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Analysis of Company Size in Strengthening The Influence of Financial Performance on Company Value

Analisis Ukuran Perusahaan Dalam Memperkuat Pengaruh Kinerja Keuangan Terhadap Nilai Perusahaan

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Abstract - This research aims to analyze and obtain empirical evidence regarding the influence of financial performance as proxied by liquidity, probability and leverage on company value which is strengthened by company size. The population in this research is manufacturing companies registered on the IDX in 2017- 2022, namely 56 companies. By using purposive sampling, the number of observations was 102 companies from 17 companies. The data was processed using software using eviews 13 software. The novelty in this research is the measurement of the company size variable which is a moderating variable that uses categories, namely small, medium and large companies based on the provisions of OJK No. 53/POJK.04/2017. The research results show that only leverage influences the firm value of the three dependent variables. Company size is not proven to strengthen the influence of financial performance on company value. Company size is a moderating variable that is a moderation homolizer. This research means that investors can consider their investment decisions and can see directly the financial performance, especially the level of leverage, without paying attention to the size of the company.

Keywords: Company Size, Company Value, Leverage, Liquidity, Profitability.

Abstrak *- Penelitian ini bertujuan untuk menganalisis dan memperoleh bukti empiris mengenai pengaruh kinerja keuangan yang diproksikan dengan likuiditas, probabilitas, dan leverage terhadap nilai perusahaan yang diperkuat dengan ukuran perusahaan. Populasi dalam penelitian ini adalah perusahaan manufaktur yang terdaftar di BEI tahun 2017-2022 yaitu sebanyak 56 perusahaan. Dengan menggunakan purposive sampling, jumlah observasi sebanyak 102 perusahaan dari 17 perusahaan. Data diolah dengan software menggunakan software eviews 13. Kebaruan dalam penelitian ini adalah pengukuran variabel ukuran perusahaan yang merupakan variable moderating yang menggunakan kategori yaitu perusahaan kecil, menengah, dan besar berdasarkan ketentuan OJK No. 53/POJK.04/2017. Hasil penelitian menunjukkan bahwa hanya leverage yang mempengaruhi nilai perusahaan dari ketiga variabel dependen. Ukuran perusahaan tidak terbukti memperkuat pengaruh kinerja keuangan terhadap nilai perusahaan. Ukuran perusahaan merupakan variable moderasi yang bersifat homolgiser moderasi. Penelitian ini mengandung makna bahwa investor dapat mempertimbangkan keputusan investasinya dan dapat melihat langsung kinerja keuangan khususnya tingkat leverage, tanpa memperhatikan ukuran perusahaan.*

Kata Kunci *: Leverage, Likuiditas, Nilai Perusahaan, Profitabilitas, Ukuran Perusahaan.*

INTRODUCTION

Currently, the world economy is experiencing quite tight competition between companies. Generally, a company aims to maximize company value, increase wealth, or seek large profits, as well as create prosperity for company owners and shareholders (Nabilah et al., 2023). One of the primary references investors use to make the right decisions is company value. Company value is a perspective investors give regarding a company's success level and is often linked to share prices. According to Siaran Pers (2021), one of the phenomena related to company value in manufacturing companies is the manufacturing industry, which made the most significant contribution to the increase in Indonesia's economic growth, which reached 7.07% in the second quarter of 2021. Several factors influence company value, namely liquidity, leverage, and profitability.

Liquidity is the ability of a person or company to pay off debts that must be paid immediately using its current assets. Companies with a high level of liquidity usually have more opportunities to get various support from many parties, such as financial institutions, creditors, and suppliers. Research from Fakhrana et al. (2019), Farizki et al. (2021), Khosyi (2022), Andry Waskita (2019), and Damayanti (2022) concluded that liquidity influences company value. Different results were shown by research from Ade et al. (2022) and Felicia & Dewi. (2022), Lilian & Harsono. (2017).

The second factor that is thought to influence company value is leverage. Leverage is the use of assets and funding sources by a company with fixed costs to increase shareholder profits. Companies that use leverage aim to make profits greater than fixed costs. Apart from that, leverage can also be interpreted as the level of a company's ability to use assets and funds with a fixed burden, such as debt and special shares, to realize the company's goal of maximizing the wealth of the company owner.

Fakhrudin (2008:109) in (MateriBelajar.co.id, 2023) defines leverage as the amount of debt used to finance or purchase company assets. Companies with more outstanding debt than equity are said to have a high level of leverage.

