

## **FACTORS AFFECTING THE VALUE OF COMPANIES IN THE FOOD AND BEVERAGE COMPANIES LISTED ON BEI**

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**Keywords** : Capital Structure, Profitability, Liquidity, Company Growth, Firm Size, Firm Value.

**Abstract** : *The increasing number of companies in the era of industrialization today, requires companies to be able to compete in national and international markets. One good company can be seen from the value of the company, maximizing company value means increasing company performance in order to achieve the company's vision. The purpose of this research is to find out whether the influence between capital structure (DER), profitability (ROA), liquidity (CR), company growth and company size on firm value. The population in this study is the food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange in the 2015-2018 period. The sample in this study were 11 companies that met the criteria in the study. Data analysis technique used is multiple linear regression. The results showed a significant influence is capital structure and profitability. The benefit of this research is to provide additional information to researchers who will develop knowledge in the field of financial accounting.*

### **1 INTRODUCTION**

The number of industries that currently exist requires companies to be able to compete in maximizing the value of their companies. Maximizing the value of the company is to increase revenue and minimize the amount of this expenditure for the purpose of prospering the shareholders that must be achieved by the company. Companies are categorized as good if their resources are abundant and this is a positive value for investors. A company with high corporate value reflects a company with a good financial position (Andini & Wirawati, 2014). There are several factors that can affect the value of the company including capital structure, profitability, liquidity, company growth and company size. In maximizing the value of the company management is required to be able to know and fix the weaknesses that exist in the company. What should be done so that the company can attract the attention of investors to invest their capital in the company.

Empirical results from Safrida (2016) prove that capital structure has a positive and significant effect on firm value. This means that companies use more equity as a source of use of funds rather than using debt so that it affects the increase in firm value. However, this research is not in line with research conducted by Dhani & Utama (2017) that capital structure has no effect on firm value. Information about the company's capital structure can not be used as a benchmark predicting the value of the company, which means that the higher the capital structure is not too influential in increasing the value of the company.

Mardiyati et al (2012) states that profitability has a significant positive effect on firm value. High profit will give an indication of a good company prospect so that it can attract investors to join and invest in the company. The increasing demand for shares will cause the value of the company to increase. This study is not in line with research conducted by Rahayu & Sari (2018) which states that profitability has no effect on firm value. Research conducted by Anggarwal & Padhan (2017) shows that liquidity affects company value. This is not in line with research conducted by Lubis et al (2017), that liquidity has no effect on firm value.

Research conducted by Suryandani (2018) found that company growth had a significant positive effect on firm value. Because the magnitude of changes in total assets in the study year is greater than the previous year. This is not in line with Safrida's (2016) study that company growth has no effect on firm value.

Research conducted by Pratama & Wiksuana (2016) found that company size had a significant positive effect on firm value. However this is not in line with research conducted by Rumondor et al (2015) that company size has no effect on firm value.

Based on some of the studies described above there are inconsistent results. Based on some of the studies described above there are inconsistent results. So this study intends to examine "Factors Affecting Company Value in Food and Beverage Companies Listed on the IDX".

## 2 LITERATURE REVIEW

### Stakholder Theory

Stakeholder theory is a theory which states that a company must be able to provide benefits to all its stakeholders, this is because the company is not an entity that operates for the benefit of the company's life itself (Ghazali and Chairiri, 2007). Each stakeholder has the same right in obtaining information on activities that occur in the company, such as shareholders, government, creditors, the community, and other parties who have an interest. For the survival of the company requires support from stakeholders because it can help the management in minimizing losses stakeholders and create value for the company

### Company Value

Company value is the market price paid by prospective buyers at the time the company issues its shares on the capital market, an indicator of the value of the company being traded on the stock exchange is in the form of stock prices (Husnan, 2014). According to Hermuningsih (2013) the value of a company is closely related to stock prices because when stock prices rise this gives a positive signal to investors of the company's success. High stock prices increase market confidence in company performance and this also has a good impact on the company's future so that the company's value will increase.

### Capital Structure

Capital structure reflects the balance between debt and equity owned by the company if the company requires large funds, it needs assistance from external parties for the business development process (Riyanto, 2015: 22). Rasiao used to measure the Capital Structure is Debt to Equity Ratio (DER).

### Profitability

Profitability is the net profit generated by a company from its operational activities (Soliha and Taswan, 2002). Profitability illustrates the level of success of a company's management in generating profits so as to foster good trust in investors. This must be maintained and improved.

### Liquidity

According to Mamduh (2004), liquidity means the company's ability to pay short-term obligations that must be paid immediately or when due. Liquidity can be used as a measure for companies to pay their bills on time. A liquid company if able to pay all its debts on time so that the company is said to be good. The ratio used to measure liquidity is the current ratio. If this ratio gets bigger the better the company's ability to pay off its debt in a timely manner.

### Company Growth

According to Machfoedz (2007), growth (growth) is how far the company can place itself in a good economic share in the same industry. Usually companies with good growth have large assets or resources and also perform well.

