



DETERMINANT FACTORS ON FIRM VALUE OF MANUFACTURING INDUSTRY

Putri Indah Wibowo¹, Achmad Saiful Ulum^{2*}

^{1,2} Institute of Economic Science Perbanas Surabaya

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ABSTRACT

Destination from this research is to examine Determinant Factors On Firm Value Of Manufacturing Industry. This study uses a quantitative approach. The data collection technique used in this research is the documentation method, namely by collecting data from complete financial reports that have been published by the company through the official website of the Indonesia Stock Exchange (IDX), namely www.idx.co.id. The sampling technique used was purposive sampling method with a sample of 50 companies. The data analysis method used is multiple linear regression analysis using SPSS version 16 software application. The results show that simultaneously profitability, leverage, investment decisions, liquidity and managerial ownership have a significant effect on firm value. Partially profitability, investment decisions, liquidity, managerial ownership have no effect on firm value and leverage has a significant positive effect on firm value.

Keywords: Profitability, Leverage, Investment decisions, Liquidity and managerial ownership, Firm value.

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Author correspondence:

E-mail: achmad.saiful@perbanas.ac.id

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INTRODUCTION

The increasing development of manufacturing companies creates a competition that requires companies to be able to withstand competition such as the need for technology, products and human resources, so the company must have clear objectives. The goal of company management is to maximize the value of the shareholders' wealth (Harmono, 2017: 1). The value of shareholder wealth is obtained from high company value and companies that have increased job prospects, so that in the sense that high company value indicates the prosperity of shareholders is also high.

The main long-term goal of a company is to increase the value of the company. Company value is also very much needed to prove how good or bad management is in managing the company's wealth, which can be seen from the financial performance indicators obtained by the company. Firm value is a value that not only reflects current intrinsic value but also reflects the prospects and expectations of the company's ability to increase its wealth value in the future (Silaban, 2013). Hendragunawan, Alamzah & Sanusi (2015) stated that company value is also very important because value can be considered as the success of management in managing the company. Stakeholder theory explains that the increase in the value of the company can be measured by the share price which indicates the shareholder's wealth.

The results of previous studies state that there are several factors that influence firm value, namely: profitability, leverage, investment decisions, liquidity, and managerial ownership. These factors are factors that have a relationship that can affect firm value. The first factor that can affect firm value is the profitability ratio. According to Hery (2016: 64), the profitability ratio is a ratio that describes the company's ability to generate profits

through all its capabilities and resources, namely from sales activities, use of assets, and use of capital. Firm value is influenced by the size of the profitability. According to Clementin & Priyadi (2016), high profitability reflects that the company can generate high profits and the prosperity of shareholders will increase. Companies with high profitability will also attract investors to compete in buying company shares because investors think that the company's management has managed to manage its assets and capital to maximize profits.

Previous research related to profitability has stated inconsistent results. Research conducted by Hari Purnama (2016) shows that the profitability variable has a positive and significant effect on firm value. In contrast to Panji Putranto's research (2018), the results show that the profitability ratio has a significant negative effect on firm value. The second factor that can affect firm value is leverage. Leverage is the use of assets and sources of funds by companies that have fixed costs with the intention of increasing the potential profits of shareholders (Sartono, 2012: 257). The higher the leverage of a company, the higher the risk because the funds released from the debt element are greater than their own capital. So it can be concluded that leverage has a negative effect on firm value because high leverage indicates that companies tend to use debt as their capital structure so that it will reduce firm value. Leverage can also have a positive effect on firm value, meaning that the company is able to manage its debts so that it can increase company value.

This is reinforced by research conducted by Putri Rizki Andriani (2019) showing the results that the leverage ratio has a positive and significant effect on firm value. This study is not in line with the research of Mey Rina Putri and Nur Handayani (2016) showing the results that the leverage ratio has a negative

and significant effect on firm value. Another factor that can affect firm value is investment decisions. According to Sutrisno (2012: 5), investment decisions are a matter of how financial managers must allocate funds into investment forms that will be able to bring benefits in the future. If the company is able to make the right investment decisions, the company's assets will produce optimal performance so that it can provide a positive signal for future investors that will raise stock prices and increase company value.