Referring to previous research on the effect of leverage on company value conducted by (Felicia Herawan and Sofia Prima Dewi, 2021); (Khosyi Tiara Anggita, 2022); (Kristofel, Paulina Van Rate; Sjendry S.R. Loindong, 2023), (Lilian Marceline; Anwar Harsono, 2017) shows that leverage affects company value. Meanwhile, (Farizki et al., 2021) (and Fakhrana Oktaviarni, Yetty Murni, and Bambang Suprayitno, 2019) concluded that leverage does not affect company value.

The third factor that is thought to influence company value is profitability. Profitability is the ability of a company to generate profits during a specific period at a certain level of sales, assets, and share capital. A company's profitability can be assessed in various ways depending on the profits and assets or capital that will be compared with each other. Analysts and investors use profitability ratios to measure and evaluate a company's ability to generate profits (profits) relative to revenue, balance sheet assets, operating expenses, and shareholder equity over a certain period.

Referring to research conducted by (Lestari et al., 2022), click or tap here to enter text. (Wulandari & Efendi, n.d.); (Susesti & Wahyuningtyas, n.d.) (Munzir et al., 2023) shows the results that there is an influence of profitability on company value. This is contrary to the results of research conducted by (Nila & Suryanawa, 2018) (Putra & Sunarto, 2021); (Muhammadiyah Jember et al., n.d., 2021) j(Farizki et al., 2021) who concluded that there is no influence between profitability and company value. Likewise, the results of research from Ibrahim et al (2022) concluded that profitability has no effect on company value which indirectly cannot increase company value.

The factor that strengthens the influence on company value is company size. Company size is a measure, scale, or variable that describes the company's size based on several provisions, such as total assets, log size, market value, shares, total sales, total income, total capital, etc. Grouping of companies based on the scale of operations is generally divided into three categories: large, medium-sized, and trim. Large companies that are well stabilized will find it easier to obtain capital in the capital market compared to small companies. Because this ease of access means large companies have greater flexibility.

According to Bringham and Houston (2015) and (Yusuf Abdhul, 2021), Company size is the average value of total net sales for one year up to specific periods according to what you want to calculate, such as the last five years or ten years. If sales are more significant than variable and fixed costs, these costs can produce a considerable profit and profit before tax. Conversely, the company experiences a loss if sales exceed the total of variable and fixed costs.

Referring to research on the influence of company size on company value conducted by (Fakhrana Oktaviarni, Yetty Murni, Bambang Suprayitno, 2019); (Farizki et al., 2021); (Felicia Herawan; Sofia Prima Dewi, 2021); (Hidayat & Khotimah, 2022) ;(Khosyi Tiara Anggita, 2022) ;(Damayanti & Darmayanti, 2022); (Kristofel; et al., 2023) shows that there is an influence of company size on company value. This differs from the research results conducted by Ade Onny Siagian et al. (2022), Lilian Marceline, and Anwar Harsono (2017), which show no influence of company size on company value.

Referring to previous research on using company size as a moderating variable (Samlatul Izzah, 2017), company size can negatively moderate (weaken) the relationship between leverage and company value and the relationship between profitability and company value. However, research conducted by (Andri Waskita Aji, 2019) shows that profitability positively affects company value, and company size cannot strengthen the relationship between the two (weakens it). Meanwhile, liquidity is supported by company size and hurts company value (strengthening).

The difference between this research and previous research lies in the research object and variables studied, the data analysis method, the addition of company size as a moderating variable, and the use of variable measurement methods.

Based on previous research results, there appears to be a gap in research results. This research aims to test whether company size strengthens the influence of financial performance consisting of liquidity, profitability, and leverage on company value. This research will contribute to the Company's ability to determine appropriate policies to increase company value.

The difference in measurement of the liquidity variable is that the current ratio (CR) was used in previous research. Meanwhile, in this research, researchers used the cash ratio (CR) as a measure for the liquidity variable; there are differences in the measurement of company value variables, whereas in previous research, researchers used Ln (total assets). Meanwhile, in this research, company size as a moderating variable uses a dummy variable dividing companies into small, medium, and large.

LITERATURE REVIEW

Signaling Theory

Signal theory is a theory that shows information between companies and other parties who have an interest in the information Information about a company is the most important thing for business people and investors because the information is used as a tool that contains records and descriptions of the condition of a company, both past, present, and future conditions, for the continuity and smoothness of a company to attract investors.

