

Capital Investment, Internationalisation and Firm Performance: An Empirical Study of Listed Manufacturing Firms in The Indonesian Stock Exchange 2011 – 2015

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Abstract – The aims of this study are to investigate the impact of capital investment (CAPEXTA) on the internationalisation (FSTS) and foreign sales growth (FSG), and examines the effect of FSTS on firm performance. The study includes 83 samples of manufacturing firms out of 415 firms that are listed in the Indonesian Stock Exchange (IDX) from 2011 to 2015. This research exercises the dependant variables such as FSTS, FSG and return on asset (ROA) and the independent variables are comprised of CAPEXTA, FSTS. Also includes the controlled variables like industry return, leverage, firm size, fixed assets ratio, market to book value and sales growth. Two models include a simple linear regression and an ordinary least-squares (OLS) are to be applied to surmise the stipulated hypotheses. The result documents that correlation between CAPEXTA and FSTS is negative and U-shaped, conversely the correlation between CAPEXTA and FSG is significantly positive. And, FSTS is negatively correlated with firm performance.

Keywords: capital investment, internationalisation foreign sales growth, firm performance