

Analysis of Factors Determining Company Value with Company Size as a Moderation Variable in Companies Listed on the Indonesia Stock Exchange (IDX) for the 2021 – 2024 Period

Rina Sulistiyowati¹⁾
rina.sulistiyowati@ubd.ac.id

Peng Wi²⁾
pengwie.ubd@gmail.com

Trida³⁾
trida.trida@ubd.ac.id

¹⁾²⁾³⁾Universitas Buddhi Dharma

Abstract

This research has the objective of whether partial profitability, leverage, liquidity, sales growth, company size affect the value of the company. and whether profitability, leverage, liquidity, sales growth, the size of the company by being moderated by the size of the company has an effect on the value of the company. This type of research is qualitative descriptive with a sample in the study of 22 companies that meet the criteria while the data analysis used SmartPLS. Based on the results of the research, profitability and leverage have a positive and significant effect on the company's value. Liquidity, sales growth, and company size do not have a significant effect on the company's value. Meanwhile, the results of moderation of company size are proven to be significant in the relationship between leverage and liquidity to company value and company size is not significant in the relationship between profitability and sales growth to the value of the company. This shows that the influence of these two variables is not influenced by the size of the company.

Keywords: Profitability, Leverage, Liquidity, Sales Growth, Company Size, Company Value

Introduction

Company Value can be interpreted as one of the things that can describe the condition of a company to investors, which causes the company owner through management to show good performance so that potential investors are interested and can invest/invest assets/capital in the company. Company value is very important for a company, because with the company's value, investors who want to invest their capital will know the financial health of the company. In this case, the improvement of each company's performance indicators also shows the performance of improving the performance of a company. So that this is seen as an effort to increase the prosperity of shareholders, one of which is income through dividends which is the goal of a company.

The next phenomenon occurred in PT Gudang Garam Tbk which again experienced a decline in its share price GGRM, where in session 1 trading on August 6, 2024 at 09.52 the company's shares were recorded to fall -0.67% to 14,925 falling below 15,000 which was its lowest share price in the last 10 years. In one month, GGRM's shares fell by 12.97% and in the *year to date* (ytd) period it plummeted to 28.25%. (www.INVESTOR.ID.com)

Next, the share value of PT. Unilever Indonesia Tbk (UNVR) again experienced a decline or slump in the red zone on Friday, February 21, 2025 after recording a significant price decline. In this trading (21/02), UNVR's share price fell by 4.44% to 1,290 per share, after previously being priced at 1,345 per share at the beginning of trading. The total availability of market capitalists in the UNVR is now only 51.5 trillion, a very much reduced when compared to the previous year which touched 134.67 trillion. (www.IDNFINANCIALS.com)

According to the results of the study (Ameliana Putri, Carolyn Lukita, 2023), *Profitability* has a positive and significant impact on the company's value. This means that the company's high value indicates that the business is likely to be financed by small debt. In addition, the positive impact of profitability on a company's value can provide insight into a company's capacity to generate profits.

According to research conducted by (Eko, Zuli, 2023) *Leverage* significantly and profitably affect the value of a company. The use of debt by a business to finance its activities is known as leverage. Leverage also shows how well a business is equipped to pay its debts if it were to be liquidated. On the contrary, the research findings (Fitriani, et al., 2023) indicates that the *Leverage* has no effect on the company's value.

Increased strength *Liquidity* will lead to an increase in the value of the company accordingly, as shown in the study (Bagus, 2023), meaning that if *Liquidity* experiencing an increase, it will cause the company's value to also increase. So that the higher the value level *Liquidity* A company will also have higher obligations that must be borne by the company by using current assets, thus increasing the view of public trust. It is inversely proportional to research that shows that *Liquidity* has no effect on solid values (Chika, 2022).

