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# Factors affecting value industrial sector manufacturing companies registered consumption items on bei from 2018 to 2020

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**ABSTRAK**

Tujuan dari penelitian ini adalah untuk menyelidiki bagaimana nilai bisnis dipengaruhi oleh tata kelola perusahaan yang sehat, profitabilitas, kepemilikan manajerial, kepemilikan institusional, dan ukuran perusahaan. Sebuah perusahaan manufaktur di industri produk konsumen adalah fokus dari penelitian ini. Metodologi yang digunakan dalam penelitian ini adalah kuantitatif. Penggunaan variabel penelitian untuk menguji hipotesis ditekankan dalam teknik penelitian kuantitatif. Data sekunder yang digunakan dalam penelitian ini berasal dari ringkasan hasil laporan keuangan tahunan yang diterbitkan oleh BEI. Sampel penelitian ini diambil sebanyak 43 perusahaan manufaktur dengan menggunakan metode purposive sampling. Analisis regresi linier berganda adalah teknik statistik yang digunakan untuk menilai hipotesis statistik. Menurut temuan penelitian, hanya satu dari dua hipotesis yang dikonfirmasi, dan yang lainnya dibantah. Studi ini menemukan bahwa kepemilikan manajemen, profitabilitas, tata kelola perusahaan yang kuat, dan ukuran bisnis memiliki pengaruh yang kecil terhadap nilai perusahaan, sedangkan kepemilikan institusional mempengaruhi nilai perusahaan.

***ABSTRACT***

*The purpose of this study is to investigate how business value is impacted by sound corporate governance, profitability, managerial ownership, institutional ownership, and firm size. A manufacturing firm in the consumer products industry is the focus of this study. The methodology used in this study is quantitative. The use of study variables to test hypotheses is emphasized in the quantitative technique of research. The secondary data used in this study came from the IDX-published summary of the yearly financial statements' outcomes. 43 manufacturing enterprises were chosen as the sample for this study using the purposive sampling method. Multiple linear regression analysis is the statistical technique used to assess statistical hypotheses. According to the study's findings, only one of the two hypotheses was confirmed, and the other was disproved. This study finds that management ownership, profitability, strong corporate governance, and business size have little bearing on the value of a firm, while institutional ownership affects firm value.*



## INTRODUCTION

The company was founded to increase its value of the company so that it can provide prosperity for the owners or shareholders (Siallagan & Machfoedz, 2006). In financial accounting, what is known as agency theory. This theory explains that shareholders as owners of the company (called principals) delegate tasks and authority to management (called agents) to manage the company. Shareholders as owners of the company are outside the company so they cannot fully monitor the company's performance. Management is within the company so that they are more aware of the actual condition of the company.

A company's goal is to increase its value or its wealth for its shareholders. The purpose of a firm should be to maximize the company's worth because doing so means maximizing the present value of all profits that will be earned by dependable shareholders over the long term, which will increase. Being able to raise the company's value is a success for the shareholders because doing so will improve the owners' well-being. One of the changes in the value of the company is influenced by good corporate governance. Company value is a very important element in a company because the higher the value of the company, the higher the level of prosperity of its shareholders.

Profitability is the extent to which the company generates profits from sales and company investments. Creditors, suppliers, and investors will be able to determine how profitable the firm is from its sales and investments if the financial measures used to quantify the company's profitability are strong. A company's value will rise when it performs well. The amount of capital or equity in a firm has a direct impact on its profitability. Increased capital will result in higher profits, and vice versa. It is crucial to use profitability as a benchmark when calculating profit in order to determine how effectively a firm has operated. High profitability suggests favorable company prospects, which will elicit a positive reaction from investors and raise the company's worth.

The ownership structure of public companies and agency problems are central issues in the financial literature. The larger and wider the business of a company, the owner cannot manage his own company directly, thus triggering agency problems. About ownership, there are two agency problems, specifically, issues with agency exist between management and shareholders as well as between majority and minority shareholders. When share ownership is distributed so that individual shareholders cannot control management, the first agency problem arises. As a result, the business can be run in accordance with the management's own preferences. The second agency issue arises when there is a majority shareholder who has the power to direct management or even take on managerial responsibilities. Because of this, the majority shareholder has complete power over the minority shareholder and is free to act in a way that will benefit him while potentially harming the small shareholder.

(Pertiwi & Pratama, 2012), agency theory (agency theory) will raise arguments against the occurrence of conflicts between owners and shareholders, and managers. The conflict arose due to differences in interests between the two parties.

