


Analysis of factors affecting the value of property and real estate companies on the Indonesian stock exchange

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Article Info	ABSTRACT
Keywords: Company Value, Leverage, Liquidity	This research aims to examine the effect of liquidity and leverage on company value. This research uses a sample of property and real estate companies listed on the Indonesia Stock Exchange in 2020-2022. The research method uses descriptive statistical analysis with a quantitative approach. The data used in this research is secondary data and sampling was carried out using a purposive sampling technique. The number of manufacturing companies in the four years that were the sample for this research was 30 companies. Overall, the sample for this research was 90 financial reports and annual reports. Data analysis techniques use the classic assumption test, multiple linear regression, coefficient of determination, and hypothesis testing (F test and t test). Testing was carried out using the Statistical Product and Service Solution (SPSS) software program. The results of this research show that liquidity affects company value. Leverage has no effect on company value. Simultaneously liquidity and leverage influence company value.
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INTRODUCTION

Companies must be able to develop effective and efficient strategies to increase shareholder value (Pratama & Nurhayati, 2020). The company's short-term goal is to obtain the maximum profit with existing resources, and the company's long-term goal is to maximize the company's share price. Currently, the business world is growing rapidly, supported by technological developments. This has an impact on the Indonesian economy, as evidenced by economic growth which continues to increase every year (Anggraeni & Sulhan, 2020). Many companies are competing to improve the quality of their business in order to compete in the market and attract consumers. There are many ways to become the best. The success of a company can only be achieved through good management. Therefore, maintaining the company's position and superiority can be done through various appropriately chosen strategic actions (Markonah et al., 2020). Enterprise value is an economic term that reflects the value of a company. In theory, this is the amount someone would have to pay to buy or take over a company (Jihadi et al., 2021).

Based on signaling theory, the rise and fall in the value of a company is a signal for investors as an indicator of the success of a company, and is usually related to the

company's share price (Herdiani et al., 2021).

The increasing value of a company from year to year is proof of the success of company management. Maximizing shareholder value also means maximizing shareholder wealth which is the main goal of a company. Therefore, maximizing shareholder value becomes very important for the company (Pratama & Nurhayati, 2020). On the other hand, if a company does not have the ability to generate profits, investors will not trust the company or hesitate to invest in these shares. Liquidity is a metric that can be used to measure a company's performance in meeting its obligations when they are due (Sofiatin, 2020). Liquidity helps companies understand the efficiency of their working capital and helps shareholders understand future dividends and payouts. The higher the liquidity, the better the company's short-term debt repayment performance (Indrawaty & Mildawati, 2019). Leverage allows investors to analyze the level of debt to equity ratio they invest in a company, so they can understand the feasibility of investing their capital in the company's shares. Company value can influence the way investors view a company. If you see the company and it is performing well, potential investors will be more inclined to put money into it.

METHOD

Research Approach

This research uses quantitative methods. This research aims to analyze the causal relationship (cause and effect) which is used to explain the influence of Liquidity and Leverage on Company Value. This research uses secondary data sources from financial reports and annual reports of property and real estate companies listed on the Indonesia Stock Exchange (BEI) from 2020 to 2022.

Population and Sample

The population in this study were 30 property and real estate companies in Indonesia that were listed on the Indonesian Stock Exchange. This research sample was taken using purposive sampling with several criteria, namely:

1. Property and real estate companies listed on the Indonesian Stock Exchange and publishing sequential annual reports from 2020-2022.
2. Companies that have complete research data required.

Operational Definition of Research Variables

The following operational research variables are used to explain the explanation of each research variable and measurement used.

Dependent Variable (Y)

Company value is an investor's assessment of the success of a company, which is often linked to share prices. High company value indicates shareholder prosperity. Maximizing company value is very important for the company because it maximizes the company's goals (Sholatika & Triyono, 2022).

$$PBV = \frac{\text{Stock Price}}{\text{Stock Book Value}}$$

Independent Variable (X)

Liquidity is a company's ability to meet short-term financial obligations using available current funds. To measure the level of liquidity, this research will use the Current Ratio (CR) ratio. Current Ratio or current assets which describes the company's ability to pay short-term obligations (Parida et al., 2022).

$$\text{Current Ratio} = \frac{\text{Current Asset}}{\text{Current Liabilities}}$$

Leverage is the ability of a company to fulfill all its obligations, both in the short and long term, if the company is liquidated (Oroh et al., 2019).

$$\text{Debt to Equity Ratio} = \frac{\text{Debt}}{\text{Equity}} \times 100\%$$

Technical Data Analysis

Validity and Reliability Test

The validity test is used to measure whether a questionnaire is valid or not. A questionnaire is said to be valid if the statements in the questionnaire are able to reveal something that the questionnaire will measure. In this research, validity measurements were carried out using the product moment correlation technique. Pearson's product moment, namely by correlating each question with the total score, then the correlation results are compared with the critical number at a significance level of 5% (Sugiyono, 2018).