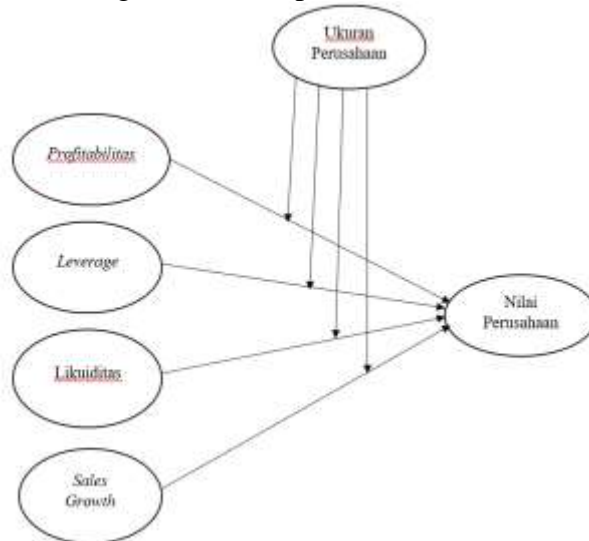
The size of a company affects a company's value, therefore businesses with many assets have a better chance of making profitable and long-lasting profits, according to research (Octaviani, 2023). Investors believe that maximizing dividend income requires healthy financial conditions. This is in contrast to the study's findings (Canjaya, 2024), which indicates that the size of the company has no effect on its value.

According to the results of the study (Arum, 2023) Sales growth affects the value of the company. Sales growth itself has been considered as an effort to succeed the company in changing the value of sales net profit which can increase in the annual financial statements. Stable and sustainable sales growth/increase will usually increase the company's revenue, which will increase investor confidence and will increase the value of the company so that investors will add capital. On the other hand, the results of the research conducted by (Suhelim, 2023) claim that the company or corporation is not affected by sales growth.

This study aims to test whether *profitability, leverage, liquidity, sales growth* and size have an effect on the company's value and whether *profitability, leverage, liquidity, sales growth* moderated by the company's size have an effect on the company's value.

Conceptual Framework

Figure 1. Conceptual Framework



Research Hypothesis

There are several hypotheses formed, including:

- H1 = *Profitability* affects the company's value
- H2 = *Leverage* affects the Company's Value
- H3 = *Liquidity* affects the Company's Value
- H4 = *Sales Growth* affects Company Value
- H5 = Company Size affects Company Value
- H6 = *Profitability* affects the moderated Company Value with Company Size.
- H7 = *Leverage* affects the Company Value moderated by Company Size.
- H8 = *Liquidity* affects the Company Value moderated by the Company Size.
- H9 = *Sales Growth* affects the moderated Company Value with Company Size.

Research Methodology

This type of research is qualitative descriptive with the population of the consumer goods sub-sector that has been listed on the Indonesia Stock Exchange (IDX) as many as 49 companies during the research period, starting from 2021-2024, the sample used was 22 companies that met the criteria while the data analysis used SmartPLS.

Operational Variabel

Table 1. Operational Variabel

Yes	Variable	Indicator	Scale	Data Source
Eksogen Variable (X)				
1	Profitability	$ROA = \frac{\text{Laba bersih}}{\text{Total Aset}}$	Ratio	Financial statements of companies in the consumer goods subsector listed on the IDX (2022 – 2024)

Table 2. Loading Factor Test Results

Variable	Indicator	Outer Loading	Remarks
Profitability	LONG	1,000	Valid
Leverage	THE ER	1,000	Valid
Liquidity	CR	1,000	Valid
Sales Growth	SG	1,000	Valid
Company Size	Size	1,000	Valid
Company Values	PBV	1,000	Valid

Source: Output SmartPLS

Results on Loadings testing Factors that are visible on The table can be seen that all variables or indicators meet convergent validity because they have a value at a loadings factor above 0.50. This means that this has shown that all variable measurement indicators in this study are feasible or valid.

Evaluation of Structural Models (*Inner Model*)

Table 3. R-Square Value on Company Value Variable

	R-Square	R-Square Adjusted
Company Values	0.713	0.680

Source: SmartPLS Output

Based on the results of the calculation of *the R-Square* (R²) for The variable of the Company Value is 0.713, having shown that this model explains about 71.3% of the variation that occurs in the Company Value. Meanwhile, the value *The R-Square Adjusted* of 0.680 provides slightly more conservative information considering the number of variables in the model. This value shows that in accordance with the number of predictors in the model, the exogenous variables used are able to explain about 68% of the variation in the Company Value. Although the *R-Square* value is moderate, it can indicate that there are still factors outside of this model that have affected a Company Value.

