

**THE INFLUENCE OF LIQUIDITY, FIRM SIZE AND PROFITABILITY ON COMPANY VALUE
MEDIATED BY LEVERAGE OF COMPANIES LISTED ON IDX**

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Abstract - This study aims to determine the effect of liquidity, firm size and profitability on the value mediated by the leverage of companies listed on the IDX. The data used are property companies that go public on the Indonesia Stock Exchange. Financial reports for the period 2015 to 2019. Data is obtained from published annual financial reports where data is searched based on the variables used. In selecting the sample to be used with the purposive sample method. Data analysis technique using path analysis. The results of this study indicate that: 1) Liquidity, and firm size have an influence on leverage in property companies listed on the IDX. 2) Profitability, Firm Size has no effect on leverage on property companies listed on the IDX. 3) Liquidity, profitability, leverage have an influence on the value of the company property companies listed on the IDX. 4) Leverage cannot mediate between liquidity and profitability on the value of property companies listed on the IDX. 5) Leverage can mediate between firm size and the value of property companies listed on the IDX.

Keywords - Liquidity, firm size, profitability, leverage and firm value, property company.

INTRODUCTION

To survive in a complex business world, companies must exert their strength to achieve company goals, by increasing company value (Hamidy, 2014). The theory of the company states that the main goal of a company is to maximize the wealth or value of the company (Salvatore, 2005). A higher company value will have an impact on the perceptions of potential investors which can influence them to be more confident and believe in the company's prospects. Firm value is the market value of the company's equity plus the market value of debt. In addition, company value is characterized by a higher rate of return on investment to shareholders (Hermuningsih, 2013). Firm value is usually associated with investors' perceptions of the company's level of success. That is also a reflection of the stock price. The higher the stock price, the higher the company's value, than the market believes, not only on the company's current performance, but also on the company's prospects in the future.

High corporate value is not only noticed by companies and investors but also by creditors and the government (Herawaty, 2009). Firm value serves as a positive sign for creditors to provide loans (Manoppo and Ari, 2016). In addition, it also reflects that the company has a high ability to pay all its obligations so that creditors will be safe or avoid the risk of default.

Failure to maximize company value is caused by several companies' inability to implement the determinants of firm value (Ernawati and Widyawati, 2016). Maximization of firm value is strongly influenced by the availability and access to external or internal corporate funding sources (Safitri and Wahyuati, 2015).

Saraswati et al. (2016) stated that leverage ratios play an important role in improving company performance and productivity. Leverage also reflects the company's ability to manage fixed cost assets that generate returns to company owners (Moeljadi et al., 2015).

Leverage plays an important role in maximizing firm value (Welley and Untu, 2015). The addition of corporate debt can serve as a tool for free cash control by management. Increased control of funds will increase productivity and company performance so that it will have an impact on strengthening company value as reflected in the increase in stock prices (Mediawati, 2016).

The results of Zuhroh's research (2019) show that leverage has a positive and significant effect on company value. While the results of research by Wulandari (2013) show different results, namely, leverage has a significant negative and significant effect on the value of the form. Companies with large debts also have large debt costs. This burdens the company and in turn can reduce the level of investor confidence (Thaib and Dewantoro, 2017).

Firm size also plays an important role in optimizing firm value. Denziana and Monica (2016) state that company value is an indicator of a company's financial strength in supporting its performance. Large companies have several strengths: including facilities to access funding, (Dewi and Wirajaya, 2013) strategies to minimize risk (Chen and Chen, 2011) and opportunities to obtain greater benefits and better prospects in the company (Soliha, 2002).

The positive effect of company size on access to funding sources according to Zuhroh (2019) can increase investor confidence in increasing company value which is reflected in stock prices. A higher company size is considered easier to obtain sources of funding either for operational costs or for company development. Expectations of an increase in the company will be followed by stronger investor confidence to increase the share ownership of the company concerned. Strong demand for company shares will have a further impact on increasing share prices.

Firm value can also be explained from the company's profitability. The results of Purwondoko's research (2017) show that the profitability received by the company can affect the value of the company. This is in line with the investor's motive in any investment: obtaining returns consisting of returns and capital gains (Agustina, 2013). This is in line with the explanation made by Setiadewi and Purbwangsa (2014) that companies that have succeeded in increasing their profitability will increase investor confidence to provide their funds to be managed by the company concerned.