Research conducted by Hari Purnama (2016) shows that investment decisions have a significant positive effect on firm value. The results of this study are not in line with the research of Merina Salama, Paulina Van Rate, Victoria N. Untu (2019) that investment decisions have a negative and insignificant effect on firm value. Apart from profitability, leverage, investment decisions, there are other factors that can affect firm value, namely liquidity. According to Hery (2016: 60), liquidity is a ratio used to measure a company's ability to meet its short-term obligations in the form of short-term debts. This ratio compares short-term liabilities with short-term resources (current assets) available to meet these short-term liabilities. The higher the liquidity of the company, the higher the level of trust given by creditors in providing funds, so it can also increase the value of the company in the eyes of creditors and potential investors.

Research conducted by Maulana Ihsan, Inge lengga, Tumpal Manik, (2019) and AA Ngurah Dharma Adi Putra and Putu Vivi Lestari (2016) stated that liquidity has a significant positive effect on firm value. This research is not in line with Putri Rizki Andriani's research (2019) which states that liquidity has a negative and significant effect on firm value. Firm value is also influenced by managerial ownership. The greater the proportion of managerial ownership in the company,

the management tends to be proactive in the success of the company so that it can benefit shareholders and increase company value. According to Sonya Majid (2016: 4), stated that managerial ownership is the shareholder of management who is active and participates in decision making in the company, for example, directors and boards of commissioners.

Research conducted by Maya Indah, Farida, Titik, Dewa Putra (2016) states that managerial ownership has a significant positive effect on firm value. This research is also reinforced by research by Panji Putranto (2018) which states that managerial ownership has a significant positive effect on firm value. The two studies are not in line with the research of Ni Made Suastini, Ida Bagus Anom, Henny Rahyuda (2016) which states that managerial ownership has a negative and significant effect on firm value.

A high level of profitability will be a measure of how the company can stay in business by obtaining an adequate return on profits compared to the risks. The measurement of the level of profitability uses the ROA (return on assets) ratio, which is information about the net income generated by the company by comparing the net income before tax with its total assets. Profitability has a positive influence on firm value. The higher the ROA ratio, the higher the profit generated, meaning that the company can use its assets efficiently. High profitability means that the company's performance is good so that investors are interested in investing their capital by buying company shares.

Leverage is the ratio to measure how far the company is financed by debt or outsiders. Additional capital obtained from debt to carry out operational activities can affect company value. If the additional capital is managed properly, it will provide benefits for the company, on the other hand, if the capital funds are not managed properly or cause a burden on the company,

it will reduce the value of the company.

The purpose of investment decisions is to obtain a high level of return with a certain level of risk. The higher the level of investment decisions set by the company, the higher the opportunity to get big profits. In other words, companies that have high investment decisions are able to influence investors' understanding to be interested in investing in these companies so that they can increase the demand for shares at company value.

Liquidity shows the company's ability to meet short-term obligations. Liquidity has an influence on firm value, has a positive effect on firm value. The higher the liquidity, the better the company is in paying its short-term debt. Companies that have high liquidity mean that the company's performance prospects are good. Investors and creditors consider this matter, of course, because the company gives a positive signal. So, investors believe that the company is in a stable financial condition and creditors will not hesitate to lend funds for additional capital so that it can have a positive impact on increasing company value.

Liquidity has a negative effect on firm value. That is, Too many current assets indicate that management is not able to manage its assets properly so that it will have an impact on losses due to excess assets that are not used optimally for investment. This needs to be used as an illustration when a company is able to meet short-term obligations through current assets does not guarantee that the company's value will increase. That is, the formation of an excessive current ratio (overliquid) in bad conditions can result in reduced funds for investment in generating profits, which will reduce the value of the company. This needs to be used as an illustration when a company is able to meet short-term obligations through current assets does not guarantee that the company's value will increase. This

means that the formation of an excessive current ratio (overliquid) in bad conditions can result in reduced funds for investment in generating profits, which will reduce the value of the company. This needs to be used as an illustration when a company is able to meet its short-term obligations through current assets does not guarantee that the company's value will increase. That is, the formation of an excessive current ratio (overliquid) in bad conditions can result in reduced funds for investment in generating profits, which will reduce the value of the company.

Managerial ownership can help stakeholders and shareholders so that the greater the share ownership on the managerial side, the managerial will work more proactively in realizing the interests of shareholders and in the end it will increase trust, so the company value will also increase.