Hypothesis Test

This hypothesis test section discusses the test results empirically for each problem formulation and hypothesis, based on the results of descriptive analysis, as well as verifiable analysis, after which the theory will be compared and compared with the results of previous/previous research. The following is a table of the results of the hypothesis test:

Table 4. Hypothesis Test Results

Pathway	Original Sample (O)	Sample Red (M)	Standard Deviation (STDEV)	T Statistic	Q Value	Remarks
Profitability ->Value of the Company	0.695	0.699	0.100	6.918	0.000	Significance.
Leverage -> the Company s Value	0.435	0.434	0.102	4.288	0.000	Significance.
Liquidity -> Company Value	-0.137	-0.133	0.092	1.490	0.137	No Significant
Sales Growth ->Company Value	-0.200	-0.198	0.125	1.604	0.109	No Significant

Pathway	Original Sample (O)	Sample Red (M)	Standard Deviation (STDEV)	T Statistic	Q Value	Remarks
Company Size -> Value Company	-0.010	-0.001	0.081	0.124	0.901	No Significant
Moderating Effect						
Profitability -> Value Company	-0.042	-0.035	0.081	0.517	0.606	Insignificant.
Leverage -> Value Company	-0.235	-0.229	0.095	2.462	0.014	Significant.
Liquidity -> Value Company	0.197	0.197	0.079	2.502	0.013	Significant
Sales Growth -> Value/ Company	0.064	0.064	0.096	0.668	0.504	No Significant.

Source: PLS Output

The table above shows that the profitability of the original sample value from variable to variable is 0.695 (positive) with a value of P values from variable to variable 0.000 (significant). The leverage of the original sample value from variable to variable is 0.435 (positive) with a value of P values from variable to variable 0.000 (significant). The liquidity of the original sample value from variable to variable is -0.137 (negative) with the value of P values from variable to variable value of 0.137 (insignificant). Sales Growth original sample value from variable to variable is -0.200 (negative) with P values from variable to variable value 0.109 (insignificant). Company size of the original sample value from variable to variable is -0.010 (negative) with P values from variable to variable value of 0.901 (insignificant). As for the moderation variable, the original sample value from variable to variable was -0.041 (negative weakening) with a P value of values from variable to variable 0.606 (insignificant). The leverage of the original sample value from variable to variable is -0.235 (negative weakening) with the value of P values from variable to variable 0.014 (significant). The liquidity of the original sample value from variable to variable is 0.197 (positive strengthening) with the value of P values from variable to variable 0.013 (significant). Sales Growth original sample value from variable to variable is 0.064 (positive to strengthen) with P values from variable to variable value 0.504 (insignificant).

Interpretation of Research Results

The Effect of Profitability on Company Value

The results of the study have shown data that profitability has a significant positive effect on the company's value at a coefficient value (Original Sample) of 0.695, a T-Statistic value of 6.918, and a P-Value of . This value is well below the level at significance 0.05 until the hypothesis is accepted. This finding has indicated that the higher the value on the company's profitability, the higher the value from the perspective of the external/investor party. Higher profitability will describe a company's ability to generate profits from its resources so that it has an impact on increasing confidence in investors and has given a positive signal about the company's prospects in the future. Thus, profitability is the main determinant in increasing the company's value.

The Effect of Leverage on Company Value

Leverage is also proven to have a positive and significant influence on the company's value

with a value coefficient of 0.435, T-Statistic of 4.288, and P-Value of 0.000. This shows that optimal use of debt can increase the value of the company. Effective use of leverage can provide benefits such as tax shields and increased returns for shareholders. However, management must still pay attention to the financial risks posed by excessive use of debt.

The Effect of Liquidity on Company Value

The liquidity variable showed a negative coefficient of -0.137 , T-Statistic 1.490, and P-Value 0.137, which means it is insignificant at a significance level of 0.05. This means that liquidity has not been able to have a meaningful influence on the value of the company in this study. In addition, a liquidity level that is too high can be interpreted as a company's inefficiency in managing current assets, so that its impact does not have a significant impact on increasing the value of a company.

The Effect of Sales Growth on Company Value

The sales growth variable shows a coefficient of -0.200 , T-Statistic 1.604, and P-Value 0.109, so statistically it does not have a statistically significant effect on the company's value. Although sales growth indicates an increase in operational activity, the increase is not always directly proportional to an increase in profitability or efficiency of the company. Sales growth that is not followed by increased profits, cost efficiency, or operational management can cause that growth to be unappreciated by the market.

The Effect of Company Size on Company Value

The size of the company has a coefficient of -0.010 , T-Statistic 0.124, and P-Value 0.901, which indicates that this variable does not have a significant effect on the company's value. The size of the company in this study is not a determining factor in the investor's assessment. This can be due to the fact that large companies are not necessarily efficient, while small companies are not necessarily less competitive.

