MODERATED ANALYSIS OF CORPORATE VALUES INSTITUTIONAL OWNERSHIP (CASE STUDY OF FOOD & BEVERAGE COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE IN 2017-2021)

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Abstract: The purpose of this study was to determine the effect of Profitability on Company Value, Leverage on Firm Value, Company Size on Company Value, Profitability on Firm Value mediating Institutional Ownership, Leverage on Company Value mediating Institutional Ownership, and Company Size on Company Value mediating ownership. institutional. The sample was selected using the purposive sampling method by producing 23 food and beverage company data, so that the total research data for 5 years 2017-2022 was 115 samples. The data analysis technique uses multiple linear regression and Moderate Regression Analysis.

Keywords: profitability, leverage, company size, firm value and institutional ownership

INTRODUCTION

In today's increasingly competitive industrialization era, increasing competition in both the domestic and international markets requires companies to be able to maintain or gain competitive advantages by giving full focus to the company's operational and financial activities. The more intense this competition, the company is required to further increase the value of the company for the survival of the company.

This is because investors face a high level of uncertainty regarding the impact caused by Covid-19, both physically and financially (Baek et al., 2020). Research related to the impact of the Covid-19 pandemic on the capital market in Indonesia has been done before. (Nasution et al., 2020) stated that the Covid-19 pandemic brought the capital market in a direction that tended to be negative due to low investor sentiment towards the market. The results of a survey by the Central Bureau of Statistics recorded that 82.85% of companies were affected by the Covid-19 coronavirus pandemic (BPS, 2020). The fall in share prices during the Covid-19 pandemic certainly also caused a decline in company value. In addition, the impact of the pandemic can also be seen in the decline in share prices and the company's financial performance(Rahmani, 2020).

This is very important for the company because maximizing the value of the company is the same as maximizing the prosperity of shareholders. High corporate value will be followed by high shareholder prosperity(Besley & Brigham, 2014). The higher the value of a company, the more prosperous the owner of the company.

The company's goal is to maximize the value of the company. Firm value is an important concept for investors

because it is an indicator of how the market values the entire company. The value of the company can bring maximum shareholder prosperity along with rising share prices. The higher the company's share price, the greater the shareholder's assets. states that the value of the company is the price that prospective buyers are willing to pay if the company is sold (Nurlela, 2008).

Firm value is often associated with stock prices. The higher the stock price, the higher the company value(Fama & French, 2008). This will allow the market to have confidence in the company's current performance and future prospects for the company. Apart from company value, another important thing that investors pay attention to when investing their shares in the capital market is the company's financial performance. For companies, improving financial performance is a must so that the shares owned can attract investors.

The company's ability to earn profits can be seen from financial ratios, one of which is the profitability ratio. Profitability is an important measurement because it provides information to investors about the company's ability to generate profits. By utilizing existing assets or generating profits for shareholders. The higher the profit, the better the management can run the company, which means the better the value of the company.

Research conducted byWirakusuma (2007)found results that ROA has a significant positive effect on firm value one period into the future. Therefore, ROA is one of the factors that influence firm value.Suranta (2004)also suggests that ROA has a positive effect on firm value.Carningsih (2012)also states that ROA has a positive effect on firm value.

Ratio Leverage is the ratio used to describe the company's ability to pay off the debts owned by the company. Leverage ratio measurement is by comparing the liabilities with total assets. With the debt owned by the company, it is hoped that the company will be able to fund and manage its assets to earn profits so that the value of the company will increase. This Leverage Ratio is proxied by the Debt To Equity Ratio (DER) conducted by Gultom (2008)states that DER has a positive effect on firm value. However, the results are different from the DER research conducted by Mareta & Fitriyah (2017)which states that DER has no significant effect

The size of the company is considered capable of influencing the value of the company, because the larger the size of the company, the easier it is for the company to obtain support sources, both inside and outside. The level of investor confidence is also influenced by the size of the business. The bigger the company, the more it is known by people in general, and easier to obtain data will be able to increase the value of the company. Investors are interested in investing in large companies with adequate total assets and asset values. The amount of company assets that can be used for business purposes can be used to determine the size of the company. Ditiya & Sunarto (2019)shows that there is a very large positive impact between company size on firm value, which means that an increase in company size will make it easier for the organization to get support, which can then be used by management to increase firm value.

