

The Affect Of Profitability, Leverage And Company Size On Enterprise Value In Financial Industry Section Company In BEI 2021-2022

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ABSTRAK

This study aims to test the effect of profitability, leverage, and corporate size on corporate value. The research population includes all financial sector companies registered with the BEI for 2021-2022. This study sample was obtained using the purposive sampling method, in which only 32 financial sector companies registered with the BEI met all criteria, so 64 data were used as research samples. This study used multiple regression models to test the effect of each independent variable on the dependent variable. The results of this study show that corporate profitability, leverage, and size partially affect corporate value.

Keywords: Profitability; Leverage; Company Size; Company Value

ABSTRACT

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INTRODUCTION

The current development of the industrial world is so rapid that there is a growing competition. Based on Aida, (2020) The current competition requires the company to further increase operational efficiency in order to always achieve its goals. Competitive and superior companies must certainly perform well to maintain their existence. The company can reflect its performance through corporate value. Financial performance is an analysis conducted to see how well and accurately a company implements and uses financial implementation rules. Through this financial activity, corporate value can be determined. The higher the company's financial performance, the higher the company's value, and vice versa if the company's performance is bad, the company's value will be go down (Jihadi *et al.*, 2021). Previous studies such as Dina *et al.*, 2020, and Regia *et al.*, 2020 have found profitability to have a significant positive effect on corporate value. The research of Markonah & Franciska (2020) shows that leverage affects corporate value, while Aisyah (2019) shows that leverage does not affect corporate value. According to Al-slehat, *et al.*, (2020) research, the size of the company affects corporate value, while Pribadi (2018) research company size does not affect corporate value.

Table 1 Stock Trading Recapitulation of the Financial Industry Sector

Periode	Total Transaksi			Rata-rata Transaksi		
	Volume*	Nilai**	Frek***	Volume*	Nilai**	Frek***
Smt I-2022	259.568,20	521.879,89	24.198,79	2.237,66	4.498,96	208,61
Smt II-2022	279.646,05	504.108,56	20.551,63	2.151,12	3.877,76	158,09
Smt I-2023	172.840,91	380.149,50	16.225,46	1.516,15	3.334,64	142,33
Januari	41.333,36	80.084,43	3.106,24	1.968,26	3.813,54	147,92
Februari	32.309,93	63.263,44	2.788,37	1.615,50	3.163,17	139,42
Maret	28.940,72	73.284,95	3.221,52	1.378,13	3.489,76	153,41
April	18.259,07	43.524,75	1.915,91	1.304,22	3.108,91	136,85
Mei	28.150,64	68.720,88	2.841,01	1.340,51	3.272,42	135,29
Juni	23.847,19	51.271,04	2.352,41	1.402,78	3.015,94	138,38

Based on the table 1 it can be seen that as far as the first semester of 2022 to the first semester of 2023, total stock transactions continued to decline significantly from a total of 259,568.20 from the first semester of 2022 to 172,840,91 in 2023, the reason or cause of the decline in stock transactions occurred due to many factors, Among them are declining corporate profitability, high corporate leverage and low corporate size. For example, in Bank JAGO Tbk in 2021-2022 its profitability has decreased so that it has an impact on the company's stock price which has also decreased, this is a phenomenon that occurs in the financial industry sector, which encourages the assessor to interpret this title.

This study was conducted because there was a bias or discrepancy in the research results of previous researchers and moreover no researchers have conducted the same title but the object of the study was the financial industry in 2021-2022.

RESEARCH METHODS

Research design

The type of research that the author does is quantitative research, that is, research that reveals the magnitude or smallness of an influence or relationship between the variables expressed in the numbers, and that is, the degree to which they are expressed. by collecting data that is a supporting factor for the influence between the variables concerned then attempting to be analyzed using an analysis tool that matches the variables in the study.

Population, Sample, Sampling

The population in this study is financial firms from 2021-2022 on the Indonesia Stock Exchange. Based on the table in the introduction where stock transactions continue to experience a significant decline in companies that belong to the financial industry sector group in the 2021-2022 period in Indonesia, researchers chose samples in financial industry sector companies in the 2021-2022 Indonesia stock exchange. The sampling technique in this study is purposive sampling. Sugiyono's notion of purposive sampling (2018:52) is a technique for determining samples based on specific considerations.

Data Collection Techniques

The data in this study were obtained using documentation methods, namely data collection from data obtained through documents by reading, studying, classifying, and using secondary data in the form of company annual reports corresponding to the problems studied. This study uses secondary data, which is indirectly obtained research data, but through intermediate media. These secondary data are company annual reports, they are used to determine profitability, leverage, company size, and corporate value obtained from the BEI website.