Agency Theory

Agency theory explains the problems that arise when shareholders rely on managers to provide services on their behalf (Jensen and Meckling, 1976) (Lilian Marceline; Anwar Harsono, 2017). One of the goals of establishing a company is to maximize the value of the company. Every company certainly wants high company value because high company value indicates increased shareholder prosperity.

Company Value (PBV)

Company value is the present value of the cash flow of income or cash expected to be received. Company value can reflect the value of assets the company owns, such as securities. Maximizing Company Value is very important for companies because maximizing Company Value also means maximizing shareholder prosperity, which is an important thing that must be achieved by company management (Kristofer et al., 2023). Company value in share prices can be indicated in various financial ratios. This ratio can give management an idea of how investors assess the company's prospects in the future (Fakhrana et al., 2019). Company value is the assessment given by investors to the company's success and performance, which is reflected in the share price on the market (Hidayat & Khotimah, 2022).

Liquidity (CR)

Liquidity is the ability that shows the speed with which an asset can be converted into cash. A low value of the Current Ratio may mean that the company is having difficulty paying its short-term debt, while a Current Ratio that is too high means that the company cannot utilize its current assets or financing facilities properly. A high level of liquidity can provide a positive signal to investors that the company can use its assets to generate higher profits or profits later. This positive signal to investors will invest their capital in the company so that demand for shares increases and will affect the share price or company value (Khosyi Tiara Anggita, 2022).

Leverage (DER)

The Leverage Ratio is a ratio that measures how much debt is used to finance company assets (Kristofer et al., 2023). The leverage ratio is used to measure a company's ability to pay all its short-term and long-term obligations if the company is dissolved (liquidation).

High leverage, meaning that funding with debt increases, means it becomes increasingly difficult for the company to obtain additional loans because it is feared that the company will not be able to cover its debts with its assets (Ade Onny Siagian; et al., 2022). Companies with a larger debt ratio will distribute smaller dividends because the profits earned are used to pay off liabilities, which will decrease the company's value in the eyes of investors.

Profitability (ROE)

Profitability is the ability of a company to generate profits or profits. The higher the company's profitability, the higher the company's ability to create company profits. Profits or high profits will provide good company prospects, triggering shareholders to increase demand for shares further. According to (Lumoly et al., 2018) and (Andri Waskita Aji, 2019), profitability is an indicator of a company's operational success by getting high profits in the future. This is caused by an increase in net profit, which will drive share prices, which also means an increase in company value. Lestari et al., (2022) state that the higher a company's profits, the more efficient the company is in increasing profits. Good company profitability means that the company's future development will be well appreciated by investors.

Company Size (CM)

A company will be said to be a large or small company only by its physical nature. The bigger the company, the richer the company is. However, this does not mean that small companies have little wealth. According to Financial Services Authority Regulation No. 53/POJK.04/2017, the company size criteria is said to be small scale if it has total assets of no more than IDR 50,000,000,000 (fifty billion rupiah). A company is said to be medium-scale if it has total assets of more than IDR 50,000,000,000 (fifty billion rupiah) to IDR 250,000,000,000 (two hundred and fifty billion rupiah). A company is said to have a large scale if it has total assets of more than IDR 250,000,000,000 (two hundred and fifty billion rupiah).

Liquidity on Company Value

Liquidity, which means the company's ability to fulfill its short-term obligations, can influence investors' perceptions of investing in that location. A high liquidity ratio reflects optimal company performance in utilizing the company's current assets. This affects the company's value, reflected in its share price. Based on previous research conducted by Farizki et al.,(2021); Fakhrana Oktaviarni et al.,(2019); Khosyi Tiara Anggita, (2022); and Damayanti & Darmayanti,(2022). Shows that liquidity affects company value.

H1: There is an influence of liquidity on the value of manufacturing companies in the industrial sector.

Leverage on company value

A company with a high level of debt indicates that it can pay its obligations in the future, thereby reducing investor uncertainty regarding the company's ability to provide a return on the capital that investors have deposited. The increasing demand for shares on the stock exchange will affect the company's share price so that the higher the market price of the company's shares, the higher the company's value is concerned. Results of research conducted by Felicia Herawan and Sofia Prima Dewi, (2021); Khosyi Tiara Anggita, (2022); Kristoferet all.,(2023) and Lilian Marceline et all(2017). Shows that leverage affects company value

H2: There is an influence of Leverage on the Value of Manufacturing Companies in the Industrial Sector.