Agency theory was originally concerned with the problem of company ownership through the purchase of shares. The existence of an agency relationship, specifically the relationship pertaining to the division between ownership and management functions performed by managers, is discussed by agency theory in financial management. Conflicts in these kinds of agency interactions, specifically conflicts of interest, are common (agency conflicts). This conflict occurs because the owners of capital try to use the funds as well as possible with the smallest possible risk, while managers tend to make fund management decisions to maximize profits which are often contradictory and tend to prioritize their interests. (Jensen & Meckling, 1979) in (Febriyanto, 2013).

The purpose of agency theory according to (Hadianto & Wahyudi, 2013) is to increase the capacity of individuals (principals and agents alike) to assess the circumstances under which decisions must be made (the beliefs revision role), as well as to assess the outcomes of those decisions in order to facilitate the distribution of results among principals and agents by the work contract (the performance evaluation role). According to the goal of agency theory, the purpose of good corporate governance (GCG) is to reduce the likelihood of agency conflicts in order to make it easier to identify a company's goals. It can also be used to decide how to monitor the performance of the organization.

## METHODS

The methodology used in this study is quantitative. The use of study variables to test hypotheses is emphasized in the quantitative technique of research. (Sugiyono, 2017) defined quantitative data as information that has a numerical representation or is coded numerically. The material used in this study is secondary data, namely information collected from records on the Indonesia Stock Exchange that are already in existence (IDX).

The corporation's ability to withstand prospective threats will be influenced by the size of the organization, which can be determined by the number of assets held by the company. According to (Suharli, 2006), one way to determine the size of a company is to look at the assets it has available for use in conducting business. If the total assets of the organization are substantial, the management is more flexible in how it uses those resources. From a management standpoint, the company's value will increase as a result of how simple it is to manage.

## RESULTS AND DISCUSS

### *Descriptive Statistics*

The research data that has been gathered is outlined using descriptive statistical analysis. This description's statistical analysis takes into account the mean (mean), standard deviation, highest and lowest values, and the volume of study data. The outcomes of the descriptive analysis are as follows :

**Table 1 Descriptive Statistics Results**

| Variable | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| Good Corporate Index | 44 | .628 | 6.857 | 2.21632 | 1.548680 |
| Profitabiloitabilitas | 44 | .000 | 1.000 | .70455 | .461522 |
| Manajerial Ownership | 44 | -.034 | .157 | .07184 | .043722 |
| Institusional Ownership | 44 | .000 | .482 | .06957 | .113741 |
| Company Size | 44 | .045 | .921 | .64723 | .218274 |
| Company Value | 44 | 26.920 | 32.726 | 29.08818 | 1.591152 |

The data under investigation totaled 44, as seen in the above table. The female board of commissioners was the first independent variable, or X1, with the lowest result of 0.628 and the highest of 6.857. The female board of commissioners' average value is 2.21632, with a standard deviation of 1.548680.

The data under investigation totaled 44, as seen in the above table. The female board of commissioners was the first independent variable, or X2, with a result range of 0.000 to 1.000. The female board of commissioners' average score is 0.70455, with a standard deviation of 0.461522.

The data under investigation totaled 44, as seen in the above table. The female board of commissioners was the first independent variable, or X3, with a result range of -0.034 to 0.157. The female board of commissioners' average value is 0.07184, with a standard deviation of 0.043722.

The data under investigation totaled 44, as seen in the above table. The female board of commissioners was the first independent variable (X4), and its values ranged from 0.000 to 0.482. The female board of commissioners' average score is 0.06957, with a standard deviation of 0.113741.

The data under investigation totaled 44, as seen in the above table. The female board of commissioners was the first independent variable (X5), and it produced results ranging from 0.045 to 0.921. The female board of commissioners' average score is 0.64723, with a standard deviation of 0.218274.

Company Value is the study's dependent variable, or Y, with scores ranging from 26.920 to 32.726. Financial distress has an average value of 29.08818 and a standard deviation of 1.591152.