METHODOLOGY

The population in this study are companies listed on the Indonesia Stock Exchange. The sample used is a manufacturing company in the 2015-2019 period which is included in the criteria, while the sampling technique used is the purposive sampling method so that researchers can determine their own sampling by determining specific characteristics that are in accordance with the research objectives. pay attention to sample criteria as follows:

1. Manufacturing companies listed on the Indonesia Stock Exchange in 2015-2019.
2. Manufacturing companies that publish complete financial reports for 2015-2019.
3. Manufacturing companies that do not have negative equity during 2015-2019.
4. Companies that have managerial ownership data in the 2015-2019 financial statements.

This study uses a sample of manufacturing companies listed on the Indonesia Stock Exchange consecutively in the 2015-2019 period with the criteria previously mentioned. The data used in this study is annual secondary quantitative data obtained using documentation data collection techniques derived from the publication of financial statements of manufacturing companies through the official website of the Indonesia Stock Exchange, namely www.idx.co.id during the study period.

RESULT AND DISCUSSION

This study used a data analysis technique using descriptive analysis techniques, and inferential analysis using multiple linear regression analysis

techniques. With this technique, it will be known the influence between the independent variable and the dependent variable to be studied.

Used to determine the description of the research sample data, both the dependent variable, namely firm value (PBV) and the independent variable, namely profitability (ROA), leverage (DER), investment decisions (TAGR), liquidity (CR), managerial ownership (KM) by looking at the value. minimum, maximum, average, and standard deviation of each variable. The data were processed using the SPSS version 16 software application. The following are the results of the descriptive analysis based on the SPSS output:

Table 1
DESCRIPTIVE STATISTICS

Variable	N	Minimum	Maximum	Mean	Std. Deviation
PBV	200	0.157285	100.69302	2,323568	7.397922
ROA	200	-0.39184	0.26150	0.0323	0.071176
DER	200	0.09283	11,09793	1,2917	1.551688
TAGR	200	-0.85454	3,59312	0.1030	0.303668
CR	200	0.15797	9,67732	2,4020	1.677548
KM	200	0.00005	0.73913	0.1082	0.183377

Source: SPSS 16 Output Appendix, compiled

Firm value is the dependent variable in this study which is measured by the share price divided by the book value. Based on the descriptive statistical test results in table 4.2, it shows that the minimum value of price to book value (PBV) is 0.157285 or 0.16 times that of PT. Sat Nusapersada Tbk (PTSN) in 2016 with a closing share price of Rp 60 and a book value of 381,473. This shows that the share price with the PTSN code is lower than its book value, while the maximum value of 100.69302 or 100.69 times that owned by PT Alumindo Light Metal Industry Tbk (ALMI) in 2019 shows that the share price with the ALMI code is valued. 100.69 times higher than the book value or the share

price of IDR 358 and the book value of 3.555360628. This means that PT Alumindo Light Metal Industry Tbk has the highest company value, while PT Sat Nusapersada Tbk has the lowest company value compared to the other samples. The average (mean) value for PBV of all data is equal to 2.323568 with a standard deviation of 7.397922. The average (mean) value is smaller than the standard deviation value, so it can be concluded that the distribution of PBV data is heterogeneous. means that the value of the company has a high degree of deviation.

Profitability by proxy for return on assets (ROA) is measured by profit after tax divided by total assets. Based on the

results of the descriptive statistical test in table 4.2, it shows that the minimum value of return on assets (ROA) is -0.39184 or -39.18% owned by PT Panasia Indo Resources Tbk (HDTX) in 2018 with a profit of (Rp229). 988,885,000) and total assets of Rp. 586,940,667,000. Profit shows a negative number, which means the company has suffered a loss. This can occur because the company's sales or revenue is smaller than the costs or expenses incurred by the company. This means that the management of the company is less efficient in carrying out its operational activities so that it has an impact on losses. While the maximum value is 0.26150 or 26, 15% owned by PT Mandom Indonesia Tbk (TCID) in 2015 with profit after tax of IDR 544,474,278,014 and total assets of IDR 2,082,096,848,703, which means that it shows that the company's performance is good so that it can generate maximum profit with assets. it has. The average (mean) value for ROA of the overall data is 0.0323 with a standard deviation of 0.071176. The average value (mean) is smaller than the standard deviation value, so it can be concluded that the distribution of ROA data is heterogeneous. means that profitability has a high degree of deviation.

