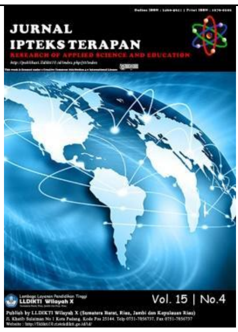

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THE INFLUENCE OF PROFITABILITY, LIQUIDITY AND CAPITAL STRUCTURE ON COMPANY VALUE WITH CORPORATE SOCIAL RESPONCIBILITY AS MODERATING VARIABLES

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Abstract

Background: The higher this ratio, the more efficient the company in using the company's current assets to meet its current liabilities, so as to minimize the company's failure to meet its short-term obligations to creditors. If the company wants to maintain its business continuity, it must have the ability to pay off all its financial obligations when they fall due. This ratio is used to measure how liquid a company is. **Method :** The research method is an activity that uses a systematic method to obtain data which includes data collection. **Result :** Based on the results of the residual test, the coefficient value on the Firm Value variable is -0.052 with a significance value of MRA 3 respectively. each of 0.987 is greater than 0.05. **Conclusion :** Profitability partially has a significant effect on firm value in manufacturing companies listed on the Indonesia Stock Exchange for the 2017–2020 period. High profitability will give a positive signal to investors that the company produces in favorable conditions. This attracts investors to own company shares.

Keywords: Liquidity, Capital Structure, Moderating Variable, Manufacturing.

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INTRODUCTION

The level of company health is very important to increase efficiency in running a business so that the ability to earn profits can be increased and avoid potential bankruptcy. A high company value indicates a good company's financial performance and reflects the company's success and the prosperity of shareholders will also be high[1][2][3]. One thing that must be considered in terms of management is the financial problems of a company related to the source of funds and their use. The better the management and use, the better the condition of the company, so investors can be interested in investing their capital. Conversely, if the management and use is not good, it will have a negative impact on the company. Firm value is very important because it reflects the company's performance which can affect investors' perceptions of the company and is often associated with stock prices[4][5]. Profitability shows the company's expertise in getting profits in sales, total assets and own capital[6]. If the profitability is high, the higher the profit that will be obtained by a company. In essence, the use of this ratio describes the efficiency of the company. The company's profitability ratio can be said to be good if it can obtain a predetermined profit target using assets and capital owned[7][8][9].

Liquidity is the ability of a company to meet its financial obligations in the short term or to be paid immediately[10]. The higher this ratio, the more efficient the company in using the company's current assets to meet its current liabilities, so as to minimize the company's failure to meet its short-term obligations to creditors. If the company wants to maintain its business continuity, it must have the ability to pay off all its financial obligations when they fall due. This ratio is used to measure how liquid a company is. If the company is able to fulfill its obligations, it is said that the company is in a liquid state, otherwise if the company cannot fulfill its obligations, it can be said that the company is in an illiquid state[11][12][13].

No	Years	Capital Value Market
1	2014	Rp 2.043.687.758.154
2	2015	Rp 16.287.415.741.98
3	2016	Rp 4.039.633.088.948
4	2017	Rp 4.478.638.943.229
5	2018	Rp 9.231 272.966.601

Table 1. Development of the Market Capitalization Value of Manufacturing Companies Listed on the Indonesia Stock Exchange for the Period of 2014 – 2018

RESEARCH METHODS

The research method is an activity that uses a systematic method to obtain data which includes data collection, data management and data analysis[14]. The type of this research approach is descriptive. Descriptive research is research that seeks to describe current problem solving based on data[15]. The type of research used in this research is quantitative research with a causal approach (cause - effect). This type of research is a type of research used to examine the effect, relationship or impact of the independent variable on the dependent variable.

The data in this study were collected using documentation techniques, namely by collecting and utilizing the 2017–2020 annual report data of manufacturing

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companies that have been available as information. The data was obtained from a website owned by the Indonesia Stock Exchange, namely www.idx.co.id.

The model used in this research data analysis is multiple linear regression analysis. Multiple linear regression analysis is to obtain the effect of two criterion variables or to find a functional relationship between two or more predictors with their criterion variables or to predict two or more predictor variables on the criterion variables.