Profitability to Company Value

Profitability is a company's ability to generate profits or profits. The higher the company's profitability, the higher the company's ability to create company profits. Profits or high profits will provide good company prospects that will trigger shareholders to increase demand for shares further. Referring to research conducted by Lestari et al.,(2022),and Munzir et al.,(2023) shows the results that there is an influence of profitability on company value.

H3: There is an influence of profitability on the value of manufacturing companies in the industrial sector.
H4: Liquidity, Leverage, Profitability, and Company Size influence Company Value.

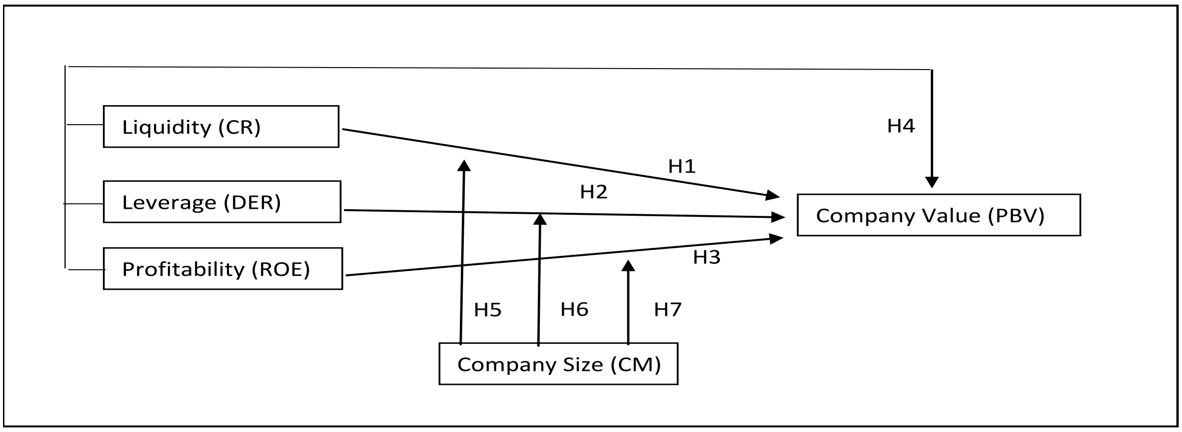

Figure 1 Framework

RESEARCH METHODS

Population and Sample

The population in this research is industrial sector manufacturing companies registered on the IDX in 2017-2022, namely 56 companies. The sampling technique in this research is purposive sampling with the following criteria: (1) Industrial sector manufacturing companies registered on the IDX in 2017-2022; (2) Industrial sector manufacturing companies use the rupiah currency in presenting financial reports; (3) Industrial sector manufacturing companies that attach the required financial reports for 2017-2022; (4) Industrial sector manufacturing companies that have complete data regarding the variables needed for research during 2017-2022. Based on these criteria, a total of 17 companies met. With an observation period of 5 years, the number of observations is 102.

Variable Measurement

Liquidity uses the cash ratio ((Cash + Cash Equivalents) / current Debt); Leverage uses the Debt to Equity Ratio (Total Debt / Total Equity); profitability uses return on equity (net profit after tax / equity); company size uses a dummy (small companies are given the number 0, medium companies are given the number 1, large companies are given the number 2.

Data Collection Techniques and Analysis

The data collection technique used in this research is non-participant observation with secondary data in the form of annual financial reports of industrial sector manufacturing companies listed on the Indonesia Stock Exchange for 2017-2022. Data management in this research uses eviews 13 software, which consists of a model selection test (chow test, hausman test, lagrange test), classic assumption test (normality test, heteroscedasticity and multicollinearity test), hypothetical test, and moderated regression analysis test which consists of pure moderator, quasi moderator, homologiser moderator, and predictor moderator.

FINDINGS AND DISCUSSION

Descriptive statistics

Table 1 Descriptive Statistics

	PBV	CR	DER	ROE
Mean	4.780466	0.537238	0.771081	0.457513
Maximum	155.9079	3.699002	2.522326	38.56957
Minimum	0.054831	0.030545	0.065112	-4.279597
Std. Dev.	17.70211	0.692355	0.495157	3.838069

The company value has a mean (average) value of 4.780466, which is smaller than the standard deviation, indicating variation in the data, which means the company value has a relatively low level.