Leverage used to find out how much the company is financed by debt. Based on the results of the descriptive statistical test in table 4.2, it shows that the minimum value of the debt to ratio (DER) is 0.09283 or 0.09 times that owned by PT Tifico Fiber Indonesia (TFCO) Tbk in 2018 with a total debt of IDR 397,601,227,276 and total equity of IDR 4,282,783,164,638. This means that the company in carrying out its operational activities prefers to use its own capital or management can estimate that in 2018 the investment opportunity is relatively small, so that the company does not incur large amounts of debt and thus the amount of the company's debt is relatively low. The maximum value of the DER is 11,09793 times or 11, 10 times

owned by PT Panasia Indo Resources Tbk (HDTX) in 2017 with total debt of IDR 3,701,551,196,000 and total equity of IDR 333,535,189,000. This shows that the use of debt in the composition of funding is very large compared to own capital. The average (mean) DER value of all data is equal to 1.2917 times with a standard deviation of 1.551688. The average (mean) value is smaller than the standard deviation value, so it can be concluded that the DER data distribution is heterogeneous. means that the leverage has a high degree of deviation.

Investment decisions are a way how financial managers must allocate funds into investment forms. Based on the results of the descriptive statistical test in table 4.2, it shows the minimum value of total assets growth ratio (TAGR) of -0.85454 or -85.45% owned by PT Panasia Indo Resources Tbk (HDTX) in 2018 or total assets for the current year amounting to Rp.586,940,667,000 and total assets in the previous year amounting to Rp4,035,086,358,000. This shows that the company in selling its assets has decreased due to the accumulated increase in investment depreciation, while the maximum TAGR value is 3.59312 or 359.31% owned by PT Sat Nusapersada Tbk (PTSN) in 2018 or total assets for the current year of IDR 4. 181,932,227,880 and total assets of the previous year amounting to Rp910,475,565,024. This indicates that the company considers that in 2018 there is a high investment opportunity so that it is expected to increase company value. The average (mean) TAGR value of the whole is 0.1030 with a standard deviation of 0.303668. Average value (mean) smaller than the standard deviation value, so it can be concluded that the TAGR data distribution is heterogeneous means that investment decisions have a high degree of deviation.

Liquidity with the current ratio as a proxy as measured by current assets

divided by current liabilities. This variable describes the company's ability to meet its short-term debt. Based on the results of the descriptive statistical test in table 4.2, it shows that the minimum value of the current ratio (CR) is equal to 0.15797 or 15.80% owned by PT Panasia Indo Resources Tbk (HDTX) in 2018 with current assets of Rp37,133,314,000 and total current liabilities of Rp235,055,724,000. That is, it shows that the company has a relatively small proportion of current assets to meet its current liabilities so that it can be said that the company's ability is not good enough to meet its short-term debt. The maximum value of CR is 9.67732 or 967.73% owned by PT Intanwijaya International Tbk (INCI) in 2015 with current assets of Rp. 107,268,622,816 and total current liabilities of Rp. 11,084,537,386. This means that the company is able to pay off its short-term debt using available current assets. However, Larger current assets do not necessarily reflect the good liquidity of the company because it could be that large amounts of idle company funds are not allocated properly so that they become unproductive. The average (mean) CR value of all data is equal to 2.4020 with a standard deviation of 1.677548. The average value is greater than the standard deviation value, so it can be concluded that the distribution of CR data is homogeneous, which means that liquidity has a low level of deviation.

Managerial ownership is the number of shares owned by management of all the company's share capital. Based on the descriptive statistical test in table

4.2, it shows that the minimum value of managerial ownership (KM) is equal to 0.00005 or 0.0056% owned by PT Langgeng Makmur Industri Tbk (LMPI) in 2015 and 2016 or the number of managerial shares of 56,057 shares and the number of outstanding shares of 1,008,517,669. This is because the company's share ownership is mostly owned by institutions and the public. The maximum value is 0.739138 or 74% owned by PT Saranacentral Bajatama Tbk (BAJA) from 2015 to 2018 or the number of managerial shares is 1,330,448,000 shares and the number of shares outstanding is 1,800,000,000. This means that the proportion of share ownership by managerial is very large which will have an impact on increasing the value of the company. The average (mean) value of KM from all data is equal to 0.1082 with a standard deviation of 0.183377. The average value (mean) is smaller than the standard deviation value so that it can be concluded that the distribution of KM data is heterogeneous. It means that managerial ownership has a high degree of deviation. The Multiple Regression Analysis (MRA) method. Hypothesis testing aims to determine the relationship of the dependent variable, namely firm value (Price to Book Value) with several independent variables, namely profitability (Return on Assets), leverage (Debt to Equity Ratio), investment decisions (Total Assets Growth Ratio), liquidity (Current Ratio).) and managerial ownership. Following are the results of hypothesis testing using the multiple regression analysis (MRA) method.