Y = α+ β1X1+ β2X2++ β3X3+ β4Z+ e

Y	= Company Value	X2	= Liquidity
A	= Constant	X3	= Capital Structure
β1-β4	= Regression Coefficient	Z	= CSR
X1	= Profitability	ϵ1	= Error

Table 2. Predictor Variables

Regression Analysis (MRA) is a special application of linear multiple regression where the regression equation contains an interaction element (multiplication of two or more independents). The purpose of this analysis is to determine whether the moderating variable will strengthen or weaken the relationship between the independent variable and the dependent variable. In this study, the residual test will be used. residual analysis wants to test the effect of deviation (deviation) of a model. The focus is on the lack of fit resulting from the deviation of the linear relationship between the independent variables. Lack of fit is indicated by the residual value in the regression, the following is the regression equation formula as follows:

MRA I

Z = a + 1X1 + e absolute = a – 2Y
Information:
Y = Firm Value
a = Constant
1- 2 = Multiple regression coefficient X1 = Profitability
Z = CSR
e = Standard Error eabsolute = Absolute Residual Value of MRA II
Z = a + 3X2 + e1
eabsolute = a – 4Y

Information:

Y = Firm Value
A = Constant
3- 4 = Multiple regression coefficient X2 = Liquidity
Z = CSR
e = Standard Error eabsolute = Absolute Residual Value of MRA II I
Z = a + 4X3+ e1
eabsolute = a – 5Y Description:
Y = Firm Value
A = Constant
4- 5 = Multiple regression coefficient X3 = Modal structure
Z = CSR
e = Standard Error
eabsolute = Absolute Residual Value

RESULTS AND DISCUSSION

The normality test was conducted to determine whether the dependent and independent variables were normally distributed or not. In this study the method used is the Kolmogorov-Smirnov Test. The data is normally distributed if the value of Asymp.sig (2-tailed) > 0.05 and strengthened by histogram graph. The results of the normality test in this study are as follows:

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		Unstandardized Residual
N		96
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	1.62329503
Most Extreme Differences	Absolute	.136
	Positive	.136
	Negative	-.105
Test Statistic		.136
Asymp. Sig. (2-tailed)		.118[c]

Table 3. Kolmogorv Smirnov . Normality Test

One Sample Kolmogrov-Smirnov Test it can be seen that the value of Asymp.Sig (2-tailed) is 0.118, which means the value is greater than the significant level of 0.05. it can be concluded that the respondent's data from the research conducted is normally distributed.

This test is carried out to determine whether or not multicollinearity occurs in the regression model which can be seen from the Variance Inflation Factor (VIF) value and the obtained Tolerance value. With the criteria if the tolerance value is > 0.10 and the VIF value is < 10, it can be concluded that there is no multicollinearity and if the tolerance value is < 0.10 and the VIF value is > 10.

Heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from one residual to another observation. A good regression model is one with homoscedasticity or no heteroscedasticity. Most cross-sectional data contain heteroscedasticity situations because this data collects data that represents various sizes (small, medium, and large). To detect the presence or absence of heteroscedasticity in a model, it can be seen from the scatterplot image pattern. The decision making used in the scatterplot graph is if there is a certain pattern on the scatterplot graph such as a regular pattern (wavy spreads then narrows), it can be concluded that there has been heteroscedasticity. On the other hand, if there is no clear pattern, and the dots are spread out.

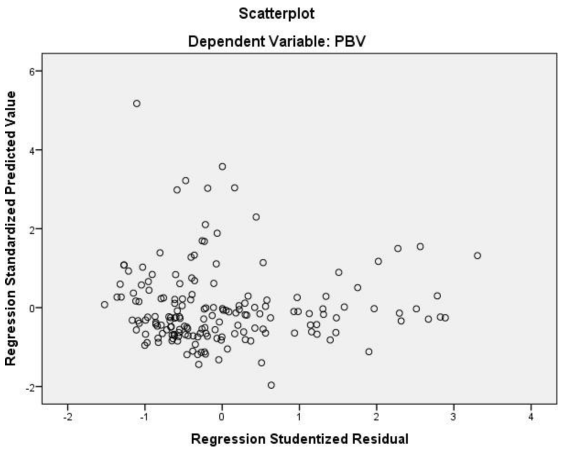

Figure 1. Scatterplot Graph

From the scatterplot graph after data transformation it can be seen that the points have spread above and below the number 0 on the Y axis, which means that the regression model no longer has heteroscedasticity problems.