### Company Size

According to Safrida (2016), company size is able to influence firm value. The size of the company is the company's balance from the number of sales generated and overall assets. The bigger the company, the easier it will be to obtain funding sources.

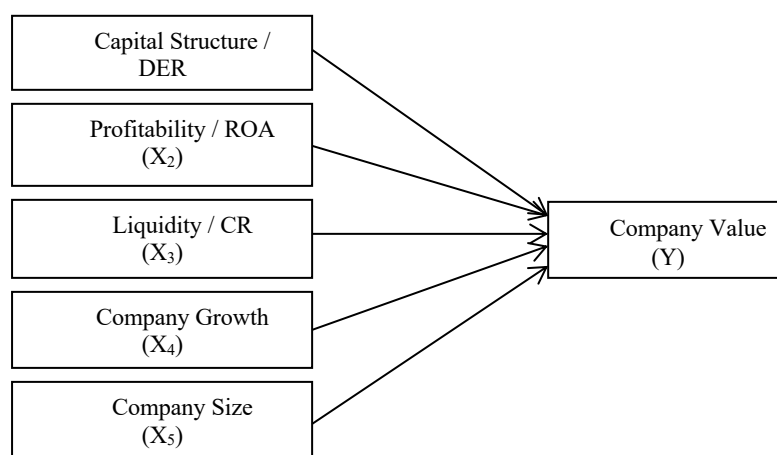


Figure 1. Research Framework

#### Effect of Capital Structure on Company Value

Safrida's research results (2016) show that capital structure influences firm value. While the research conducted by Lubis et al (2017) obtained the results that the variable capital structure does not affect the value of the company, so the researchers formulated the first hypothesis as follows:

*H1: Capital Structure Influences Company Value*

#### Effect of Profitability on Company Value

Mandey et al (2017) research results show that profitability affects firm value. While Rahayu & Sari's research (2018) shows that profitability has no effect on firm value, so researchers formulate the second hypothesis as follows:

*H2: Profitability Influences Company Value*

#### Effect of Liquidity on Company Value

Research conducted by Anggarwal & Padhan (2017) provides the result that liquidity has an effect on firm value. While the results of Zuhroh's research (2019) variable liquidity has no effect on firm value, so researchers formulate the third hypothesis as follows:

*H3: Liquidity Influences Company Value*

#### Effect of Company Growth on Company Value

Research conducted by Dhani & Utama (2017) gives the results that company growth influences company value. Meanwhile, according to Safrida (2016) concluded the results of his research that the variable company growth does not affect the value of the company, so researchers formulated the fourth hypothesis as follows:

*H4: Company Growth Influences Company Value*

#### Effect of Company Size on Company Value

Research conducted by Anggarwal & Padhan (2017) firm size variables affect firm value. Whereas Purwohandoko's research (2017) found that company size had no effect on firm value, so the researchers formulated the fifth hypothesis as follows:

*H5: Firm Size Influences Company Value*

### 3 METHODOLOGY

This research is a quantitative study that uses data analysis with statistical characteristics with the aim to test the hypotheses determined and the variables studied are Capital Structure (X1), Profitability (X2), Liquidity (X3), Company Growth (X4) and Firm Size against Value Company. The data source used in this study is secondary data in the form of financial statements of food and beverage manufacturing companies listed on the Indonesia Stock Exchange during the period 2015-2018. Research instrument in the form of documentation. The

population in this study Food and beverage companies listed on the Stock Exchange during the 2015-2018 period. In the selection of samples using a purposive sampling method. The data analysis method used is multiple linear regression.

The multiple linear regression model is as follows:

Multiple Linear Regression Analysis Test

$$Y = \alpha + \beta\text{DER} + \beta\text{ROA} + \beta\text{CR} + \beta\text{TAGR} + \beta\text{Size} + e$$

Information :

Y	: Company Value
A	: Constants
DER	: Capital Structure
ROA	: Profitability
CR	: Liquidity
TAGR	: Company Growth
Size	: Company Size
e	: error

Table 1. Measurement of Research Variables.

Variables	Measurement
Company Value (Y)	PBV
Capital Structure (X1)	DER
Profitability (X2)	ROA
Liquidity (X3)	CR
Company Growth (X4)	TAGR
Company Size (X5)	Total Asset

## 4 FINDINGS AND DISCUSSION

### Descriptive Statistics Test

Table 2. Descriptive Statistics

Variabel	N	Minimum	Maximum	Mean	Std. Deviation
PBV	44	0,21	30,17	4,9648	7,36207
DER	44	0.16	1,77	0,8347	0,46569
ROA	44	0.01	0,53	0,1236	0,10927
CR	44	0,58	8,64	2,5893	1,90928
TAGR	44	0,00	0,62	0,1528	0,12952
Size	44	26,66	32,20	29,0138	1,49436
Valid N (listwise)	44				

Based on the results of descriptive statistics in table 4.4, the number of observational data is 44. PBV variable with a minimum value of 0.21, a maximum value of 30.17, with an average value of 4.9648, and a standard deviation of 7, 36207. DER variable with a minimum value of 0.16, a maximum value of 1.77, with an average value of 0.8347 and a standard deviation of 0.46569. ROA variable with a minimum value of 0.01, a maximum value of 0.53, with an average value of 0.1236, and a standard deviation of 0.10927. The CR variable with a minimum value of 0.58, a maximum value of 8.64, with an average value of 2.5893, and a standard deviation of 1.90928. TAGR variable with a minimum value of 0.00, a maximum value of 0.62, with an average value of 0.1528, and a standard deviation of 0.12952. Size variable with a minimum value of 26.66, a maximum value of 32.20, with an average value of 29.0138, and a standard deviation of 1.49436.