Table 2
MULTIPLE LINIER REGRESSION DATA PROCESSING RESULTS

Model	Unstandardized Coefficients		t hitung	t table (t0,05; 194) (t0,025; 194)	Sig.	Correlation Partial
	B	Std. Error				
(Constant)	-0.340	1,265	-0.269		0.788	
ROA	11,332	8,285	1,368	1,645	0.173	0.098
DER	1,736	0.387	4,481	± 1,960	0.000	0.306
TAGR	0.203	1,769	0.115	1,645	0.909	0.008
CR	0.169	0.353	0.480	± 1,960	0.632	0.033
KM	-3,455	2,875	-1,202	1,645	0.231	-0.082
Ftable (F0,05; 5; 194)		2.21	R Square		0.105	
Fcount		4,548	Sig.		0.001	

Source: SPSS 16 Output Appendix, compiled

Based on the results of multiple linear regression analysis in table 4.3, the multiple linear regression equation is obtained as follows:

$$PBV = -0,340 + 11,332 ROA + 1,736 DER + 0,203 TAGR + 0,169 CR - 3,455 KM + e_i$$

The interpretation of the above equation can be explained as follows:

1. Constant (β0) = -0.340

This means that if the variable profitability (ROA), leverage (DER), investment decisions (TAGR), liquidity (CR), and managerial ownership (KM) are zero, then the constant value indicates that the size of the firm value variable (PBV) is -0.340.

2. Profitability regression coefficient (ROA) = 11.332

This means that each increase in the profitability variable (ROA) by one percent, it will increase the firm value (PBV) by 11.332 percent, assuming the other variables are constant.

3. Leverage regression coefficient (DER) = 1.736

This means that each increase in the leverage variable (DER) by one unit, it will increase the firm value (PBV) by 1.736 units, assuming the other variables are constant.

4. The investment decision regression

coefficient (TAGR) = 0.203

This means that every increase in the investment decision variable by one percent, it will increase the firm value (PBV) by 0.203 percent, assuming the other variables are constant.

5. Liquidity regression coefficient (CR) = 0.169

This means that every one percent increase in the liquidity variable (CR) will increase the firm value (PBV) by 0.169 percent, assuming the other variables are constant.

6. Managerial ownership regression coefficient (KM) = -3.455

This means that each increase in the managerial ownership variable (KM) by one percent, it will reduce the firm value (PBV) by -3.455 percent, assuming the other variables are constant.

a. Simultaneous Test (Test F)

The F test is used to test and determine how much influence the variable profitability (ROA), leverage (DER), investment decisions (TAGR), liquidity (CR) and managerial ownership (KM) on firm value (PBV) together. The simultaneous test results are shown in table 4.3 with the following explanation:

1. F Test Analysis

Based on table 4.3, it can be seen

that Fcount is 4.548 with a significance level of 0.001. Next is to determine Ftable with a significance level of 0.05 and $df_1 = 5$ and $df_2 = 194$, in order to obtain Ftable of = 2.210.

From these results it can be seen that Fcount is greater than Ftable value, namely $4.548 > 2.210$ with a significance level of $0.001 < 0.05$, which means that H_0 is rejected. So it can be concluded that simultaneously profitability (ROA), leverage (DER), investment decisions (TAGR), liquidity (CR), and managerial ownership (KM) have a significant effect on firm value (PBV).

2. The coefficient of determination (R²)

Based on table 4.3, it can be seen that the R² value in the R Square column is 0.105. This means that the contribution made by profitability (ROA), leverage (DER), investment decisions (TAGR), liquidity (CR), and managerial ownership (KM) simultaneously to firm value (PBV) is 10.5% and the remaining 89.5% is influenced by other variables.

b. Partial Test (t test)

The explanation of each hypothesis testing for each variable of profitability (ROA), leverage (DER), investment decisions (TAGR), liquidity (CR), and managerial ownership (KM) on firm value (PBV) is as follows:

1. T test on Profitability (ROA)

Based on table 4.3 it can be seen that the value tcount of 1.368. Next, determine the t-table value with a significant level of 0.05 and $df = 194$, so that the t-table is 1.645. From these results indicate that t count is smaller than t table ($1.368 < 1.645$) or a significance value greater than 0.05 ($0.173 > 0.05$), which means that H_0 is accepted.