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Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.091	.283		7.379	.000
ROA	.002	.001	.304	3.012	.003
CR	6.406	.000	-.048	-.470	.640
DER	.003	.011	-.028	-.276	.783
CSR	4.676	.000	-.038	-.369	.713

Table 4.Mu ltiple Linear Regression Analysis

Based on the table above, it is known that the Durbin-Watson value is 1.802 with the provision that the Durbin-Watson number is between -2 to +2, meaning there is no correlation. Thus, the Durbin-Watson value is between -2 <1.802 < 2, so it can be concluded that the research regression shows no autocorrelation symptoms.

From the table above, we get the following equation:
Y = 2.091+0.002X1+0.6,406X2+0.003X3+-4,676Z+e

From these equations it can be explained that:
Variables (X1), (X3), (X3), (X4) have a positive direction of the coefficient on the Firm Value (Y)
The coefficient (X1) of 0.002 means that if the ROA increases by 1 with the assumption that other variables are constant, then the Firm Value will increase by 2.091. The coefficient (X2) of 6.406 means that if the CR increases by 1 with the assumption that other variables are constant, then the Firm Value will increase by 2.091. The coefficient (X3) of 0.003 means that if the DER increases by 1 with the assumption that other variables are constant, then the Firm Value will increase by 2.091. The coefficient (Z) of 4.676 means that if CSR increases by 1 with the assumption that other variables are constant, then the value of the company increases by 2.091.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.091	.283		7.379	.000
ROA	.002	.001	.304	3.012	.003
CR	6.406	.000	-.048	-.470	.640
DER	.003	.011	-.028	-.276	.783
CSR	4.676	.000	-.038	-.369	.713

Table 5. T-Test

From the table above it can be concluded as follows:
1. The significance value (X1) is 0.003 <0.05, indicating that ROA (X1) has a significant effect on firm value. So, the

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Profitability hypothesis has an effect on Firm Value (H1) is accepted.

2. The significance value (X2) of 0.640>0.05 indicates that CR (X2) has no significant effect on firm value. So, the hypothesis that Liquidity has an effect on Firm Value (H2) is rejected.

3. The significance value (X3) is 0.783>0.05, indicating that DER (X3) has no significant effect on firm value. So, the hypothesis that the Capital Structure has an effect on Firm Value (H3) is rejected.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	28.091	4	7.023	2.553	.044b
	Residual	250.333	91	2.751		
	Total	278.425	95			

Table 6. F-Test

Based on the results of statistical tests shown in the table above, a significance value of 0.044 is obtained, which is smaller than 0.05. This shows that the regression model of profitability, liquidity, capital structure and CSR in this study is feasible to use to predict firm value.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	11720.33	1340	-.083		
			7			
	PBV		-401.984	.880		

Table 7. MRA Test Results

Based on the table, it can be concluded:

- The value of the coefficient on the Firm Value variable is -0.052 with a significance value of MRA 1 of 0.419 which is greater than 0.05, so it can be concluded that firm value has no effect on the absolute residual value. So it can be stated that Corporate Social Responsibility cannot moderate the effect of profitability on Company Value.
- The value of the coefficient on the Firm Value variable is -0.052 with a MRA significance value of 0.624 each greater than 0.05, so it can be concluded that firm value has no effect on the absolute residual value. So it can be stated that Corporate Social Responsibility cannot moderate the effect of liquidity on Company Value.
- The value of the coefficient on the Firm Value variable is -0.052 with a significance value of MRA 3 each of 0.987 greater than 0.05, so it can be concluded that firm value has no effect on the absolute value.

Based on the results of statistical testing, a significance value (X1) of 0.003 <0.05 indicates that ROA (X1) has a significant effect on firm value. So, the Profitability hypothesis has an effect on

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Firm Value (H1) is accepted. The results of this study are in line with research conducted by Mustika et al. (2019) which states that profitability has a significant effect on firm value. High profitability will give a positive signal to investors that the company produces in favorable conditions. This attracts investors to own company shares. High demand for shares will make investors appreciate the value of shares greater than the value recorded on the company's balance sheet, but in this company a high PBV does not make the company value high.