RESULTS AND DISCUSSION

Results

Descriptive Statistical Analysis

Table 2 Results of Descriptive Statistical Analysis

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
X1	64	.0019	.8183	.084611	.1106880
X2	64	.0000	1.1240	.746339	.2132952
X3	64	.0000	30.4395	19.493480	5.3985876
Y_LN	64	-.99	4.76	2.2990	1.07229
Valid N (listwise)	64				

Normality Test

A good regression model is one that has a normal or near-normal distribution. Data analysis requires normal distributed data to avoid bias in data analysis. The perco-baan procedure was performed according to the Kolmogorov-Smirnov test, with the following provisions:

Table 3 Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		64
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.40723463
Most Extreme Differences	Absolute	.068
	Positive	.061
	Negative	-.068
Test Statistic		.068
Asymp. Sig. (2-tailed)		.200 ^{c,d}
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Based on table 3, we show that the significance value is 0.200 which means that the value is greater than 0.05, so it can be concluded that the variables Profitability (X1), Leverage (X2), and Profitability (X2) are the same. Company Size (X3) and Company Value (Y) indicate that the information in each study is statistically distributed and can be used as research information.

Multicollinearity Test

Multicollinearity testing aims to determine whether there is a strong correlation between independent variables in multiple linear regression models. If there is a strong correlation between independent variables, it will be disrupted. The statistical identifiers widely used to test ken-in multicollinearity are the Variance Inflation Factor (VIF) and tolerance values. The table below shows the multicollinearity test.

Table 4 Multicoloniarity Test Results

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	X1	1.000	1.000
	X2	.878	1.140
	X3	.878	1.140

Based on the table above for all variables, the tolerance value obtained is greater than 0.10 and the VIF value is less than 10.0. So it can be concluded that there is no multicollinearity-bag phenomenon.

Heteroscedasticity Test

A good regression model is a homoscedasticity model or a model without heteroscedasticity (Ghoz-ali, 2018). Based on the data processing results, the Scatterplot results can be seen in the following figure:

Table 5 Heteroscedasticity Test Results

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.238	.094		2.530	.014
	X1	.308	.189	.135	1.634	.107
	X2	.765	.104	.645	7.326	.689
	X3	.632	.004	.683	7.754	.697

a. Dependent Variable: ABS_RES

Based on table 4 it can be concluded that the significance value of the entire variable is greater than 0.05 so it can be concluded that there is no heteroscedasticity problem or regression model there is no heteroscedasticity problem.

Autocorrelation Test

In this study the autocorrelation test used Durbin Watson because the Durbin Watson-ing method was used to test whether autocorrelation occurs in independent variables. A good regression model is one that has no autocorrelation. The limit to avoid autocorrelation is the number $DU-D-4-DU$.

Table 6 Autocorrelation Test Results

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.925 ^a	.856	.849	.41729	1.723

a. Predictors: (Constant), X3, X1, X2

b. Dependent Variable: Y_LN1

Based on the SPSS output in the table 6, the value of Durbin Watson is 1.723 greater than the value of DU of 1.694 and the value of Durbin Watson is smaller ($<$) than the value of $4-DU$ of 2.306 so that no signs of autocorrelation can be inferred.

Regression Analysis Test

After a classical assumption test, it can be concluded that the model can be used to test multiple linear regression analysis.

Based on multiple regression tests performed using SPSS 25 for Windows, the following equation can be found:

$$Y = 5,075 + 1,033X1 + 1,223X2 + -0,194X3$$

F Statistics Test

Based on the statistical tests of F-counting, 118,665 significance values of 0.000 (<0.05) it can be concluded that all independent variables, namely profitability, leverage, and company size have a simultaneous significant effect on corporate value variables.

Determinant Coefficient Test (R²)

Based on the determinant coefficient test, an Adjusted R Square (R²) value of 0.894 or 89.4%. Adjusted R Square (R²) value. Therefore, it can be said that the tied variables of corporate value can be explained by the profitability, leverage, and corporate size variables of 89.4% while the remaining 10.6% is explained by other variables that are not included in this study.

Discussion

a) The profitability variable gives a parameter coefficient (t-count) value of 2.174 with a significance level of 0.034 (<0.05). It means that H1 is acceptable and profitability can be said to have a significant influence on corporate value.

The results of this study support the hypothesis that profitability is a measure of a company's ability to profit by performing activities using equity or capital.

b) The leverage variable gives a parameter coefficient value (t-count) of 4.649 with a significance level of 0.000 (<0.05). It means that H2 is acceptable so that leverage has a significant effect on corporate value.

The results of this study support the hypothesis that companies with higher debt levels will increase profits that have an impact on increasing investor interest in investing.

c) The company size variable gives a parameter coefficient value of -18.634 with a significance level of 0.000 (<0.05). It means that H3 is acceptable so that it can be said that the size of the company has a significant effect on corporate value.

The results of this study support the hypothesis that the size of a company can demonstrate the achievements of a company.

CONCLUSION

The conclusion of this study can be stated as follows: (1) The profitability variable measured by Return On Assets (ROA) has a positive effect on corporate value. High profitability can increase a company's stock price; (2) Variable leverage measured by Debt To Equity (DER) has a positive effect on corporate value. Companies with high leverage tend to have high investment risks, so high leverage will lower corporate value; (3) The company size variable measured by the total natural logarithm (Ln) negatively affects corporate value. The larger the size of a company, the more attention investors have on a company.

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