

The Influence of Financial Performance on Company Value in Manufacturing Companies in the Food and Beverage Sector in the 2019-2021 Period

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Abstract

This study aims to determine the effect of performance on the company's financial value. This study uses a quantitative approach with secondary data sources obtained from the official IDX website. The samples used in this study were 23 companies in the Food and Beverage Subsector for the 2019-2021 period which were obtained using the Purposive Sampling method. The variables used in this study are Profitability (ROA), Liquidity (CR) and company value (TobinQ). The data analysis technique in this study uses multiple linear techniques. The results of the study concluded that partially Profitability has no significant effect on firm value. This shows that the amount of profits earned by the company does not affect the value of the company. Partially, liquidity has no significant effect on firm value, this indicates that companies with high or low liquidity do not affect firm value. Because the company uses most of its money to pay its obligations.

Keywords: *Return On Assets, Carrent Ratio, Corporate Value*

INTRODUCTION

In the era of globalization and increasingly fierce business competition, a company's financial performance is a crucial factor that influences company value. Manufacturing companies in the food and beverage sector are sectors that have an important role in the economy, because they play a role in meeting basic human needs for food and beverages. Each party is trying to increase the value of the company. High corporate value can increase the prosperity and welfare of shareholders, while companies that survive and continue to grow have high value in the eyes of investors, therefore shareholders do not hesitate to invest in the company at that time. the company can achieve its goals to increase profits, the value of the company increases. Firm value affects the company's ability to continue development and reduce the company's financial scale.

In this modern era, the large number of companies in the industry and the prevailing economic conditions have created intense competition between companies, including manufacturing companies. A manufacturing company is a company whose operations turn standard materials into products. Manufacturing companies in carrying out their activities work directly with humans and the environment, so that the results of company activities are not only known by internal parties, but also by external parties. The goal of any manufacturing company is always to make a profit and create wealth for the owners or shareholders of the company. To achieve this goal, manufacturing companies must maximize firm value. The value of the company is reflected in the company's stock price, with an increase in share prices always accompanied by an increase in company value. Firm values provide insight into how investors view the accomplishments of a company's resource management. The more investors buy shares of a company, the higher the stock price and value of the company. The rise and fall of a company's stock price determines the company's value in the eyes of investors (Alamsyah, nd) .

Many studies have been conducted regarding influence performance finance to mark company . Study (Mahendra et al., 2019) found that profitability (ROA) has a positive effect significant to mark company whereas liquidity influential positive No significant to company value. (Mudjijah et al., 2019)

shows that financial performance and capital structure have a positive and significant influence on firm value. Firm size has no significant effect on firm value. Firm size can moderate the effect of financial performance on firm value. Firm size cannot moderate the effect of capital structure on firm value. In connection with the results of previous studies which showed different results, the researcher wanted to try to investigate and find out what profitability was influential to mark company and what is liquidity influential to company financial performance affects the value of the company manufacturing sector of food and beverages listed on the IDX for the 2019-2021 period. which of course has many advantages, including as data to broaden knowledge and as a reference regarding the effect of financial performance on firm value .

Signal Theory (Signalling Theory)

signaling theory explains the company's motivation to share financial reporting information with internal and external parties. This promotion was due to information asymmetry between external parties and management. Information asymmetry is caused by companies receiving more information about the company and its future prospects from outsiders (investors and creditors). This signal is in the form of information that is applied by management to meet the wishes of the owner. Signals can be in the form of information and advertisements that show that a company is better than other companies. Information that is no less important is the disclosure of corporate social responsibility in the hope of increasing the reputation and value of the company.

Stakeholder Theory (Stakeholder Theory)

According to Ghazali and Chairi, stakeholder theory is a theory which states that a company is not an entity that only operates for its own sake, but must provide benefits to all its stakeholders (shareholders, creditors, consumers, suppliers, government, society, analysts and other parties).