In the process of maximizing firm value, conflicts of interest will arise between managers and shareholders (shareholders). This difference in interests between managers and shareholders can result in a conflict that is often called agency conflict. This happens because managers prioritize personal interests, whereas shareholders do not like the personal interests of managers because what these managers do will increase costs for the company, causing a decrease in company profits and affecting stock prices so that it can reduce company value. Therefore, it is necessary to have a system that bridges the separation of interests between owners and managers in a company so that it is expected to align the interests of owners/shareholders with managers. The system is called good company management. Company management focuses on conflict of disharmony that occurs among stakeholders such as owners, employees and managers. The implementation of Company Management is very important for companies where one of the goals is to reduce the potential for conflict of interest.

THEORETICAL BASIS

Mark Company

According to(Yuliana, 2021)company value is the price that prospective buyers are willing to pay if the company is to be sold.

$$PBV = \frac{\text{Market price per share}}{\text{Book value per share}}$$

Profitability

Profitability is the ability of a company to generate profits or profits in the company's activities by using the company's own capital or loan capital(Pratiwi & Topowijono, 2018).

$$ROA = \frac{Laba\ setelah\ Pajak}{Total\ Aset}$$

Leverage

According to Kasmir (2014) Leverage is the solvency ratio or leverage ratio, which is the ratio used to measure the extent to which a company's activities are financed with debt.

$$DER = \frac{Total\ Hutang}{Total\ Ekuitas}$$

Company Size

According to(Princess & Ahmar, 2019)Company size is a picture of the size of a company that can be measured by looking at the size of the sales value, the amount of capital, and the total assets owned by the company.

Company size = Ln (total assets)

Institutional Ownership

Institutional ownership is the proportion of shares owned by institutions at the end of the year as measured by percentage,(Naufal et al., 2022).

$$INST = \frac{\text{Number of Shares owned by}}{\text{Number of shares outstanding}}$$

Framework

The framework of this research is described as follows:

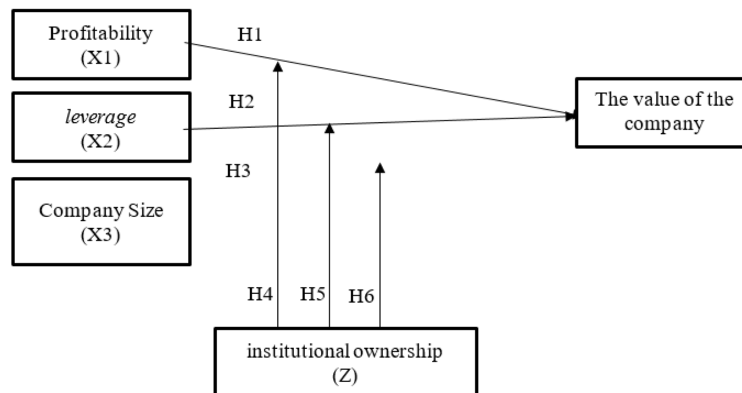

Figure 1 Framework

RESEARCH METHODS AND RESULTS

Population and Sample

The population is a generalization area which consists of: objects that have certain qualities and characteristics determined by researchers to be studied and then drawn conclusions (Sugiyono, 2018). Food & Beverage company which is a member of the Indonesia Stock Exchange in 2017-2021. The sample is part of the population that is used to estimate population characteristics (Sugiyono, 2010). Determination of the sample in this study using a purposive sampling method, namely determining the sample from the population using certain criteria.