The most significant (maximum) value is 155.9079 for the company PT. Mark Dynamics Indonesia Tbk in the 2020 period. This shows the achievements of PT's management. Mark Dynamics Indonesia Tbk in the 2020 period was in the best company value condition in managing companies in industrial sector manufacturing companies for the 2017-2022 period. The minimum (lowest) value of 0.054831 is owned by PT. Mulia Industrindo Tbk in the 2020 period. This shows the achievements of PT's management. Mulia Industrindo Tbk, in the 2020 period, was rated the lowest in managing companies in industrial sector manufacturing companies. The standard deviation value of 17.70211 is greater than the mean value, so the data is distributed unevenly, and there is too high of a difference between one data and another.

Liquidity with a mean (average) value of 0.537238, smaller than the standard deviation, shows variation in the data, which means that liquidity has a relatively low level. The maximum value is 3.699002 for the company PT. Supreme Cable Manufacturing & Commerce Tbk for the 2021 period. This shows the achievements of PT's management. Supreme Cable Manufacturing & Commerce Tbk for the 2021 period is in the best company value condition in managing companies in industrial sector manufacturing companies for the 2017-2022 period. The minimum (lowest) value of 0.030545 is owned by PT. Arita Prima Indonesia Tbk in the 2017 period. This shows the achievements of PT's management. Arita Prima Indonesia Tbk, in the 2017 period, was rated the lowest in managing companies in industrial sector manufacturing companies. The standard deviation value of 0.692355 is greater than the mean value, so the data is distributed unevenly, and there is too high of a difference between one data and another.

Leverage with a mean (average) value of 0.771081, more significant than the standard deviation, shows variation in the data, meaning leverage is relatively high. The maximum value is 2.522326 for the company PT. Jembo Cable Company Tbk for the 2017 period. This shows the achievements of PT's management. Jembo Cable Company Tbk for the 2017 period is in the best company value condition in managing companies in industrial sector manufacturing companies for the 2017-2022 period. The minimum (lowest) value of 0.065112 is owned by PT Supreme Cable Manufacturing & Commerce Tbk in the 2021 period. This shows the achievements of PT's management. Supreme Cable Manufacturing & Commerce Tbk in the 2021 period was rated the lowest in managing companies in industrial sector manufacturing companies. The standard deviation value of 0.495157 is smaller than the mean value, so the data distribution in this study is even, and there are no too high differences between one data and another.

Profitability, with a mean (average) value of 0.457513, is smaller than the standard deviation, indicating variation in the data, which means that profitability is relatively low. The median value is 0.089842, meaning that the middle value obtained after sorting from the smallest to the most significant value is 0.089842. The maximum value is 38.56957 for the company PT. Multifiling Mitra Indonesia Tbk for the 2017 period. This shows the achievements of PT's management. Multifiling Mitra Indonesia Tbk for the 2017 period was in the best company value condition in managing companies in industrial sector manufacturing companies for the 2017-2022 period. The minimum (lowest) value of -4.279597 is owned by PT. Mark Dynamics Indonesia Tbk in the 2017 period. This shows the achievements of PT's management. Mark Dynamics Indonesia Tbk in 2017 was rated the lowest in managing companies in industrial sector manufacturing companies. The standard deviation value of 3.838069 is greater than the mean value, so the data in this study is distributed unevenly, and there is a too-high difference between one data and another.

Model Test

Test Chow

To find out whether the common effect model is better than the fixed effect model

Table 2 Chow test

Effect Test	Statistic	d.f.	Prob.
Cross-section F	17.211497	(16,82)	0.0000
Cross-section Chi-square	150.153329	16	0.0000

Based on the table above, the significant level of Cross-section F is 0.0000. The significant level is smaller than 0.05, which means H1 is accepted and H0 is rejected. This shows that the fixed effect model is accepted.

Hausman Test

To find out whether the fixed effect model is better than the random effect

Table 3 Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	11.243929	3	0.0105

Based on the table above, the random cross-section significance level is 0.0105, this significance level is smaller than 0.05, which means H1 is accepted and H0 is rejected. This shows that the Fix Effect Model is accepted.

Model Conclusion

Based on the results of the tests carried out, it can be concluded that the selected model is fixed effect.