Stakeholder theory is a theory of organizational management and business ethics that considers morals and values in managing an organization. Stakeholder theory states that companies are not only responsible for the owners (shareholders) as has been the case so far, but have shifted to a broader scope, namely in the social sphere (stakeholders), hereinafter referred to as social responsibility. Phenomena like that occur, because of demands from society due to negative externalities that arise and social inequality that occurs. For this reason, corporate responsibility which was originally only measured by economic indicators in financial reports, must now shift by taking into account social factors (social dimensions) towards stakeholders, both internal and external .

Financial performance

Financial performance is a very important and formal business for a company that measures the success of profit productivity and measures both the company's development potential by using existing resources and company efficiency, which can be used to see the company's potential in the future. Financial performance is one of the factors driving investors to invest in the company (Mahendra et al., 2012) .

Profitability

Profitability is a company's ability to use its assets to generate profits in company operations (Erlina, 2018) . Profitability is an important factor because to survive, a company must be profitable. In this study, the profitability ratio is proxied by using *Return On Assets* (ROA) because ROA describes operating profit and the company's ability to use all of its company's assets. Companies with good financial results are companies whose financial management is perfect to generate profits for the company, which is indicated by the company's high ROA (Pertiwi and Primary, 2011) . The use of *Return On Assets* (ROA) which describes the rate of return in this study is because ROA can describe the rate of return of investors on their investment.

Liquidity

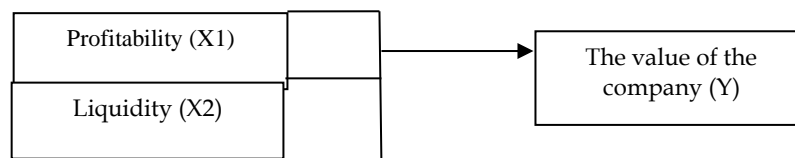
The liquidity ratio is a ratio that measures a company's ability to meet its short-term obligations. This ratio can be calculated using sources of information on working capital items, current assets and current liabilities. The higher this ratio, the more efficiently the company uses the company's current assets to cover its current liabilities. Liquidity is proxied by *the Current Ratio* (CR), which measures a

company's ability to pay debts that are due. The use of *Current Ratio* (CR) in this study is beneficial for parties with an interest in the company. Parties with an interest in this interest are shareholders and management to measure the company's performance in fulfilling its obligations. The company's ability to meet its short-term obligations has a positive effect on firm value (Mahendra et al., 2012) .

The value of the company

Company value is a certain condition that is determined by the company as evidence of public trust in the company after carrying out its operations, namely since the company was founded. The value of the company is reflected in the value of its shares. The high stock price of a company is always followed by the high value of the company. High corporate value reflects shareholder wealth. The higher the value of the company, the richer the shareholders. That is why every entrepreneur always wants to have a high company value. Investors are always willing to pay a price for the value of the company being sold. In this case the value of the company is the perception of investors towards the company which is always associated with the stock price (Zelinka et al., 2016) . Companies that have high value will be followed by the prosperity of their owners.

Figure 1. Framework Conceptual



Development hypothesis

H 1 : Profitability influential positive to mark company

H 2 : Liquidity influential positive to mark company

RESEARCH METHODS

Method Collection of Data, Population and Sample

This study uses quantitative research methods , methods data collection using secondary data whose data collected with method access the web and related sites with object research . Population in study This that is company manufacturing in the Food and Beverage subsector which is listed on the IDX in the 2019-2021 period , namely there are 33 companies . However taking sample to be condition criteria only 23 companies in three year observations , so that the total data is 69.

Variables and Definitions operational Variable

In study In this case , the researcher uses one dependent variable and two independent variables. The dependent variable used is Firm Value using the *Tobin's Q* method while the independent variable is Financial Performance using ROA and CR calculations.

independent variable

In this study the independent variable is financial performance which is proxied by *Return On Assets* (ROA) and *Current Ratio* (CR). The measurement of the company's financial condition in this study covers three time periods, namely 2019-2021. The calculation formula used in the financial results is:

Return on Investment (ROA) calculation formula:

$$ROA : \frac{\text{Net Profit After Tax}}{\text{Total Asset}} \times 100$$

Calculation formula for *Current Ratio* (CR):

$$CR : \frac{\text{Current assets}}{\text{Current Liabilities}}$$

Dependent Variable

The dependent variable or dependent variable is a condition or trait that changes or occurs during the study and is influenced by other variables according to their function. The variable in this study is the company's value proxied by Tobin's Q which is used in this study to calculate the ratio of the market value of the company's shares to the book value of the company's equity . Tobin's Q form of calculation:

$$\text{Tobin's Q} = \frac{(\text{Closing Price} \times \text{number of shares outstanding}) + \text{total liabilities}}{\text{Total aset}}$$

Data Analysis Techniques

In this study, the data was tested using the SPSS 22 data analysis technique.