### Model Feasibility Test

Table 3. F test

F value	F Table	Sig.	Standard	Decision
52,644	2,612	0,000	< 0,05	Model Accepted

These results indicate that F value > F table (52,644 > 2,612) and a significance value of 0,000 which means less than 0.05 (0,000 < 0.05), it can be concluded that the regression model is feasible and influential simultaneously.

### Hypothesis Test

Table 4. T test

Hypothesis	T value	T table	Sig.	Standard	Decision
H1	2,163	2,024	0,037	< 0,05	Accepted
H2	13,085	2,024	0,000	< 0,05	Accepted
H3	-1,833	-2,024	0,075	< 0,05	Rejected
H4	0,610	2,024	0,546	< 0,05	Rejected
H5	0,019	2,024	0,985	< 0,05	Rejected

Based on the results of the t test above shows that H1 and H2 are accepted, which means DER and ROA affect the PBV. While H3, H4 and H5 are rejected which means CR, TAGR and Size have no effect on PBV.

### Coefficient of Determination

Table 5. Determination Coefficient Test

Adjusted R Square	Conclusion
0,857	Influence 85,7%

The results of the coefficient of determination (Adjusted R<sup>2</sup>) test showed that the independent variable in this study could explain the variation in the dependent variable of the firm's value of 85.7%. This can be seen from the Adjusted R Square value of 0.857. While 14.3% of the dependent variable firm value is influenced by other variables outside the model of this study.

### Discussion

From the test results that have been done hypothesis 1 explains that DER has a positive and significant effect on PBV. The higher the DER value can increase PBV. This means that more companies use equity as a source of use of funds rather than using debt so that it affects the increase in the value of the company. These results are in line with research by Safrida (2016), Mandey et al (2017), Rahayu & Sari (2018) and Oktarina (2018).

Hypothesis 2 testing explains ROA positive and significant effect on PBV. With a high profitability ratio owned by the company will attract investors to invest in the company. The high investor interest has a positive impact so that it will raise stock prices and then the value of the company goes up. These results are in line with studies of Safrida (2016), Lubis et al (2017), Dhani & Utama (2017), Mandey et al (2017), Indriyani (2017), Suranto et al (2017), Dama & Tulung (2017), Anggarwal & Padhan (2017), Tahu & Susilo (2017), Oktarina (2018) and Zuhroh (2019).

Hypothesis 3 testing explains that CR has no effect on firm value. These results are in line with research by Lubis et al (2017), Tahu & Susilo (2017) and Zuhroh (2019) which states that CR has no effect on PBV. Due to the CR variable which is a comparison between current assets and current debt. If current assets increase, it means that there are funds that are not optimally utilized by the company, which results in the company not being able to optimally prosper the shareholders. So that PBV cannot increase.

Hypothesis 4 TAGR test results have no effect on PBV. These results are in line with research by Safrida (2016) and Purwohandoko (2017) which states that TAGR has no effect on PBV. From the results of the study

the increase in company growth does not affect the value of the company for investors. This means that information about the company's growth is not so important that it can be used as a reference in predicting the value of the company.

Hypothesis 5 size hypothesis testing results do not affect the PBV. This result is in line with research by Indriyani (2017) and Purwohandoko (2017) which states that size does not affect PBV. This is not in line with the theory which states that the larger the size, the easier it will be to obtain external funding. The possibility that can occur from the results of this study companies are more likely to like internal funding, so the size does not affect the use of external funding sources.

## 5 CONCLUSION

The purpose of this study is to determine the effect of DER, ROA, CR, TAGR and Size on PBV. By using a sample of 11 companies in a 4 year study period, 44 data were obtained. Based on the results of the regression analysis, the results show that DER and ROA affect PBV while CR, TAGR and Size do not affect PBV. This study has several limitations including, the research period in this study is only 4 years starting from 2015-2018. This research is only limited to food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange with the 2015-2018 research period. This study only examined 5 independent variables and one dependent variable. So it is estimated there are other independent variables that affect the value of the company. Company value in this study, only measured using PBV (Price Book Value). The suggestions for future researchers include, further researchers should expand the population in manufacturing companies listed on the IDX so that research results can be generalized to other sectors. For the next researcher, it is better to add or develop research variables related to company value such as dividend policy, investment policy, managerial ownership and institutional ownership. In measuring company value that is proxied by PBV, for further research other proxies such as Q-Tobin can be used.

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