at PT. Telkom Indonesia (Persero) Tbk (TLKM) in 2021. Meanwhile, the lowest company size occurred at PT. Bakrie Telecom Tbk (BTEL) in 2020.

c. Capital Expenditure

Capital Expenditure shown in total non-current assets in telecommunications companies in 2017-2021. The highest capital expenditure is IDR. 32,662,000,000,000. Changes in capital expenditure carried out by companies with an assessment of the measurement of total non-current assets show that the company with the highest capital expenditure occurred at PT. Telkom (TLKM) in 2017 while the lowest capital expenditure occurred at PT. KBLV in 2018.

2. Classic Assumption Test

a. Normality test

The normality test aims to find out whether in a regression model, variables confounders or residuals have a normal distribution. Following are the results of the normality test:

Table 3. Normality Test

![Normality Test Graph](Source: Processed data, 2022)

b. Multicollinearity Test

The purpose of using the multicollinearity test is to test whether there is a regression model a correlation was found between the independent variables. Multicollinearity test between variables can be identified using the correlation value between variables independent. Following are the results of the multicollinearity test:

Table 4. Multicollinearity Test
Based on the results of the multicollinearity test shown in the table above, it can be seen that the correlation coefficient X1 and X2 is 0.022033 < 0.85. X1 and X3 are -0.004525 < 0.85 and X2 and X3 are 0.0900884 < 0.85. So it can be concluded that the regression model in this study did not occur multicollinearity.

c. Heteroscedasticity Test

To detect symptoms of heteroscedasticity, you can use the test regression model Glacier. The test is carried out through regression between the independent variable and error. With the test criteria, by looking at the significance value, if it is > 0.05, it means no there is heteroscedasticity in the research, and if the significance is <0.05 it means there are symptoms of heteroscedasticity. Results of heteroscedasticity testing in research can be seen in the following table:

Table 5.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>2295009</td>
<td>886311.0</td>
<td>2.589395</td>
<td>0.0124</td>
</tr>
<tr>
<td>X1</td>
<td>370.6623</td>
<td>858.4859</td>
<td>0.431763</td>
<td>0.6577</td>
</tr>
<tr>
<td>X2</td>
<td>-748.0230</td>
<td>568.198</td>
<td>-0.131246</td>
<td>0.8961</td>
</tr>
<tr>
<td>X3</td>
<td>-0.016968</td>
<td>0.026902</td>
<td>-0.630734</td>
<td>0.5309</td>
</tr>
</tbody>
</table>

Based on Heteroscedasticity results using the Glacier Test in the table above shows a significance value (Sig) for the Internal Cash Flow variable of 0.6230, the Sales Growth variable shows 0.2334, and the Firm Size variable is 0.2334 < 0.8251. So it can be concluded that the test results are significant for all three If the variable is greater than <0.05, it can be said that the regression model is not heteroscedasticity occurs.

d. Autocorrelation Test

The Autocorrelation Test aims to test whether there is a linear regression model there is a correlation between confounding errors in period t and period t-1 (previously). Methods that can be used to detect whether there is autocorrelation namely by using Durbin Watson. Durbin Watson is as big as 1.967481, this value will then be compared with the dl and du values. These values are taken from the Durbin Watson table with a significance value of 5% with the amount of data (N=70) with the number of independent variables k=3. With condition du < dw < 4 – du. Where the results show du < d < 4- dl (1.7028 < 1.967481 < 4-1.7028, there is no positive or negative correlation.
3. Determining the Data Model

In determining the panel model, there are three approaches to estimating the regression model, namely Common Effect, Fixed Effect, and Random Effect. The first step that must be taken is to choose a regression model. In this study, chow rest and thirst tests were carried out. The following are the estimation results of selecting a regression model to determine the regression method used.

a. Uji Chow

This test aims to determine the type of model to be chosen, between the Common Effect Model (CEM) or the Fixed Effect Model (FEM). The following chow test results can be seen in the following table:

Table 6.

<table>
<thead>
<tr>
<th>Effects Test</th>
<th>Statistic</th>
<th>d.f.</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross-section F</td>
<td>1.847159</td>
<td>(13,53)</td>
<td>0.0593</td>
</tr>
<tr>
<td>Cross-section Chi-square</td>
<td>26.157828</td>
<td>13</td>
<td>0.0162</td>
</tr>
</tbody>
</table>

(Source: Processed data, 2022)

The results of the Chow test show that the cross section probability value is 0.0162 or <0.05. Therefore, the model chosen is the fixed effect model (FEM), so to be sure again, the Hausman test needs to be carried out.

b. Uji Hausman

This test aims to determine the type of model that will be selected, between the Fixed Effect Model (FEM) and the Random Effect Model (CEM). Following are the results of the Hausman test:

Tabel 7.