Classic assumption test

Normality test

Because the model chosen is a fixed effect, a normality test is not needed

Heteroscedasticity Test

Table 4. Heteroscedasticity Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.303226	0.151092	2.006901	0.0481
CR	-0.086062	0.069027	-1.246779	0.2160
DER	-0.102934	0.101263	-1.016500	0.3124
ROE	0.051757	0.041128	1.258434	0.2118

Based on the table above, the results of the heteroscedasticity test show the probability value for each independent variable with an absolute residual greater than 0.05, so it can be concluded that heteroscedasticity does not occur.

Multicollinearity Test

Table 5. Multicollinearity Test

	PBV	CR	DER	ROE
PBV	1.000000	0.334719	0.035613	0.280612
CR	0.334719	1.000000	-0.397189	0.102728
DER	0.035613	-0.397189	1.000000	0.062818

Based on the table above, the coefficient value of each variable is <0.9, which means that multicollinearity does not occur.

Hypothesis testing

Partial and Simultaneous Tests

Table 6. Multiple Linear Regression with FEM

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.490261	0.235148	2.084899	0.0402
CR	0.165131	0.107429	1.537125	0.1281
DER	0.534292	0.157598	3.390218	0.0011
ROE	-0.006363	0.064009	-0.099411	0.9211
		Effects Specification		
		Cross-section fixed (dummy variables)		
Adjusted R-squared	0.773299	S.D. dependent var		1.398353
F-statistic	19.13269	Durbin-Watson stat		1.762026
Prob(F-statiEffstic)	0.000000			

Based on the table above, multiple regression analysis with a random effect model obtained the following results:

$$Y = 0.490261 + 0.165131CR + 0.534292DER - 0.006363ROE + e \quad (1)$$

A constant of 0.490261 means that if liquidity, leverage, and profitability do not exist or the value is 0, the company value is 0.490261. The regression coefficient for the positive liquidity variable is 0.165131, indicating that if the CR is increased by one unit. At the same time, the other independent variables remain constant; then, the company value will increase by 0.165131. On the other hand, if it is reduced by one unit while the other independent variables remain constant, PBV will experience a decrease of 0.165131.

The regression coefficient for the positive leverage variable is 0.534292. This shows that if the DER is increased by one unit while the other independent variables remain constant, the PBV value will increase by 0.534292. On the other hand, if it is reduced by one unit while the other independent variables remain constant, the PBV will decrease by 0.534292.

The regression coefficient for the profitability variable is – 0.006363. This shows that if ROE is increased by one unit while the other independent variables remain constant, the PBV value will decrease by 0.534292. On the other hand, if it is reduced by one unit while the other independent variables remain constant, the company value will increase by 0.534292.

Based on the results of the significance and t-tests in the table above, liquidity has a significant level of 0.1281 > 0.05. This shows that liquidity does not affect a company's value. So, in H1, there is an influence of liquidity on company value that cannot be accepted (rejected). Leverage has a significant level of 0.0011 < 0.05. This shows that Leverage has a positive and significant effect on Company Value. So H2, there is an influence of Liquidity on company value that is acceptable (acceptable). Liquidity has a significant level of 0.9211 > 0.05. This shows that profitability does not affect company value. So, in H3, there is an influence of profitability on company value that cannot be accepted (rejected). The F test has a significant value of 0.000000 < 0.05. This shows that liquidity, leverage, and profitability affect company value. So, in H4, there is an acceptable influence of liquidity, leverage, and profitability on company value. The coefficient of determination measures how much the independent variable can explain or explain the dependent variable. How to determine the coefficient of determination value by looking at the adjusted r-squared value. Based on the table above, the adjusted r-squared value is 0.773299; it can be concluded that the Company value, which liquidity, leverage, and profitability influence, is 77.3299%, and other variables outside this research affect the remaining 22.6701%.

MRA test

In this case, the MRA test is carried out only for significant independent variables, DER. Based on this, H5 and H7 cannot be accepted.

Table 7. Equation 1 DER and PBV Regression

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.482351	3.798.471	0.126985	0.8993
DER	5.628.991	4.526.979	1.243.432	0.0217

Table 8. Equation 2 DER,SIZE and PBV Regression

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.588.000	9.555.997	-1.661.784	0.1003
DER	2.514.371	4.765.557	0.527613	0.5992
SIZE	9.853.292	5.294.498	1.861.044	0.0663

Table 9. Equation 2 DER,SIZE,DER*S and PBV Regression

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.125.522	1.240.684	-0.907179	0.3670
DER	-1.697.533	3.349.569	-0.506792	0.6137
SIZE	7.417.997	6.739.029	1.100.752	0.2742
DER*S	9.962.491	1.694.632	0.587885	0.5582

From the three equations above, it can be seen that equation 1 DER is significant, and equation 2 Size is not significant. Equation 3 DER*S is not significant. Based on this, the Size variable is a

Homolizer Moderation. Thus, H6 cannot be accepted; company size does not strengthen the influence of leverage on company value.