**Classic Assumption Test**

The traditional assumption test seeks to establish with certainty that the regression equation in this study has normally distributed data, does not have multicollinearity, and does not have a heteroscedasticity issue. The findings of the traditional assumption test are as follows (tests for heteroscedasticity, multicollinearity, and normality):

**1. Normality Test**

The purpose of a normality test is to determine if the dependent and independent variables in a regression model have a normal distribution. Kolmogrov-Smirnov can be used to perform a normality test. The data is regularly distributed if the probability exceeds 0.05 or 5%. These are the outcomes of the Kolmogrov-Smirnov test for normalc0079:

**Table 2 One-Sample Kolmogorov-Smirnov Test**

| | | Unstandardized Residual |
|---|---|---|
| N | | 44 |
| Normal Parameters[a,b] | Mean | 0E-7 |
| | Std. Deviation | 1.12209370 |
| Most Extreme Differences | Absolute | .168 |
| | Positive | .168 |
| | Negative | -.073 |
| Kolmogorov-Smirnov Z | | 1.114 |
| Asymp. Sig. (2-tailed) | | .167 |

The data in this study are said to be normally distributed based on table 4.2 above, which shows the normality test findings with a significance level of 0.167 or higher than 0.05.

**2. Multicollinearity test**

The multicollinearity test is used to determine whether the independent variables in the regression equation are correlated with one another. The multicollinearity test is demonstrated by the tolerance value and the VIF (Variance Inflating Factor) value. The multicollinearity test's findings are listed below :

**Table 3 Coefficients[a]**

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
|---|---|---|---|---|---|---|---|
| | B | Std. Error | Beta | | | Tolerance | VIF |
| (Constant) | 5.887 | 4.444 | | 1.325 | .193 | | |
| CGI | .437 | .509 | .130 | .859 | .396 | .600 | 1.666 |
| PRO | 8.050 | 5.060 | .227 | 1.591 | .120 | .677 | 1.477 |
| MO | 4.025 | 2.106 | .296 | 1.911 | .064 | .577 | 1.732 |
| IO | -2.623 | 1.076 | -.370 | -2.439 | .020 | .601 | 1.663 |
| CS | -.108 | .148 | -.111 | -.729 | .471 | .597 | 1.676 |

**3. Heteroscedasticity test**

When employing the regression approach, the heteroscedasticity test is used to assess whether there is an inequality in the variance between the residuals of one observation and another observation. To ascertain the presence or absence of heteroscedasticity, utilize the Glacier Test. The variable is referred to as homoscedastic if the significance level surpasses 0.05. These are the results of the heteroscedasticity test :

**Table 4 Heteroscedasticity test**

| Variabel | Sig. | Description |
|---|---|---|
| Good Corporate Governance | 0,341 | No heteroscedasticity exists |
| Profitability | 0,454 | No heteroscedasticity exists |
| Manajerial Ownership | 0,272 | No heteroscedasticity exists |
| Institutional Ownership | 0,916 | No heteroscedasticity exists |
| Company Size | 0,644 | No heteroscedasticity exists |

Based on table 4.4 above, it can be concluded that the data in this study did not experience heteroscedasticity because the female board of commissioners and female directors variables had significance values of 0.341, 0.454, 0.272, 0.916, and 0.644 or greater for the heteroscedasticity test using the Glejser method.

**Multiple Linear Regression Test**

The link between the dependent variable and the independent variable is examined using the multiple linear regression test. In this study, a significant threshold of =5% was employed to examine the gender diversity of women on the board of commissioners and directors of financial issues. A multiple linear regression test is presented below:

**Y= + 1.X1 + 2.X2 + 3.X3 + β4.X4 + 5.X5 + 6.X6 + β7.X7 +**

HRD = 5.887 + 0.437 CGI + 8.050 PRO + 4.025 MO - 2.623 IO – 0.108 CS +

Based on the above shows that the results of the multiple linear regression analysis are known the following multiple linear regression equations:

a. The constant value is 5.887, meaning that the value of the firm would be 5.887 if the corporate governance index, profitability, managerial ownership, institutional ownership, and firm size were all considered to be constant or equal to 0.
b. The corporate governance index variable's regression coefficient has a value of +0.437. This demonstrates that if the corporate governance index is increasing, the company's value will also increase. On the other hand, if the corporate governance index is declining, The value of the business will drop.
c. The profitability variable's regression coefficient displays a value of +8.050. This demonstrates that a company's worth increases with increased profitability. On the other hand, if profitability is declining, the company's value will decline.
d. The profitability variable's regression coefficient has a value of +8.050. This demonstrates that a company's worth increases with increased profitability. On the other hand, if profitability is declining, the company's value will decline.
e. The managerial ownership variable's regression coefficient has a value of +4,025. This demonstrates that managerial ownership has a positive correlation with business value. On the other hand, if managerial ownership is declining, the company's value will suffer.
f. The institutional ownership variable's regression coefficient has a value of -2,623. This demonstrates that the value of the corporation will decline with increasing institutional control. On the other hand, if institutional ownership is declining, the company's value will increase.
g. A value of -0.108 is displayed for the regression coefficient on the business size variable. This demonstrates that the value of the company will decrease as its size increases. On the other hand, if a company's size is decreasing, its value will increase.