The Effect of Profitability on Company Value moderated by Company Size

The moderation results showed that the size of the company had no significant effect on the relationship between profitability and company value with a moderation coefficient of -0.042 , T-Statistic 0.517, and P-Value 0.606. This means that the strength of the influence of profitability on the value of the company does not change even though the value of the size of the company increases. Thus, the effect of profitability on the value of the company is stable in both large and small companies.

The Effect of Leverage on Company Value moderated by Company Size

Moderation on leverage shows a negative coefficient of -0.235 , T-Statistic of 2.462, and P-Value of 0.014, which is significant. This shows that the company size variable weakens the influence of leverage on the company's value. In other words, the larger the company, the more leverage impact on the company's value becomes the kecil. ini indicating that large companies tend to have larger internal funding sources, resulting in lower reliance on debt. Additionally, investors may value leverage in large companies as higher risks than in small companies. Increased leverage does not always provide optimal benefits to a company's value, depending on moderated conditions such as risk, economic conditions, or specific policies.

The Effect of Liquidity on Company Value moderated by Company Size

Moderation in liquidity shows a coefficient of 0.197, T-Statistic 2.502, and P-Value of 0.013, which means significant. These findings suggest that moderators reinforce the influence of liquidity on company value. Although liquidity is directly insignificant, when a company has a larger size, liquidity becomes a factor that investors pay more attention to.

The Effect of Sales Growth on Company Value moderated by Company Size

The moderation variable in the relationship between sales growth and company value has a coefficient of 0.064, T-Statistic 0.668, and P-Value 0.504, which means that it is not significant.

Thus, the size of the company is not able to strengthen or weaken the relationship between sales growth and company value. This shows that sales growth is not the main factor in affecting company value in both large and small companies. Investors pay more attention to other fundamental variables such as profitability and leverage rather than simply sales growth.

CONCLUSION

Based on the results of the research, data analysis and interpretation, the results of the study have a conclusion that profitability, and leverage have a positive and significant effect on the company's value. Liquidity, sales growth, company size have no significant effect on company value. moderate results of moderation Company size is proven to be significant in the relationship between leverage and liquidity to company value and company size is not significant in the relationship between profitability and sales growth to the value of the company. This shows that the influence of these two variables is not influenced by the size of the company.

Bibliography

- Ameliana Putri, Carolyn Lukita, and D. A. (2023). The Effect of Profitability, Leverage and Company Size on Company Value in Companies in the Consumer Goods Industry Sector on the IDX. *Proceedings of the 10th Scientific Conference on Accounting*, 2–5.
- Arum, Widya, Wastam Wahyu Hidayat, and S. S. (2023). The Effect of Profitability, Leverage and Sales Growth on Company Value (Case Study on Food and Beverage Companies Listed on the IDX for the 2018-2022 Period). *JoSES: Journal of Sharia Economics Scholar*, 2(2).
- Canjaya, P. A. (2024). Analysis of the Influence of Profitability, Company Size, Leverage, Liquidity and Capital Structure on Company Value (Empirical Study on Food and Beverage Sub-Sector Companies Listed on the Indonesia Stock Exchange for the 2019-2022 Period). *Global Accounting : Journal of Accounting*, 3.
- Chika Callista, P. W. (2022). Analysis of the influence of capital structure, profitability, liquidity and company size on company value. *ECo-Buss*, 4(3), 13.
- Eko Edy Susanto, Z. S. (2023). The Effect of Company Size, Leverage, and Profitability on Company Value. *Journal of Scientific Horizons*, 3(14). <https://bajangjournal.com/index.php/JCI/article/view/7645/6010>
- Fitriani, Margareta, Pujo Gunarso, and A. R. D. (2023). The Influence of Tax Avoidance, Leverage, and Company Size on Company Performance. *Scientific Journal of Business and Taxation (Wise)*, 5(2), 193–201. <https://doi.org/doi:10.26905/j.bijak.v5i2.10176>
- Octaviani, A T, and J. B. G. (2023). The Effect of Tax Planning, Company Size, Sales Growth, and Profitability on Company Value (in the Property and Real Estate Sectors Listed on the Indonesia Stock Exchange in 2018 - 2021). *Global Accounting*, 2(2).
- Suhelim Lim, Lidya, Susanto Wibowo, and M. S. (2023). The Influence of Tax Planning, Sales Growth, Investment Decisions, and Dividend Policy on Company Value in LQ 45 Companies Listed on the IDX in 2018 – 2021. *Accounting*, 15(1), 1–11.