Descriptive Statistical Analysis

To overcome this problem, this study uses descriptive statistics which are used as a data analysis tool by simply describing the sample data collected or describing it without drawing general conclusions (generalizations).

Classic Assumptions

Normality Test

The normality test aims to test whether the independent variables and dependent variables in the regression model are normally distributed or not. The normality test can be selected by looking at the distribution of data (points) on the diagonal axis of the graph. This test is called a PP chart or *Kolmogorov-Smirnov table* .

Multicollinearity Test

Multicollinearity test This aim For know is there is correlation between variable free regression model . Good regression models _ should No own problem or correlation between variable independent . For know exists multicollinearity in the regression model can determined with use mark *tolerance* and value *variance inflation factor* (VIF). In general, the general limit used is mark *tolerance* ≤ 0.10 or VIF value ≥ 10 .

Autocorrelation Test

one _ condition For using analytical models multiple linear regression is fulfillment non-autocorrelation assumptions . Test it done For know is There is correlation between error bully period t with period error _ before (t1). For know exists autocorrelation statistical test was carried out *Durbin Watson* i.e. H. no There is autocorrelation between -2 and +2.

Heteroscedasticity Test

Heteroscedasticity test aim For test is there is residual inequality in the regression model from One observation to observation other . If observation second own fixed residual value , it says homoscedastic , and if different , called heteroscedastic . For detect There is or nope heteroscedasticity , got used with Scatterplot method between mark prediction variable dependent (ZPRED) with mark residual (SRESID).

Analysis Regression Double

Analysis multiple linear regression is analysis linear regression that saw magnitude relationship and influence variable more free _ big from one . The regression model used in study This is the *Moderated Regression Analysis* (MRA) model . Equality multiple linear regression For study This are :

Equality First :

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e$$

Description :

Y = Firm Value

α = Constant

$\beta_1, \beta_2, \beta_3$ = Regression Coefficient

X_1 = Profitability

X_2 = Liquidity

e = Error

Test Test hypothesis

Determination Coefficient Test (R^2)

Determinant coefficient analysis is used to predict how much influence the independent variables have on the dependent variable. The coefficient of determination is between zero and one. A value close to one indicates that the dependent variable receives almost all of the information it needs from the independent variable to make predictions. Conversely, when the coefficient of determination is close to zero, the ability of the model to explain the dependent variable is very limited.

Partial Test (t test)

The partial test (t-test) aims to determine how important each independent variable is in influencing the dependent variable, namely a one-way test. Likewise with the testing criteria, to test the hypothesis formula, each independent variable has no effect if the probability (significance) is greater than 0.05. If less than 0.05 then each independent variable has an effect.

RESULTS AND DISCUSSION

Research Results

Test results analysis descriptive

Test results analysis descriptive on analysis descriptive study This can be seen from mark *Minimum*, value *Maximum*, *Mean* and *Standard deviation*. Description of each data variable is given in table following :

Table 1 Descriptive Statistics Results

Descriptive Statistics

	N	Minimum	Maximum	Means	std. Deviation
ROA	69	.00	8.30	.2052	1.00392
CR	69	.01	99.83	6.6945	19.45969
The value of the company	69	.26	72.38	6.4806	11.32647
Valid N (listwise)	69				

Source: Secondary data processed, 2023.

The profitability ratios in the table are based on the *Return On Assets* (ROA) ratio, which describes a company's ability to generate profit from its assets. Based on the descriptive statistics in the table above it can be seen that the Mean ROA is 0.2052. The minimum value of the profitability variable (X_1) is 0.00 which occurs in the company Tri Banyan Tirta Tbk. The maximum value of 8.30 that occurs in the company PT Magna Investama Mandiri Tbk with a standard deviation of 1.00392.