So it can be concluded that partially profitability (ROA) has no significant effect on firm value (PBV).

2.T test on Leverage (DER)

Based on table 4.3 it can be seen that the value tcount of 4.481. Furthermore,

determining the value of t table with a significant level of 0.05 and $df = 194$, in order to obtain a t table of 1.960. From these results indicate that t count is greater than t table ($4.481 > 1.960$) or a significance value less than 0.05 ($0.000 < 0.05$), which means that H_0 is rejected.

So it can be concluded that partial leverage (DER) has a significant positive effect on firm value (PBV).

3. t test on investment decisions (TAGR)

Based on table 4.3, it can be seen that the tcount value is 0.115. Next, determine the t-table value with a significant level of 0.05 and $df = 194$, so that the t-table is 1.645. From these results indicate that t count is smaller than t table ($0.115 < 1.645$) or a significance value greater than 0.05 ($0.909 > 0.05$), which means that H_0 is accepted.

So it can be concluded that partially the investment decision (TAGR) has no significant effect on firm value (PBV).

4.T test on Liquidity (CR)

Based on table 4.3 it can be seen that the value tcount of 0.480. Furthermore, determining the value of t table with a significant level of 0.05 and $df = 194$, in order to obtain a t table of 1.960. From these results indicate that t count is smaller than t table ($0.480 < 1.960$) or a significance value greater than 0.05 ($0.632 > 0.05$), which means that H_0 is accepted.

So it can be concluded that partially liquidity (CR) has no significant effect on firm value (PBV).

5. The t test on Managerial Ownership (KM)

Based on table 4.3, it can be seen that the tcount value is -1.202. Next, determine the t-table value with a significant level of 0.05 and $df = 194$, so that the t-table is 1.645. From these results, it shows that t count is smaller than t table ($-1.202 < 1.645$) or a significance value is greater than 0.05 ($0.231 > 0.05$), which means that H_0 is accepted.

So it can be concluded that partially managerial ownership (KM) has no significant effect on firm value (PBV).

c. Partial Determination Coefficient (r2)

Partial determination coefficient is used to measure the amount of contribution of each independent variable which includes profitability (ROA), leverage (DER), investment decisions (TAGR), liquidity (CR), managerial ownership (KM) partially in influencing the dependent variable, namely firm value. (PBV). Based on table 4.3 the value of r2 can be seen in the Partial Correlation column and the following analysis:

1. r^2 (ROA) = 0.0982 = 0.009604, meaning that the contribution of profitability (ROA) in influencing firm value (PBV) is 0.9604%.
2. r^2 (DER) = 0.3062 = 0.093636, meaning that the contribution of leverage (DER) in

influencing firm value (PBV) is 9.3636%.

3. r^2 (TAGR) = 0.0082 = 0.000064, meaning that the contribution of investment decisions (TAGR) in influencing firm value (PBV) is 0.0064%.

4. r^2 (CR) = 0.0332 = 0.001089, meaning that the contribution of liquidity (CR) in influencing firm value (PBV) is 0.1089%.

5. r^2 (KM) = -0.0822 = 0.006724, meaning that the contribution of managerial ownership (KM) in influencing firm value (PBV) is 0.6724%.

This section will explain the discussion of multiple linear regression analysis of the variable profitability (ROA), leverage (DER), investment decisions (TAGR), liquidity (CR), and managerial ownership (KM) on firm value (PBV) both simultaneously (test F) or partially (t test).

Table 3
HYPOTHESIS AND RESEARCH RESULTS

Variable	Hypothesis	Research result
Profitability (ROA)	(+) Significant	Not significant
Leverage(DER)	(+/-) Significant	(+) Significant
Investment Decision (TAGR)	(+) Significant	Not significant
Liquidity (CR)	(+/-) Significant	Not significant
Managerial Ownership (KM)	(+) Significant	Not significant

Source: processed

1. Simultaneous Test (Test F)

The results of the analysis using multiple linear regression indicate that the profitability variable (ROA), leverage(DER), investment decisions (TAGR), liquidity (CR), and managerial ownership (KM) simultaneously have a significant effect on firm value (PBV). This can be seen from the results of Fcount greater than Ftable and a significance of 0.001.