<table>
<thead>
<tr>
<th>Test Summary</th>
<th>Chi-Sq. Statistic</th>
<th>Chi-Sq. d.f.</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross-section random</td>
<td>7.954073</td>
<td>3</td>
<td>0.0470</td>
</tr>
</tbody>
</table>

(Source: Processed data, 2022)

The cross-section probability value is 0.0470 or <0.05. So, the model chosen is the fixed effect model (FEM), so the panel regression method in this study certainly uses the fixed effect model (FEM) method.
4. Panel Data Regression Analysis

The more appropriate regression model to use in this research is the fixed effect model (FEM). The following are the panel data regression results with the panel data model equation results as follows:

Table 8.
Fixed Effect Model

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>2441262</td>
<td>1834165</td>
<td>1.331001</td>
<td>0.1869</td>
</tr>
<tr>
<td>X1</td>
<td>-2023.491</td>
<td>905.1617</td>
<td>-2.228117</td>
<td>0.0301</td>
</tr>
<tr>
<td>X2</td>
<td>13219.70</td>
<td>6497.159</td>
<td>2.034069</td>
<td>0.0469</td>
</tr>
<tr>
<td>X3</td>
<td>0.002534</td>
<td>0.055713</td>
<td>0.045483</td>
<td>0.9639</td>
</tr>
</tbody>
</table>

\[ Y = 24412262 - 2023.491x_1 + 13219.70x_2 + 0.002534x_3 + e \]

Y : Capital Expenditure  
X1 : Internal Cash Flow  
X2 : Sales Growth  
X3 : Firm Size  
e : Standard Error

The constant value in the regression model equation is 24412262, which means that if there is no internal cash flow, sales growth and firm size together, then capital expenditure is worth 24412262. The regression coefficient value of the internal cash flow variable is -2023.491, meaning that for every increase of 1% in internal cash flow, the level of capital expenditure will decrease by 2023.491%. On the other hand, if every 1% increase in internal cash flow, the level of capital expenditure increases by 2023.491%, if the other independent variables remain constant. Judging from the results above, internal cash flow has a positive value, meaning that every time internal cash flow increases, capital expenditure will increase. The regression coefficient value for the sales growth variable is 13,219.70%, meaning that for every 1% increase in sales growth, the level of capital expenditure will increase by 13,219.70%. On the other hand, if every 1% decrease in sales growth, the level of capital expenditure increases by 13,219.70%, if the other independent variables remain constant. Sales growth has a negative value, meaning that every time sales growth increases, capital expenditure will decrease. The coefficient for the firm size variable is -0.002534%, meaning that for every 1% increase in firm size, the level of capital expenditure will decrease by -0.002534%. On the other hand, if every 1% decreases in firm size, the level of capital expenditure will decrease by -0.002534%, if the other independent variables remain constant. Sales growth has a negative value, meaning that every increase in firm size will increase capital expenditure.

5. Hypothesis Testing

The significance value for the internal cash flow variable is Sig 0.0301 or <0.05, which means that the internal cash flow variable has a significant effect on the capital expenditure variable, so hypothesis 1 is accepted. The significance value for the sales growth variable is Sig 0.0469 or <0.05, which means that the sales growth variable has a significant effect on the capital expenditure variable, so hypothesis 2 is accepted. The
significance value of the firm size variable is Sig 0.9634 or > 0.05, which means that the firm size variable has no significant effect on the capital expenditure variable, so Hypothesis 3 is rejected.

Discussion

The Influence of Internal Cash Flow on Capital Expenditure

Internal cash flow has a significant influence on capital. This shows that internal cash flow activities come from the company's net profit after debt and tax payments which results in net profit after tax and is one of the company's considerations in carrying out funding activities. In the pecking order theory, it is explained that managers will tend to use internal cash flow in making capital expenditures. If internal cash flow is used as funding, management must choose funding that has the lowest cost of capital, or use other funding alternatives. So it can be concluded that internal cash flow has a positive relationship with capital expenditure. The greater the company's internal cash flow, the greater the company's capital expenditure. The results of this research are also in line with research conducted by Hamidah (2019) which concluded that internal cash flow has a positive and significant effect on capital expenditure. However, the results of this study are not in line with research conducted by Maya (2017), which concluded that internal cash flow does not affect capital expenditure.

The Influence of Sales Growth on Capital Expenditure

Sales growth and capital expenditure have a positive and significant relationship. Increases or decreases in sales growth within a company will affect capital expenditure. When sales growth is high, it will require large capital support. When sales are low, capital requirements are smaller. In telecommunications companies, when sales growth increases, network users increase. In this case, an adequate network is required, thus requiring capital expenditure to meet network development needs. The results of this research are in line with research conducted by Dian and Meliana (2019) which concluded that sales growth has a positive and significant effect on capital expenditure. High or stable sales growth will be closely related to company profits. The higher the sales growth, the higher the capital expenditure.

The Influence of Firm Size on Capital Expenditure

Based on the test results through statistical analysis, the firm size variable based on the t-test results shows that there is a significant effect of > 0.05, namely 0.9639, so it can be concluded that firm size does not have a significant effect on capital expenditure in Telecommunications Sector companies listed on the Indonesia Stock Exchange in 2017-2021. Firm size has a positive and insignificant influence on capital expenditure. This shows that the size of the company which can be shown by the value of total assets, total sales, and total profits can influence the company in meeting its sources of funds for capital needs. The larger the company, the greater the capital required for the company's operational activities. Likewise for investment, and capital requirements. The results of this research are in line with research conducted by Silvina (2013), that firm size does not have a significant effect on capital expenditure. However, this is not in line with research conducted by Criselda and Nariman (2021), that firm size significantly influences capital expenditure. The larger the size of a company, the greater the level of capital expenditure, because the assets used can be utilized.
CONCLUSION

This research aims to determine the influence of internal cash flow, sales growth, and firm size on capital expenditure. This research concludes that internal cash flow has a significant influence on capital expenditure in telecommunications companies listed on the Indonesia Stock Exchange in 2017-2021. Sales growth has a significant influence on capital expenditure in telecommunications companies listed on the Indonesia Stock Exchange in 2017-2021. Firm size does not have a significant influence on capital expenditure in telecommunications companies listed on the Indonesia Stock Exchange in 2017-2021.

REFERENCE