Classic Assumption Test

Normality test

According to (Ghozali, 2021) The normality test aims to test whether in the regression model, the confounding or residual variables have a normal distribution. The formula used in this normality test is the Kolmogorov-Smirnov formula with the provisions that the data is normally distributed if the significance is > 0.05 and the data is not normally distributed if the significance is < 0.05 .

Multicollinearity Test

The multicollinearity test aims to test whether in the regression model a correlation is found between the independent variables. Whether or not there is multicollinearity can be seen from the tolerance value and its opposite, namely the variance inflation factor (VIF). The cutoff value that is commonly used to indicate the presence of multicollinearity is if the tolerance value is ≤ 0.10 or the same as the VIF value ≥ 10 , it can be said that the data contains multicollinearity (Ghozali, 2021).

Heteroscedasticity Test

The Heteroscedasticity Test aims to test whether in the regression model there is inequality of variation from the residuals of one observation to another (Ghozali, 2021).

Autocorrelation Test

Autocorrelation test according to (Ghozali, 2021) aims to test the existence of a correlation between confounding errors in period t and confounding errors in the previous period in the linear regression model. A regression model can be said to be good if it is free

from autocorrelation. Because, autocorrelation arises from the existence of consecutive observations over a related time.

Linear Regression Analysis

Multiple regression analysis is used if the researcher intends to predict the condition (rise and fall) of the dependent variable with more than two variables. The multiple linear regression equation in this study according to (Sugiyono, 2018) as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \varepsilon \dots\dots\dots (1)$$

Information :

- Y = Company Value
- A = constant
- β_1, β_2 = Independent variable coefficient
- X1 = Liquidity variable
- X2 = Leverage variable
- E = residual

Coefficient of Determination Test (R²)

Analysis of the coefficient of determination (R²) according to (Ghozali, 2021) is used to measure how far the model's ability to explain variations in the dependent variable with a coefficient of determination value that is between zero and one.

Simultaneous Hypothesis Testing (F Test)

Menurur (Ghozali, 2021) The F statistical test is carried out to show whether all the independent variables included in the model have a simultaneous influence on the dependent variable.

Partial Hypothesis Test (t Test)

The t test is a statistical test used to test the influence of individual independent variables on the dependent variable (Ghozali, 2021). The t test was carried out by comparing the calculated t and t table, where the significance level in this study was 5%, so it is possible that the conclusions obtained have an error tolerance of 5% or a probability of 95%.

RESULT AND DISCUSSION

Classic Assumption Test

Normality Test

Table 1. One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual	
N			90
Normal Parameters ^{a,b}	Mean		.0000000
	Std. Deviation		0.85508598
Most Extreme Differences	Absolute		.092
	Positive		.092
	Negative		-.080
Test Statistic			.669

N	90
Asymp. Sig. (2-tailed)	,761

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.

Source: Results by SPSS data, 2024

Note that based on Table 1, it is known that the Kolmogorov-Smirnov value is 0.669 and the Asymp.Sig. (2-tailed) of 0.761. Because the value of Asymp. Sig. (2-tailed) of 0.761 is greater than the significance level, namely 0.05. This means that the normality assumption is met.

Multicollinearity Test

Table 2. Multicollinearity Test

Results Model Collinearity Statistics		
1	(Constant)	Tolerance
	Liquidity	VIF
	Leverage	

Source: Results by SPSS data, 2024

Note that based on Table 2, each VIF value is not greater than 10 and the tolerance value is above 0.1, so there are no symptoms of multicollinearity.

Heteroscedasticity Test

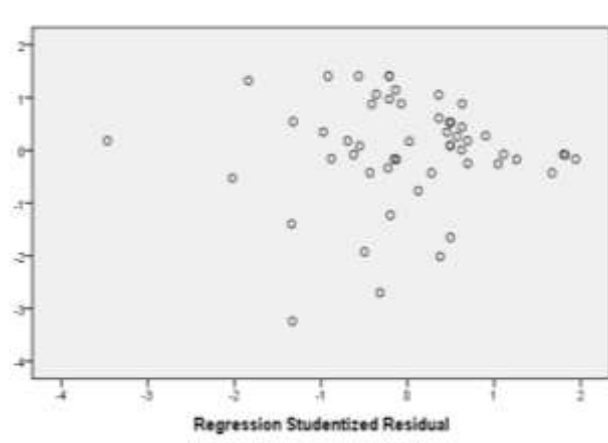


Figure 1. Heteroscedasticity Test Results

The Scatterplot image shows that the points are spread randomly, spread both above and below zero on the Y axis and do not form a clear pattern. Therefore, the regression model is said to not experience heteroscedasticity.