Profitability is known as the management effectiveness ratio which comes from sales and investment (Hermuningsih 2012). High profitability indicates good prospects for the company so that investors will respond positively to signals by increasing stock prices and firm value (Sujoko and Soebiantoro, 2007).

Return is the main motive of investors in their investment. Increasing profits made by the company will increase the returns received by investors so that companies must

always try to increase their profitability so that their shares continue to attract market interest (Mahendra et al (2012).

Another factor that can affect company value is the company's liquidity or ability to pay its short-term obligations (Ernawati and Widyawati, 2016). This was also stated by Owolabi et al. (2012) that liquidity plays an important role in the success of the company.

Firm value is also affected by company leverage. However, the empirical evidence from companies in Indonesia is divided into two groups. The first group proves that leverage is a mediating variable of liquidity, size and profitability in explaining any change in firm value.

Property and real estate companies require large capital, so the right financial decisions are very important. Leverage is an alternative acquisition of additional capital that can have positive or negative effects. Property and real estate companies offer products that are used as residential areas and asset investments. Based on this fact, this research related to the market value of property and real estate is very attractive. This study can finally be drawn to its consistency in explaining the value of the company and can be compared with other sectors related to market response.

Explanation of changes in corporate value needs further study to ensure decision makers to make the right decision. Management can intervene in independent variables to maintain and encourage increased corporate value. Meanwhile, investors will be able to use the company's estimate of the company's value as a basis for investing, buying, selling or maintaining their shareholdings.

Based on the issues described above, the authors want to conduct research on "The Influence of Liquidity, Firm Size and Profitability on the value mediated by the leverage of companies listed on the IDX".

METHOD

In research that will be carried out using empirical studies in which the presentation is already in the form of quantitative. The property companies taken are listed on the Indonesia Stock Exchange with variables on liquidity, firm size, profitability, leverage and firm value.

Population is an object in research that is in one area to be related to the research being carried out so that it can be used as a reference in that research. The definition of population is a unitary area used for research consisting of: objects/subjects that have certain qualities and characteristics determined by researchers to be studied and then conclusions drawn (Sugiyono, 2008).

The population used in this study are property companies listed on the Indonesia Stock Exchange by taking the 2015-2019 data sample.

The technique used for this study was a purposive sampling method in which the authors took a sample according to the purpose taken based on the characteristics used. The characteristics used are as follows:

Data used by property companies listed on the Indonesia Stock Exchange in the 2015-2019 period, companies listed on the Indonesia Stock Exchange, financial reports issued as of December 31. The data used is secondary data taken at the Indonesia Stock Exchange by taking data from 2015 to 2019 and following the existing criteria.

The data obtained comes from Annual report data and company performance records taken from www.idx.com. Retrieval of data is in the form of quantitative so that the data to be examined is numerical scale data (numbers).

Model Regression:

$$Y = \alpha + c_1X_1 + c_2X_2 + c_3X_3 + e \dots\dots\dots \text{(Pers. 1)}$$

$$M = \alpha + b_1X_1 + b_2X_2 + b_3X_3 + e \dots\dots\dots \text{(Pers. 2)}$$

$$Y = \alpha + c'_1X_1 + c'_2X_2 + c'_3X_3 + b_4M + e \dots\dots\dots \text{(Pers. 3)}$$

Information:

Y = Firm value

M = leverage

α = Constan number

b = Regression coefficient

c = Regression coefficient

c' = Regression coefficient

X_1 = Liquidity

X_2 = Firm Size

X_3 = Profitability

e = error

RESULTS AND DISCUSSION

Test results in research for liquidity, company size, profitability, leverage and firm value can be seen in table 1 as follows.