2. Partial Test (t test)

The discussion of the t test will describe how the influence of each independent variable on profitability is based on the results of multiple linear regression analysis.

a. Effect of Profitability (ROA) on Firm Value (PBV)

Profitability describes the company's success in generating profits. Profitability shows the level of net profit that a company can achieve when carrying out its operational activities, so that a high level of profitability can provide added value to the value of the company which is reflected in its share price.

In this study, profitability uses the proxy ROA (Return On Assets). The results of the t test analysis indicate that profitability (ROA) has no significant effect on firm value (PBV). The results of this study are supported by research Sugeng Priyanto

(2016) which states that profitability does not have a significant effect on firm value, while this research is not supported by Hari Purnama (2016) and Mey Rina Putri Andika Sari (2016) who state that profitability has a positive and significant effect on firm value. In this study, the direction of profitability towards firm value is in a positive direction, so that it is in line with the signal theory which states that an increase in profitability can increase firm value. However, the t test results show that profitability has a positive but insignificant effect. This means that the level of profitability value does not affect firm value. This means that investors pay more attention to the prospects or risks of a business compared to seeing the amount of profitability or profit generated by the company and investors also prefer to buy stocks only for trading or investing in the short term so that they use technical analysis more than using fundamental analysis.

Automatically the results of this study are not in line with the signaling theory which states that the importance of the information conveyed by the company to investment decisions from outside the company. Companies that tend to be able to generate high profits will be able to attract investors. The greater the company's profit, it means that there is a positive signal to gain the trust of investors.

b. The Effect of Leverage (DER) on Firm Value (PBV)

Leverage shows the extent to which the company is financed by debt. The use of debt can provide benefits for the company. Companies can increase profits if the additional debt is used properly. However, the high level of debt can cause the risk to be borne by the company is also high because the debt it has is too large, and if the company's income is insufficient or not proportional to large debt, the company will experience difficulties in paying off the debt.

In this study, leverage uses the

DER (Debt to Equity Ratio) proxy. The results of the t-test analysis indicate that leverage (DER) has a significant positive effect on firm value (PBV). The results of this study are supported by research Putri Rizki Andriani (2019) and Maulana Ihsan et al (2019) state that leverage has a significant positive effect on firm value.

Leverage a significant positive effect means that the company is able to manage its debt properly, debt is used for additional funds in new investments, corporate tax savings and conducts a more efficient organization and will bring great benefits to the company's operations. The higher the leverage, the higher the company value so that the company can provide positive signals to investors. A positive signal will have an impact on increasing company value.

Pecking Order Theory stated that external debt financing is based on a deficit of internal funding. If external funding is required, the company will choose the debt with the lowest risk. The benefit of the lowest risk debt comes from tax savings that allow the company to reduce its tax payments so that the costs incurred by the company are lower.

c. The Effect of Investment Decisions (TAGR) on Firm Value (PBV)

The investment decision is an important factor in the company's financial function. Optimizing company value can be achieved through the implementation of the financial management function, where one financial decision taken will have an impact on firm value.

In this study, investment decisions use the TAGR (Total Assets Growth Ratio) proxy. From the results of the t test analysis, investment decisions do not have a significant effect on firm value. The results of this study are in line with research conducted by Merina Salama et al (2016). which states that investment decisions have a negative and insignificant effect on firm value, while the results of

this study are not supported by research by Devi Aditya Purwitasari (2018) and Hari Purnama (2016) which state that investment decisions have a positive and significant effect on firm value.

The investment decision has no significant effect on firm value. This means that the level of investment decisions does not affect firm value and can be caused by several factors, namely uncertainty in the future or uncertainty in the form of changes in technology, socio-economic conditions and government policies. Investors also consider that not all companies that make large investments will be able to generate large profits, because the investments made by companies also carry a high risk.

The results of this study are contrary to the signaling theory which states that investment decisions provide a positive signal to firm value. Optimal assets will generate positive company value, thereby increasing share prices. However, excessive assets will also have an impact on costs that do not support the company's operational activities. This can cause the company's profit to decrease, and the company's value will also decrease. Thus, investment decisions in the form of additional assets have not been able to increase company value.

d. Effect of Liquidity (CR) on Firm Value (PBV)

Liquidity describes a company's ability to meet its short-term obligations in a timely manner. The higher the level of liquidity, it means that the company is able to meet its short-term obligations. However, if the liquidity is too high it will also have a bad impact on the company because there are excessive current assets, which indicates that there are idle funds or unproductive funds that can reduce company profits.