Data Types and Sources

The type of data used in this research is secondary data. Secondary data is data obtained from parties through certain media(Augustine & Kristaung, 2013). The data used for this research is secondary data. The secondary data used is consecutive data from the annual reports of manufacturing companies in 2017-2021. The annual report is obtained from the official website of the Indonesia Stock Exchange (www.idx.com).

DISCUSSION RESULT

Classic assumption test

The results of the normality test use the Kolmogorov-Smirnov test which has a sig. 0.200 or > 0.05, so it can be said that the data is normally distributed. Then the results of the autocorrelation test with the run test get sig. 0.418 > 0.05 which means that the data does not have autocorrelation, or is free from autocorrelation. The results of the multicollinearity test show that all independent variables have values > 0.1 and VIF values < 10, so that multicollinearity does not occur. And finally the results of the heteroscedasticity test using the Glejser test show that all independent variables have sig values. > 0.05 means that the data can be used and is free from heteroscedasticity.

Table 1 Classic Assumption Test Result

Variable	Normality	Autocorrelation	Multicolonearity		Heteroscedasticity
	sig	*RunTest*	tolerance	VIF	*Sig*
Profitability	.200c,d	1870	0.903	1.107	0.364
leverage			0.954	1048	0.802
Company Size			0.904	1.106	0.336
Institutional Ownership			0917	1,090	1,000

Source: SPSS Output 25

Hypothesis testing

The results of the t test, the independent variable Profitability (X1) obtained a t-count value greater than t-table (6.965 > 1.658) with a significant level of 0.000 <0.05. So it can be concluded that profitability affects firm value, meaning that H1 is accepted. the Leverage variable (X2) obtained a t-count value that is smaller than t-table (0.307 <1.658) with a significant level of 0.600 > 0.05. So it can be concluded that leverage has no effect on firm value, meaning that H2 is rejected. the variable company size (X3) obtained a t-count value that is smaller than t-table (0.854 <1.658) with a significant level of 0.289 > 0.05. Then the size of the company has no effect on the value of the company. This means that H3 is rejected.

The test results using Moderate regression analysis (MRA) state that Institutional Ownership can moderate the relationship between Profitability and Firm Value with a sig value of 0.00 <0.05. The test results using Moderate regression analysis (MRA) state that Institutional Ownership cannot moderate the relationship between Leverage and Firm Value with a sig value of 0.35 > 0.05. The test results using Moderate regression analysis (MRA) state that Institutional Ownership cannot moderate the relationship between Firm Size and Firm Value with a sig value of 0.12 > 0.05.

The results of the test for the coefficient of determination with a value of 0.682. This can be interpreted that the independent variables namely Profitability, Leverage, Firm Size and Institutional Ownership as moderating variables affect the dependent variable, namely Firm Value of 68.2% while 31.8% is influenced by other factors that are outside this study.

Effect of Profitability on Firm Value (X1)

The results of Hypothesis 1 test show that Profitability has a positive and significant effect on Firm Value. This is consistent with(Dessriadi et al., 2022)This shows that the higher the profitability, the company can generate high profits for shareholders, so that it will make investors interested in investing their shares in companies that provide large profits to shareholders. That is, the company has good prospects so that it can trigger investors to participate in increasing demand for shares.

Effect of Leverage on Firm Value (X2)

The results of hypothesis testing 2 show that leverage has no effect on firm value. From the results of the regression test which shows a significant value of 0.600> 0.005. This is in line with research conducted by(Apriantini, 2022)shows that Leverage has no effect on Firm Value. The size of the debt owned by the company is not considered by investors, because investors see more how the company's management uses these funds effectively and efficiently to achieve added value to the company's value. This Leverage Assessment shows the level of the company's ability to fulfill its obligations to pay debts (Octaviany, et al 2019). The use of debt used to increase company

assets in order to increase production capabilities will keep the company running and generate profits, so that leverage does not affect investor interest in continuing to invest.