Table 1. Multiple Linear Regression Test Results

Variabel	B	Std. Error	t hitung	Sign.
Konstanta	0.825	0.518	1.594	0.114
Liquiditas	0.458	0.145	3.162	0.002
Firm_X2	-0.016	0.034	-0.462	0.645
Profiabilitas	3.882	0.990	3.921	0.000
R	0,477	F hitung	10.923	
R Square	0,228	Probabilitas F	0,000	
Adjusted R ²	0,207			

Based on the results of data processing for multiple linear regression can be seen in table 4.7 above. From the table it can be arranged multiple linear regression equation as follows.

$$Y = 0.825 + 0.458 \text{ liquidity} - 0.016 \text{ Firm Size} + 3.882 \text{ profitability}$$

Table 2. Multiple Linear Regression Test Results

Variabel	B	Std. Error	t hitung	Sign .
Konstanta	-1.610	0.416	-3.869	0.000
Liquiditas	-0.327	0.116	-2.810	0.006
Firm_X2	0.149	0.027	5.467	0.000
Profiabilitas	-0.170	0.796	-0.213	0.832
R	0,480	F hitung	11.049	
R Square	0,230	Probabilitas F	0,000	
Adjusted R ²	0,209			

Source: Data Analysis Results, 2020

Based on the results of data processing for multiple linear regression can be seen in table 4.8 above. From the table it can be arranged multiple linear regression equation as follows.

$Y = -1.610 - 0.327 \text{ liquidity} + 0.149 \text{ Firm Size} - 0.170 \text{ profitability}$
(Table 2)

Multiple Linear Regression Test Results (Table 3)

Variabel	B	Std. Error	t hitung	Sign .
(Constant)	1.266	0.540	2.343	0.021
Liquiditas	0.547	0.147	3.728	0.000
Firm_X2	-0.057	0.038	-1.509	0.134
Profiabilitas	3.928	0.970	4.049	0.000
Leverage	0.274	0.116	2.369	0.020
R	0,515	F hitung	9.936	
R Square	0,265	Probabilitas F	0,000	
Adjusted R ²	0,239			

Source: Data Analysis Results, 2020

Based on the results of data processing for regression can be seen in table 4.10 above. From the table it can be arranged multiple linear regression equation as follows. (Table 3)

Firm Value = 1,266 + 0,547 liquidity - 0,057 Firm Size + 3,928 profitability + 0,274 Leverage.

These results show that;

The constant is 1,266 with a positive value indicating that the independent variables consisting of liquidity, firm size, and profitability and leverage, the firm value has increased by 1,266. The regression coefficient of the board of liquidity (X1) is 0.547 with a positive value, which means that if the proportion the current ratio has increased by 1 unit, it will be followed by an increase in the value of the company by 0.547 assuming the coefficient values of the other independent variables are fixed or equal to zero, the regression coefficient X2 (firm size) is 0.057 with a negative value meaning that if the company's assets increase by 1 unit then can reduce the value of the company by 0.057 assuming the coefficient value of the other independent variables remains at or equal to zero, the profitability regression coefficient (X3) is 3,928 with a positive value which means that if the company's profits increase by 1 unit in the company, it can increase the company's value haan 3.928 assuming the coefficient values of the other independent variables are fixed or equal to zero, the regression coefficient X4 (leverage) is 0.274 with a positive value which means that if leverage increases by 1 unit it will be followed by increasing the firm value by 0.274 assuming the coefficient values of other independent variables fixed or equal to zero.

DISCUSSION

Data Descriptive Results				
	Minimum	Maximum	Mean	Std. Deviation
Nilai Perusahaan	0.15000	2.61000	0.823304 3	0.55545733
Leverage	0.00160	1.71000	0.622327 8	0.44717120
Liquiditas	0.01200	1.28000	0.202507 0	0.33550592
Firm_X2	11.98	17.85	15.4197	1.40951
Profiabilitas	-0.05510	0.24900	0.038039 1	0.04858480

Source: Data Analysis Results, 2020

Effect of Liquidity on Leverage.

The results of this research hypothesis show that liquidity has an effect on leverage. In this case the tcount is -2,810 with a significance level of 0.006, so the first hypothesis is rejected. The results of this study are consistent with this study. Zuhroh (2019) shows that liquidity has an effect on leverage.

Effect of Firm Size on Leverage.

The results of the hypothesis show that firm size has a significant effect on leverage. The result of tcount firm size is 5,467 with a significance level of 0.000. It can be concluded

that the greater the assets owned, the greater the debt owned by the company. The results of this study are consistent with this study. Zuhroh (2019) shows that Firm Size has an effect on leverage.

Effect of Profitability on Leverage.

The results of the hypothesis show that profitability does not have a significant effect on company value. The result of tcount profitability is -0.213 with a significance level of 0.832. The results of this study are consistent with Purwohandoko (2017) showing that leverage has an influence on firm value.

The Effect of Liquidity on Firm Value.