Based on the results of statistical testing, a significance value (X2) of 0.640>0.05 indicates that CR (X2) has no significant effect on firm value. So, the hypothesis that Liquidity has an effect on Firm Value (H2) is rejected. The results of this study are not in line with research conducted by Reza (2015) which states that liquidity has a significant effect on firm value. Liquidity is the ability of a company to meet its financial obligations in the short term or which must be paid (Brigham and Houston, 2010). Liquidity determines the extent to which the company bears the risk or in other words the company's ability to get cash or the ability to realize non-cash into cash. A company that has a good level of liquidity means it has a small level of risk because the company is able to fulfill its obligations properly, lots of funds are available for the company to pay dividends, finance operations and investments. The higher the liquidity, the higher the firm value and the lower the liquidity, the lower the firm value.

Based on the results of statistical testing, a significance value (X3) of 0.783> 0.05 indicates that DER (X3) has no significant effect on firm value. So, the hypothesis that the Capital Structure has an effect on Firm Value (H3) is rejected. The results of this study are not in line with the research conducted by Mudjijah et al, (2019) which states that the Capital Structure variable has a significant effect on firm value. This is because for each company, decisions the selection of sources of funds is not important because it will affect the company's financial structure, which in turn will affect the company's performance. The company's source of funds is reflected by foreign capital and own capital which is measured by the debt to equity ratio (DER). The higher the debt to finance the company's operations, it does not reduce the value of the company, because with a high level of debt, the burden to be borne by the company is not necessarily large.

Based on the results of the residual test, the coefficient on the Firm Value variable is -0.052 with a significance value of MRA 1 of 0.419 which is greater than 0.05, so it can be concluded that firm value has no effect on the absolute residual value. So it can be stated that Corporate Social Responsibility cannot moderate the effect of profitability on Company Value. The results of this study are not in line with the research conducted by Chumaidah and Priyadi (2018) which states that CSR can moderate the effect of profitability on firm value. This is because the environmental CSR carried out by the company has an impact on the welfare of investors. This causes investors to invest in a company and there is no increase in stock prices and company value. This finding explains that the level of CSR

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disclosure has not been able to mediate the effect of profitability on firm value.

Based on the results of the residual test, the coefficient value on the Firm Value variable is -0.052 with a MRA significance value of 0.624, each greater than 0.05, so it can be concluded that firm value has no effect on the absolute residual value. So it can be stated that Corporate Social Responsibility cannot moderate the effect of liquidity on Company Value. The results of this study are not in line with research conducted by Safitri et al (2018) which states that CSR can moderate the relationship between liquidity and firm value. The bigger the company, the higher the CSR implementation.
The implementation of CSR becomes effective if it is balanced with communication that is adjusted to liquidity. Small companies should emphasize communication about CSR to the company's core business, while large companies should emphasize increasing and expanding CSR reporting communications.

Based on the results of the residual test, the coefficient value on the Firm Value variable is -0.052 with a significance value of MRA 3 respectively. each of 0.987 is greater than 0.05, so it can be concluded that firm value has no effect on the absolute residual value. So it can be stated that Corporate Social Responsibility cannot moderate the effect of capital structure on firm value. This explains that CSR has not been able to mediate between profitability and capital structure with firm value.

CONCLUSION

- Profitability partially has a significant effect on firm value in manufacturing companies listed on the Indonesia Stock Exchange for the 2017–2020 period. High profitability will give a positive signal to investors that the company produces in favorable conditions. This attracts investors to own company shares.
- Liquidity has no significant effect on firm value in manufacturing companies listed on the Indonesia Stock Exchange for the 2017–2020 period. This is because for every company, the decision in choosing the source of funds is not important because it will affect the company's financial structure, which will ultimately affect the company's performance. The company's source of funds is reflected by foreign capital and own capital which is measured by the debt to equity ratio (DER)
- Capital structure has no significant effect on firm value in manufacturing companies listed on the Indonesia Stock Exchange for the 2017–2020 period. This is because the environmental CSR carried out by the company has an impact on the welfare of investors. This causes investors to invest in a company and there is no increase in stock prices and company value.
- CSR variables cannot moderate the effect of Profitability on Company Value in Manufacturing companies listed on the Indonesia Stock Exchange for the 2017–2020 period. Small companies should emphasize communication about CSR to the

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company's core business while large companies should emphasize increasing and expanding CSR reporting communications.

- CSR variables cannot moderate the effect of Liquidity on Company Value in Manufacturing companies listed on the IDX for the 2017–2020 period.
- The CSR variable cannot moderate the effect of Capital Structure on Firm Value in Manufacturing companies listed on the IDX for the 2017–2020 period. This explains that CSR has not been able to mediate between profitability and capital structure with firm value.

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