In this study, liquidity uses a proxy CR (current ratio). The results of the t test analysis indicate that liquidity (CR) has no significant effect on firm value (PBV).

The results of this study are in line with research conducted by Ilham Thaib and Acong Dewantoro (2017) which states that liquidity has a negative and insignificant effect on firm value, while the results of this study are not in line with research conducted by Putri Rizki Andriani (2019), Maulana Ihsan et al (2019) and AA Ngurah Dharma Adi Putra and Putu Vivi Lestari (2016) who state that liquidity has a positive and significant effect on firm value.

Liquidity does not have a significant effect on firm value, meaning that the higher the level of liquidity is not able to significantly increase firm value. It can be concluded that the size of the debt owned by the company does not really pay attention to investors, because investors see more about how the company's management uses these funds effectively and efficiently to achieve added value for company value.

Based on signaling theory, company management in providing good signals regarding how management views the prospect of a company that is profitable or unprofitable. Thus, investors are expected to catch these signals with the understanding that management can provide good information so that they can attract investors to invest.

e. The Effect of Managerial Ownership on Firm Value

Managerial ownership is share ownership by company management measured by the percentage of the number of shares owned by management. From the results of the t test analysis using multiple linear regression, it shows that managerial ownership does not have a significant effect on firm value. The results of this study are in line with research conducted by Jorenza Chiquita Sumanti and Marjam Mangantar (2015) which states that managerial ownership has no significant effect on firm value whereas, the results of this study are not in line with the research. Panji Putranto (2018) and Maya Indah Pratiwi et al (2016) which state that managerial ownership

has a positive and significant effect on firm value.

Managerial ownership has no significant effect. This means that the level of managerial ownership does not affect firm value. The proportion of managerial ownership is still relatively low compared to public and institutional ownership, so investors think that this low proportion of ownership cannot be a mechanism for improving company performance. In addition, investors do not see the size of the percentage of managerial ownership when deciding to invest.

This study is not in accordance with agency theory which states that managerial ownership will reduce agency conflicts and make managers more responsible so that later it will have an effect on increasing firm value. Also, this research is not in line with the stakeholder theory which states that The main objective of stakeholder theory is to support company management when increasing value creation in the form of the impact of activities that have been carried out and minimizing losses for stakeholders (Devi et al., 2017).

CONCLUSION

This study aims to examine the effect of profitability, leverage, investment decisions, liquidity and managerial ownership on firm value simultaneously or partially. The sample used in this study is a manufacturing company listed on the Indonesia Stock Exchange in the 2015-2019 period. Based on the predetermined sample criteria, there were 50 manufacturing companies during the 2015-2019 period. The variables used in this study are price to book value (PBV) as the dependent variable, while return on assets (ROA), debt to equity ratio (DER), total assets growth ratio (TAGR), current ratio (CR), and ownership managerial (KM) as an independent variable. Based on the results of the analysis used with multiple

linear regression analysis techniques, it can be concluded as follows:

1. Simultaneously profitability (return on assets), leverage (debt to equity ratio), investment decisions (total assets growth ratio), liquidity (current ratio) and managerial ownership have a significant effect on firm value (price to book value) in manufacturing companies listed on the Indonesia Stock Exchange, with a significance of $0.001 < 0.05$.

2. Profitability (return on assets) partially has a positive and insignificant effect on firm value (price to book value) in manufacturing companies listed on the Indonesia Stock Exchange, with a B coefficient value of 11.332 and a significance value of $0.173 > 0.05$.

3. Leverage (Debt to equity ratio) partially has a significant positive effect on firm value (price to book value) in manufacturing companies listed on the Indonesia Stock Exchange, with a coefficient B value of 1.736 and a significance value of $0.000 < 0.05$.

4. The investment decision (total assets growth ratio) partially has a positive and insignificant effect on firm value (price to book value) in manufacturing companies listed on the Indonesia Stock Exchange, with a B coefficient value of 0.203 and a significance value of $0.909 > 0.05$.

5. Liquidity (current ratio) partially has a positive and insignificant effect on firm value (price to book value) in manufacturing companies listed on the Indonesia Stock Exchange, with a B coefficient value of 0.169 and a significance value of $0.632 > 0.05$.

6. Managerial ownership partially has a negative and insignificant effect on firm value (price to book value) in manufacturing companies listed on the Indonesia Stock Exchange, with a coefficient B value of -3.455 and a significance value of $0.231 > 0.05$.

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