Autocorrelation Test

Table 3. Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.358 ^a	.128	.108	.68091	1.616

a. Predictors: (Constant), Liquidity, Leverage

b. Dependent Variable: Company Value

Source: Results by SPSS data, 2024

Based on Table 3, it is known that the Durbin-Watson value is 1.616, so it can be said that there is no autocorrelation. Coefficient of determination (R²) is used to measure how far the model's ability to explain variations in the independent variables.

Table 4. Coefficient of Determination Values

Model Summary b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.528 ^a	.310	.208	.38091

a. Predictors: (Constant), liquidity, leverage

b. Dependent Variable: company value

Source: Results by SPSS data, 2024

Based on table 4 above, it is known that (R²) = 0.310 means the relationship between liquidity and leverage on company value is 31%, while 69% is explained by other factors not examined in this study.

Hypothesis Testing

Simultaneous Significance Test (F-Test)

Simultaneous significance test (F-test) was carried out to see the effect of liquidity and leverage on company value together. Based on the results of data processing, the statistical results of simultaneous analysis are listed in table 5 below.

Table 5. Simultaneous Significance Test Results (F-Test)

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4,925	2	2,962	5,390	.003 ^a
	Residual	40,336	87	,464		
	Total	46,261	89			

a. Predictors: (Constant), liquidity, leverage

b. Dependent Variable: company value

Source: SPSS Output, 2024

Based on table 5 above, it can be seen that the significant value of 0.003 is smaller than 0.05, so liquidity and leverage have a joint effect on company value.

Partial Significance Test (t-Test)

The t test was carried out to determine the relationship between the independent variables and the dependent variable partially (individually). To see the magnitude of the influence, Beta numbers or Standardized Coefficients are used. The test results for the t-test can be seen in table 6 as follows.

Table 6. Results of Partial Significance Test (t-test)

		Coefficients ^a			
Model		Unstandardized Coefficients		Standardize t	Sig.
		B	Std. Error	Beta	
1	(Constant)	3,061	,826	3,706	,000
	liquidity	-.198	,060	,336	,001
	leverage	,050	,063	,080	,275

a. Dependent Variable: company value

Source: SPSS Output, 2024

$$\text{Company Value} = 3,061 - 0.198 \text{ Liquidity} + 0.50 \text{ Leverage} + \varepsilon$$

Discussion

The influence of liquidity on company value

The research results on the regression coefficient show a negative direction with a value of -0.198. Therefore, it can be concluded that H1 is accepted, meaning that the liquidity variable has a positive effect on company value. According to signaling theory, companies provide good signals or information about their company to investors to attract investors through their financial performance. In other words, the company's current assets must be greater than its current liabilities to increase the company's liquidity. This is because a company with a high ability to pay short-term obligations can attract investors to invest capital in the company, thereby increasing the company's value. The same results were shown by research (Nugraha & Alfarisi, 2020) and (Aldi, et al, 2020) that profitability has a positive and significant effect on company value. However, this research contradicts research conducted (Arifin & Fara, 2021) and (Galang & Ida, (2020), which states that liquidity has no effect on company value. The level of liquidity cannot affect company value. This shows that investors who invest in companies do not pay attention to the company's liquidity, because the ratio used only shows the company's ability to pay short-term debt with the company's current assets.

The effect of leverage on company value

The research results on the regression coefficient show a positive direction with a

value of 0.50. Therefore, it can be concluded that H2 is rejected, meaning that the leverage variable has no effect on company value. Company equity (capital) that is sufficient to finance assets obtained from equity encourages companies to reduce their share of external capital. This research is in line with the results of research conducted (Nugroho, 2020) And (Suwardika & Mustanda, 2017) that leverage has no effect on company value. This is because if debt is used in large amounts, the risk the company accepts will increase. And the cost of the debt will also increase. If it is linked to signaling theory, it can give bad signals (bad news) to investors because it makes investors reluctant to invest their shares in the company, causing the company's value to decrease.

CONCLUSION

This research examines the effect of liquidity and leverage on company value in property and real estate companies listed on the Indonesia Stock Exchange in 2020-2022. Based on the research results, it can be concluded that partially, leverage has no significant effect on company value. Meanwhile, liquidity has a negative and significant effect on company value. Simultaneously, leverage and liquidity have a significant effect on company value. In investment decisions, it is important for investors and potential investors to carry out fundamental analysis, especially on the company's ability to earn profits with the aim of estimating the amount of return that will be obtained. For companies, it is best to prioritize shareholder welfare by continuing to strive to increase profitability because this factor has a positive and significant effect on company value.

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