The liquidity ratios in the table are based on ratios *Current Ratio* (CSR) which describes the company's ability to meet its short-term obligations. From the statistical description of the table above, it can be seen that the average *Current Ratio* is 6.6945. The minimum value of the liquidity variable (X_2) is 0.01 which occurs in the company PT Magna Investama Mandiri Tbk. The highest value is 99.83 and occurs at Inti Agri Resources Tbk. The average firm size variable is 6.6945 and the standard deviation is 19.45969.

The minimum value of the company value variable is proxied by Tobins Q. The minimum value of the company value variable (Y) is 0.26 and is found in the company PT Sariguna Primatirta Tbk. The highest score is 72.38 and is found at Indofood Sukses Makmur Tbk. The average Tobins Q variable is 6.4806 and the standard deviation is 11.32647. A high Tobin's Q gives investors confidence in future

prospects. The existence of the Tobin's Q ratio is very important for investors and potential investors to invest in a company. This shows that investors are quite positive about the company's future prospects.

Test Results Assumption Classic

Normality test

The normality test tests whether the dependent variable and independent variable or both in the regression model are normally distributed or not. The data normality test in this study used the Kolmogorov-Smirnov test . The results of the study are considered normal or fulfill the normality test if the significance level is greater than 0.05 or 5%. Conversely, if the significant value is less than 0.05 or 5% then the data is not normal or fails the normality test. Following are the results of the *Kolmogorov-Smirnov* arithmetic normality test using SPSS:

Table 2 Normality Test Results

<i>Unstandardized Residual</i>		<i>Description</i>
asyp. Sig	0.200	Normal Distribution

Source: Secondary data processed, 2023.

From the table above it can be seen that the normality test results using the Kolmogorov-Sminov test have a significance of 0.200 which means greater than a significance value of 0.05. From this it can be concluded that the distribution is normal.

Multicollinearity Test

Aiming to detect multicollinearity problems, this can be done by looking at the *Tolerance* and *Variance Inflation Factor* (VIF) values. Multicollinearity does not occur if the *Tolerance value* is > 0.1 and the VIF value is <10. The results of the multicollinearity test are shown in Table 3 below:

Table 3 Multicollinearity Test Results

Variable	Collinearity Statistics		Description
	Tolerance	VIF	
ROA	0.998	1.002	There is no multicollinearity
CR	0.998	1.002	There is no multicollinearity

Source: Secondary data processed, 2023.

Based on Table 3 above, it can be seen that all independent variables have tolerance values greater than 0.1 and VIF values less than 10. Thus it can be concluded that all independent variables in this study do not show multicollinearity.

Autocorrelation Test

The autocorrelation test aims to determine whether there is a residual correlation of the linear regression model ar in the t period with the t-1 period. Autocorrelation arises because successive observations are related over time. To detect the existence of autocorrelation in the regression model can be done with the *Durbin-Walson* test (DW), namely by comparing the calculated DW with the DW table. Following are the results of the Durbin-Waltson autocorrelation test:

If the DW is between -2 and +2, there is no autocorrelation.

Table 4 Autocorrelation Test Results

DL	2-du	Value DW	Conclusion
1.5507	1.6697	1.065	Non Autocorrelation

Source: Secondary data processed, 2023

From Table 4 it can be seen that there is no autocorrelation in the regression model as indicated by the Durbin-Watson value of 1.065 which ranges from -2 to 2.

Heteroscedasticity Test

This test is used to test whether there is an inequality of variance from one observation to another in the regression model. The standard for determining whether heteroscedasticity in data can be explained by a significance coefficient compared to a 0.05 or 5% significance level. If the significance coefficient is above the specified level of significance, it can be concluded that there is no

heteroscedasticity (homoscedasticity). Conversely, if the coefficient is below the significance level of 0.05 or 5%, it can be concluded that there is heteroscedasticity.