The results of the hypothesis show that Liquidity has a positive effect on firm value with a regression coefficient of 0.547, a tcount of 3,728 and a significant value of 0.000 less than 0.05, so the fourth hypothesis is accepted. The results of this study are consistent with Sondakh (2019) showing Liquidity has an influence on company value.

It can be concluded that investors in assessing a company look at its liquidity, which can fulfill its short-term obligations with the current assets it owns. However, investors tend to look more at the profits generated by a company. A positive liquidity value identifies the value of current assets to be greater than the value of current liabilities so that it can fulfill short-term obligations, which in the future the company can grow and its shares will be in demand by investors.

The Effect of Firm Size on Firm Value

The results of the hypothesis show that firm size has no effect on firm value with a regression coefficient of -0.057, a tcount of -1.509 and a significant value of 0.134 greater than 0.05. The results of this study are consistent with Purwohandoko (2017) showing that firm size has no effect on firm value.

The Effect of Profitability on Firm Value

The results of the hypothesis show that profitability has a positive effect on firm value with a regression coefficient of 3,928, a tcount of 4,049 and a significant value of 0.000 less than 0.05, so the fourth hypothesis is accepted.

Higher profitability will make the company's value also increase, and vice versa. High profitability reflects the company's ability to generate high profits for shareholders. The company will be able to attract investors to invest in the company when the profitability of the company is high. The stock price will be high when the interest of investors to invest in the company is high as a result of the high ROA value. Profitability with stock prices that have this positive relationship makes the high stock price affect the value owned by the company.

The Effect of Leverage on Firm Value

The results of the hypothesis show that leverage has a positive effect on firm value with a regression coefficient of 0.274, a tcount of 2,369 and a significant value of 0.020, less than 0.05.

Leverage has a significant positive effect on firm value. This shows that the higher the leverage is able to significantly increase the value of the company. because a high amount of capital will increase trust, causing an increase in company value. An increase in capital will

lead to an increase in the value of the company, with a market response that will increase if there is an increase in capital, then management can exercise control over market valuation, especially in assessing company assets, this assessment will affect how much the value of a company is when it is sold, so that the higher This value will benefit the company. This is because capital is a source of financing that has a low level of risk. The right combination of capital and equity can maximize company value. The results of this study are in accordance with research conducted by Putra and Wiagutini (2013) who in their research showed that leverage has a significant positive effect on firm value.

The Effect of Liquidity on Firm Value with Leverage as a Mediating Variable.

The results of the hypothesis show that leverage cannot mediate between liquidity and firm value. The tcount result of 1.7424 is smaller than 1.985. The results of this study are inconsistent with this study. Zuhroh (2019) shows that leverage mediates between liquidity, firm size and profitability and firm value.

The Effect of Firm Size on Firm Value with Leverage as a Mediation Variable.

The results of the hypothesis show that leverage can mediate between firm size and firm value with a regression coefficient of 0.0191, a tcount of 2.137 greater than 1.985. The results of this study are consistent with this study. Zuhroh (2019) shows that leverage mediates between liquidity, firm size and profitability and firm value.

The Effect of Profitability on Firm Value with Leverage as a Mediation Variable.

The results of the hypothesis show that leverage cannot mediate between profitability and firm value. The tcount result of 0.1903 is smaller than 1.985. The results of this study are inconsistent with this study. Zuhroh (2019) shows that leverage mediates between liquidity, firm size and profitability and value.

CONCLUSION

Based on the results of research on liquidity, firm size and profitability on firm value with leverage as mediation in manufacturing companies listed on the Indonesia Stock Exchange, the following conclusions can be drawn;

1. Liquidity has an influence on leverage in property companies listed on the IDX.
2. Firm Size has an influence on leverage in property companies listed on the IDX.
3. Profitability has no effect on leverage in property companies listed on the IDX.
4. Liquidity has an influence on the Company Value of property companies listed on the IDX.
5. Firm Size has no effect on Company Value in property companies listed on the IDX.
6. Profitability has an influence on company value in property companies listed on the IDX.
7. Leverage has an influence on company value in property companies listed on the IDX.
8. Leverage cannot mediate between liquidity and the value of property companies listed on the IDX.
9. Leverage can mediate between firm size and the value of property companies listed on the IDX.
10. Leverage cannot mediate between profitability and the value of property companies listed on the IDX.

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