Effect of Company Size on Firm Value (X3)

The results of hypothesis testing 3 show that firm size has no positive and significant effect on firm value. From the results of the regression test which showed a significant value of 0.289 > 0.005, this is in line with research conducted by(Wahasusmiah & Arshinta, 2022)which shows the results of company size has no effect on firm value. The results showed that the rise and fall of firm size did not affect the rise and fall of firm value. This happens because the size of a company cannot determine the value of the company. Firm value cannot depend on company size. The size of the company can be seen from its total assets, companies with large total assets with dominant components in receivables and inventories may not necessarily be able to pay dividends (retained earnings), because assets accumulate in receivables and inventories. This shows that investors consider that company size information is not informative enough as a measure of company performance. Besides that,

The Effect of Profitability on Firm Value with Institutional Ownership as a Moderating Variable (X4)

Hypothesis 4 test results indicate that institutional ownership can moderate the company's value. The fourth test results show that institutional ownership is able to moderate the relationship between profitability and firm value. From the results of the Moderate regression analysis (MRA) test, the coefficient value shown is -5.030, which means it has a direction relationship with a probability value of 0.000 <0.05 because the value is smaller than the predetermined significance, it can be said that Institutional Ownership is a moderating variable capable of moderating Profitability on firm value.

Effect of Leverage on Firm Value with Institutional Ownership as a Moderating Variable (X5)

ResultsHypothesis 5 test shows that Institutional Ownership cannot moderate Leverage on Company Value. The results of the fifth test show that institutional ownership is not able to moderate the relationship between leverage and firm value. From the results of the Moderate regression analysis (MRA) test it has a significant value of 0.354 <0.05 because this value is greater than the predetermined significance, it can be said that Institutional Ownership as a moderating variable is not able to moderate Leverage on firm value. This proves that institutional ownership cannot moderate leverage results according to research conducted by(Naftalia & Marsono, 2013)which states that institutional ownership is proven not to moderate the effect of leverage on firm value. This happens because the institution that acts as a supervisor of the actions taken by the manager cannot know or detect the risks of inability to pay obligations and violations of credit agreements that are known to managers because of the high level of corporate leverage.

The Effect of Firm Size on Firm Value with Institutional Ownership as a Moderating Variable (X6)

The results of Hypothesis 6 test show that Institutional Ownership cannot moderate Firm Size on Company Value. The results of the sixth test show that institutional ownership is not able to moderate the relationship between firm size and firm value. From the results of the Moderate regression analysis (MRA) test it has a significant value of 0.124 <0.05 because this value is greater than the predetermined significance, it can be said that Institutional Ownership as a moderating variable is not able to moderate Firm Size on firm value. This proves that institutional ownership cannot moderate Firm Size results according to research conducted by(Raka & Suhartono, 2018)which states that institutional ownership is not sufficient evidence to strengthen the relationship between firm size and firm value. This is because the institution is more focused on profitability. The existence of institutional ownership in large companies will make managers feel bound to meet profit targets from investors, so they will still tend to be involved in earnings manipulation actions. Because the institution focuses on profitability, managers will be forced to take actions that can increase short-term profits.

CONCLUSION

The test results show that the Profitability variable has a positive and significant effect on firm value while the Leverage and Firm Size variables have no effect on firm value. The Moderate regression analysis test shows that Institutional Ownership can strengthen the relationship between profitability and Firm Value while Institutional Ownership weakens the relationship between Leverage and Firm Value as well as the relationship between Firm Size and Firm Value.

In this study there are limitationsthe object of research, namely only Food & Beverage sub-sector companies listed on the Indonesia Stock Exchange (IDX), the variables used are still minimal, it is necessary to add other variables for further research. This research only takes a period of 5 years, namely from 2017 to with 2021, so the data taken may not reflect the long-term condition of the company.

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