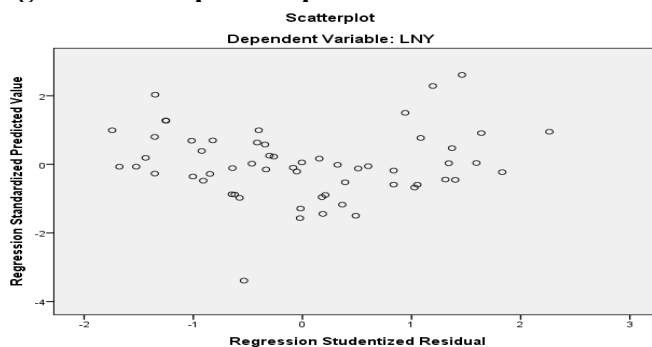
Table 5 Heteroscedasticity Test Results

Description Variable	Sig	
ROA	0.492	There is no heteroscedasticity
CR	0.136	There is no heteroscedasticity

Source: Secondary data processed, 2023

Based on Table 5, results testing show that No There is any variable _ independent owning _ coefficient significant below _ level significance of 5%, so concluded that the regression model No contain heteroscedasticity . Following heteroscedasticity test results with graph .

Figure 2 Scatterplot Graph



Source : Secondary data Processed 2023

Hypothesis Testing Results _t test

This t-test show significant influence _ between variable independent and variable dependent . If value significance t- test < 5.05 then there is influence partial . Intermediate t-test results *Return On Assets* and *Company Size* moderated by *Corporate Social Responsibility* can served as following :

Table 6. T test results equation 1

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.797	1.480		4.592	.000
	ROA	.826	1.375	.073	.601	.550
	CR	-.073	.071	-.125	-1.023	.310

Based on table 6 the results of the t test from the first equation above show:

count value of ROA (X1) to company value is 0.601 with significance 0.550 > 0.05. this _ show that H₀ accepted and H_a rejected . from here can concluded that ROA (X1) is not influential significant to mark company .

count value *Current Ratio* (X2) to mark company is -1.023 with significance 0.310 > 0.05. this _ show that H₀ is accepted and H_a is rejected . from here can concluded that *Current Ratio* (X2) moment This No own significant influence _ to mark company .

Uji R²

Coefficient determination (R²) is coefficients that show magnitude variations caused by variables _ free , or magnitude influence (effect) that is owned by the variable free to variable bound .

Table 8. R Test Results ²

Summary models

Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	.147 ^a	.022	-.008	11.37139

Predictors: (Constant), CR, ROA

Source: Secondary data processed, 2023

Discussion

Profitability Effect s Against Company Value

Profitability has no significant effect on the Value of Food and Beverage Manufacturing Companies listed on the IDX during the 2019-2021 period . This shows that the amount of profits earned by the company does not affect the value of the company. This is contrary to *stakeholder theory* which states that companies do not only focus on the interests of the company itself, but also on the interests of its *stakeholders* , so that the more profits the company gets, the more information is disclosed on corporate social responsibility. It means The better the company carries out social responsibility, the company's value will increase.

These results provide support for previous research conducted by (Lumentur & Mangantar, 2019) stating that Profitability proxied by ROA has no significant effect on firm value.

Influence Liquidity Against Company Value

Liquidity has no significant effect on the value of food and beverage manufacturing companies listed on the IDX during the 2019-2021 period . This means that the company has high or low liquidity does not affect the value of the company. This does not support *the signaling theory* that good liquidity in a company indicates that the company can fulfill its short-term obligations properly and this can be used as a signal for management to attract investors to invest in the company. This explains that high liquidity does not necessarily lead to an increase in company profits, because companies use most of their money to pay their obligations and not on investments that can generate company profits.

These results provide support for previous research conducted by (Lumentur & Mangantar, 2019) stating that Liquidity proxied by CR has no significant effect on firm value.

CONCLUSION

Based on results analysis and discussion of 23 companies in the Subsector Food and Beverages on the IDX sampled in 2019-2021, then can concluded that :

1. Proximate profitability _ with ROA no influential significant to Company Value.
2. Proxied liquidity _ with CR no influential significant to Company Value.

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