Discussion

The Effect of Liquidity on Company Value

Based on the results of the partial t-test, the liquidity coefficient value is 0.165131, which shows that liquidity positively influences company value. With a significant value of 0.1281, greater than the value (0.05), the statistical T value of 1.537125 is smaller than the T table 1.66071. This means that the Liquidity variable has no significant influence on Company Value. Based on the results of this research, it can be seen that liquidity, as measured by CR (Cash Ratio), does not affect company value in industrial sector manufacturing companies in 2017-2022. So, the statement that states that liquidity affects company value is not accepted. Thus, the first hypothesis in this research is rejected.

In this research, the level of liquidity does not affect company value. This means that a high level of liquidity will make the company allocate more of its funds to paying off short-term obligations so that the dividends paid to shareholders will be low; this will be responded to negatively by investors. Conditions will make investors less interested in investing, so demand for shares will decrease, and share prices will be lower so that the company's value decreases. The results of this research are in line with research conducted by Felicia Herawan and Sofia Prima Dewi (2021) and also research conducted by Ade Onny Siagian et al. (2022), but this research is not in line with research conducted by (Farizki et al., 2021); (Fakhrana Oktaviarni et al., 2019); (Khosyi Tiara Anggita, 2022); and (Damayanti & Darmayanti, 2022).

The Effect of Leverage on Company Value

Based on the results of the partial t-test, the leverage coefficient value is 0.534292, which shows that leverage positively influences company value. With a significant value of 0.0011, smaller than the value 0.05, the statistical t value of 3.390218 is greater than the t table 1.66071. This means that the leverage variable has a significant influence on company value. Based on the results of this research, it can be seen that leverage, as measured by DER (Debt to Equity Ratio), can influence company value in industrial sector manufacturing companies in 2017-2022. So, the statement that Leverage affects company value can be accepted. Thus, the first hypothesis in this research is accepted. In this research, the level of Leverage can influence company value. Because the increasing demand for shares on the stock exchange will affect the company's share price, the higher the market price of the company's shares, the higher the company's value concerned. Brigham and Houston (2011) (Fakhrana Oktaviarni et al., 2019) explain that investors interpret an increase in debt as the company's ability to pay obligations in the future, resulting in a positive response from the market. Debt can reduce taxable income because companies are required to pay loan interest. Thus, the second hypothesis in this research is accepted. The results of this research are in line with research conducted by Felicia Herawan, Sofia Prima Dewi (2021), Khosyi Tiara Anggita (2022), but this research is not in line with research conducted by (Farizki et al., 2021); (Fakhrana Oktaviarni); (Pure Yetty); (Bambang Suprayitno, 2019); and (Hadion Wijoyo, 2022).

The Influence of Profitability on Company Value

Based on the partial t-test results, it is known that the profitability coefficient value is -0.006363, which shows that profitability negatively influences company value. With a significant value of 0.9211, greater than the value (0.05), the statistical t value -0.9211 is smaller than the t table 1.66071. This means the profitability variable has no significant influence on company value. Based on the results of this research, it can be seen that profitability, as measured by ROE (return on equity), does not affect company value. In this research, profitability does not influence company value. This is because an increase in profitability will not impact company value even though the company experiences an increase in profits. This can be seen based on the regression coefficient value of the profitability variable. This is because the company uses retained earnings and does not distribute them to shareholders, so investors consider it a negative signal. This research finds something similar to bad (negative) signals (information); the signal investors get is not good information, or insufficient information makes investors hesitate to invest in shares. Apart from that, management performance cannot use the assets owned by the company, causing net profits to be small while the assets owned by the company are substantial. This is not by signal theory, which states that increasing or higher profitability can provide a good signal for the public, especially investors. The results of this research are in line with the results of research conducted by Nila & Suryanawa (2018), Putra & Sunarto, (2021), Farizki et al., (2021), and Muhammadiyah Jember et al., n.d., (2021), but this research is not in line with research conducted by (Lestari et al., 2022); (Richard, 2020); (Wulandari & Efendi, n.d.); (Susesti & Wahyuningtyas, n.d.); and also (Munzir et al., 2023).