**The t-test**

The t-test was used to determine the effect of each independent variable individually. The table below shows the results of the individual significance test (t-test) as follows:

**Table 5 The t-test**

| Variable | T | Sig. | Keterangan |
|---|---|---|---|
| *Good Corporate Index* | .859 | .396 | H1 : Rejected |
| *Profitabiloitabilitas* | 1.591 | .120 | H2 : Rejected |
| Manajerial Ownership | 1.911 | .064 | H3 : Rejected |
| Insittusional Ownership | -2.439 | .020 | H4 : Received |
| Company Size | -.729 | .471 | H5 : Rejected |

a. Results of the First Hypothesis (Good Corporate Index)
According to the findings of the first hypothesis test, the Good Corporate Index variable has a significance value of 0.859 > 0.05, which suggests that H1 is rejected and the Good Corporate Index has no impact on company value.
b. Results of the Second Hypothesis (Profitability)
Based on the first hypothesis testing, the results show that the Profitability variable has a significance value of 1.591 > 0.05, so H2 is rejected, which means that the Good Corporate Index has no effect on Firm Value.
c. Results of the Third Hypothesis (Managerial Ownership)
Based on the first hypothesis testing, the results show that the managerial ownership variable has a significance value of 1.911 > 0.05, so H3 is rejected, which means that managerial ownership has no effect on firm value.
d. Results of the Fourth Hypothesis (Institutional Ownership)
According to the findings of the first hypothesis test, H4 is accepted because institutional ownership has an impact on firm value because the significance value of the institutional ownership variable is -2.349 > 0.05.
e. Fifth Hypothesis Results (Company Size)

According to the findings of the first hypothesis test, H5 is rejected since there is no relationship between Firm Size and Firm Value, with the Firm Size variable having a significance value of -0.729 > 0.05.

**Discussion**

**The Effect Of Good Corporate Governance On Firm Value**

With a t result of 0.859 and a significance value of 0.396 > = 0.05, the Good Corporate Index test on the t-test is rejected, indicating that the Good Corporate Index has no effect on company value. The Company Value is unaffected by the Good Corporate Index, hence the Good Corporate Index has no bearing on the Company Value.

**The Effect Of Profitability On Firm Value**

When the profitability test's t result is 1.591 and its significance level is 0.120 > = 0.05, the hypothesis that profitability affects firm value is rejected. Profitability is unrelated to the company's value, hence profitability has no bearing on the value of the company.

**The Effect Of Manajerial Owner On Firm Value**

When the Managerial Ownership Test using a t-test yields a t result of 1.911 and a significance value of 0.064 > = 0.05, the hypothesis that Managerial Ownership affects Firm Value is rejected. Whether or not managerial ownership has an impact on company value is determined by whether or not it does so.

**The Effect Of Institutional Owner On Firm Value**

When the Constitutional Ownership Test on the t-test results in a t value of -2.439 and a significance value of 0.020 > = 0.05, H1 is accepted, indicating that Constitutional Ownership affects Firm Value. Whether or not Managerial Ownership has an impact on Company Value depends on Constitutional Ownership.

**The Effect Of Company Size On Firm Value**

Company Size A t-test test results in a t value of -0.729 and a significance value of 0.471 > = 0.05, rejecting the hypothesis that company size affects firm value. Whether or not a firm's size has an impact on its value is determined by the phrase "company size does not affect the value of the company".

## CONCLUSION

This study was done to determine whether or not the following factors had an impact on the company value: good corporate governance, profitability, managerial owner, institutional owner, and company size. All manufacturing businesses registered on the Indonesia Stock Exchange from 2018 to 2020 make up the population of this study. SPSS is being used as a measurement instrument in this quantitative research methodology. With a significance level of 0.396, which is higher than the probability level of 0.05, the Good Corporate Index has no impact on company value, and H1 is therefore rejected. And with a significance level of 0.120, bigger than the probability level of 0.05, profitability has no impact on company value, rejecting H1 as a null hypothesis. Then, with a significance level of 0.064, which is higher than the probability level of 0.05, Managerial Ownership has no effect on Firm Value, and H1 is therefore rejected. Then, with a significance level of 0.20, which is lower than the probability threshold of 0.05, institutional ownership has an impact on company value, and H1 is therefore accepted. Additionally, H1 is rejected because firm size has no effect on firm value with a significance level of 0.471, which is higher than the probability level of 0.05.

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