The Influence of Liquidity, Leverage, Profitability, and Company Size Together on Company Value

The statistical f value is 19.13269 > f table of 2.30 with a significance value of 0.0000 < 0.05, which means that Liquidity (CR), Leverage (DER), Profitability (ROE), and Company Size (dummy total assets) simultaneously influence company value (PVB). The adjusted r-squared value is 0.773299, meaning the coefficient of determination is 0.773299. This states that the company value, which is influenced by liquidity, leverage, profitability, and company size, has a value of 77.3299%, and other variables outside this research affect the remaining 22.6701%. In this research, liquidity, leverage, and profitability can jointly influence company value. This is because if a company can fulfill all its financial obligations, which must be fulfilled immediately, it can be said to be liquid. However, a cash ratio that is too high indicates that there are idle funds (idle cash), which will reduce the company's profit level or profitability. Leverage describes the comparison between the company's total debt and total equity used as business funding. Meanwhile, profitability shows the extent to which the company can manage its capital effectively, measuring the level of profit from investments made by capital owners or holding company shares.

The Effect of Leverage on Company Value with Company Size as a Moderation

Company size cannot moderate the influence of leverage on company value; this is because leverage with the DER (debt to equity ratio) proxy can describe the company's funding policy. Management can decide to raise funding through debt in the form of bonds or through capital in the form of shares. Optimal debt occurs when the tax savings benefits reach the maximum amount relative to the cost of capital. The company will continue to be in debt up to a certain level where the tax savings benefits outweigh the cost of capital. However, if the debt continues to increase, you will experience a situation where the cost of capital is greater than the tax savings because the more money you borrow, the more capital costs will increase. The higher the debt ratio, which can also show the percentage of assets financed by debt, the greater or higher the financial risk. Investors use DER to ensure that the company is safe for investment, can fulfill short-term and long-term obligations, and can generate stock returns. A large company will be seen from the assets it owns. The assets owned by the company will be used to finance all of the company's short-term and long-term liabilities.

SUMMARY

Liquidity does not affect company value in industrial sector manufacturing companies listed on the IDX for 2017-2022. This is because a high level of liquidity will make the company allocate more of its funds to paying off short-term obligations so that the dividends paid to shareholders will be low; this will be responded to negatively by investors. Leverage influences company value in industrial sector manufacturing companies listed on the IDX for 2017-2022. This is because the increasing demand for shares on the stock exchange will affect the company's share price, so the higher the market price of the company's shares, the higher the company's value is concerned. Profitability does not affect company value in industrial sector manufacturing companies listed on the IDX for the 2017-2022 period. This is because investors pay more attention to market conditions than profitability when buying or selling shares. Liquidity, leverage, profitability, and company size together influence company value in industrial sector manufacturing companies listed on the IDX for the 2017-2022 period. Company size as a moderator cannot moderate the influence of leverage on company value in industrial sector manufacturing companies listed on the IDX for the 2017-2022 period. This is because leverage can describe the company's funding policy. If capital continues to be increased, you will experience a situation where the cost of capital is greater than the level of tax savings because the more money you borrow, the more capital costs will increase. A large company will be seen from the assets it owns. The assets owned by the company will be used to finance all of the company's short-term and long-term liabilities. The implications of this research can guide manufacturing companies on what factors can increase company value as represented by the independent variables used in this research. So that, with these results, investors can consider their investment decisions. Apart from that, it can provide additional information and serve as reference material that can be used to improve further research. The limitation of this research is that the sample is only limited to industrial sector manufacturing companies in 2017-2022 with a sample size of 17, so observations in this research are less varied. The advice that can be given to investors is that they are expected to pay attention to factors that influence company value, especially leverage because this research indicates that liquidity and profitability do not have a significant effect on company value. The company is expected to continue increasing its value from year to year by increasing profitability and optimizing liquidity and leverage to provide confidence for investors and potential investors. Companies are expected to be able to manage assets, especially assets financed with debt, optimally so that investors' uncertainty about investing in the Company will be reduced and the Company can make shareholders prosperous. For future researchers, the suggestion that can be given is to add research variables because there are still several other variables that also influence company value, for example, capital structure, dividend policy, and other variables. and pay attention to variations in the data used so that researchers can predict research results in each company sector regarding company value. Pay attention to the level of variation in observational data used so that researchers get more accurate research results and can compare research results from year to year. Increase the research period so that you get more precise research results and can compare research results from year to year.

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