



The Effect of Leverage and Liquidity on Company Value With Company Size As A Moderating Variable on Property And Real Estate Companies Listed On The Indonesia Stock Exchange in 2015-2020

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ABSTRACT

This study aims to examine and analyze the effect of leverage and liquidity on firm value with firm size as a moderating variable in property and real estate companies listed on the Indonesia Stock Exchange in 2015-2020. The sample of property and real estate is 12 companies, in a period of 6 years. The sampling technique is the Purposive Sampling Technique. The data collection technique is a documentation study with the type of data, namely secondary data. This research uses Partial Least Square data analysis method. And the data is processed with Smart PLS. The results of this study indicate that Leverage has a positive and significant effect on Price to Book Value, Liquidity has a positive and significant effect on Price to Book Value. Then the results of this study also show that Firm Size is not able to moderate the effect of Leverage and Liquidity on Firm Value. The amount of PBV variation can be explained by the independent variable of 5.4% and 94.6% can be explained by other variables such as Total Asset Turnover and others

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1. INTRODUCTION

The growing economy today makes business competition increasingly fierce. Therefore, companies need additional capital to encourage company performance. One way is to offer company ownership to the public (go public). Companies can grow and develop because of investors. However, not all investors are willing to invest their money in the company. Firm value is the selling value of a company as an operating business (Sartono, 2010).

Table 1. Property and Real Estate Company Value 2015-2020

No	Code	Company	value of the company					
			2015	2016	2017	2018	2019	2020
1	APLN	Agung Podomoro Land Tbk.	0,75	0,45	0,40	0,25	0,12	0,38
2	BAPA	Bekasi Asri Pemula Tbk.	0,33	0,32	0,51	0,58	0,35	0,25
3	BKDP	Bukit Darma Property Tbk.	1,15	0,93	1,06	0,88	0,90	0,80
4	GAMA	Aksara Global Development Tbk.	0,5	0,46	0,63	0,53	0,45	0,46
5	MTLA	Metropolitan Land Tbk.	0,74	1,15	1,16	1,05	1,15	0,81

Source: Processed Data (2022)

Table 1 shows data on the value of companies owned by 5 property and real estate companies listed on the Indonesia Stock Exchange for the period 2015 – 2020. It can be seen that the value of the company fluctuates. For APLN, BAPA, BKDP, GAMA companies in 2016 it decreased slightly but for MTLA companies it increased. "Solvency is a ratio that measures the company's activities to debt" (Kasmir, 2014:153). The leverage ratio can be calculated with the Debt to Equity Ratio.

Table 2. Leverage Property and Real Estate 2015-2020

No	Code	Company	Average					
			2015	2016	2017	2018	2019	2020
1	APLN	Agung Podomoro Land Tbk.	1,71	1,58	1,50	1,42	0,56	1,68
2	BAPA	Bekasi Asri Pemula Tbk.	0,74	0,67	0,49	0,35	0,06	0,06
3	BKDP	Bukit Darmo Property Tbk.	0,38	0,44	0,57	0,65	0,62	0,64
4	GAMA	Aksara Global Development Tbk.	0,22	0,23	0,28	0,25	0,26	0,29
5	MTLA	Metropolitan Land Tbk.	0,64	0,58	0,61	0,51	0,59	0,46

Source: Processed Data (2022)

Table 2 shows Leverage data owned by 5 property and real estate companies listed on the Indonesia Stock Exchange for the period 2015 – 2020. It can be seen that Leverage has fluctuated. The results of Yulia and Adi's research (2020) show that leverage has a positive and significant effect on firm value. Contrary to Ita (2017) which shows that leverage has no effect on firm value. The liquidity ratio is a ratio that measures the level of the company's ability to pay off short-term debt that will mature (Gery, 2016:149).

Table 3. Property and Real Estate Liquidity 2015-2020

No	Code	Company	Liquidity					
			2015	2016	2017	2018	2019	2020
1	APLN	Agung Podomoro Land Tbk.	1,39	1,07	1,31	1,06	1,66	1,90
2	BAPA	Bekasi Asri Pemula Tbk.	2,08	2,18	2,34	2,59	24,88	14,47
3	BKDP	Bukit Darmo Property Tbk.	0,64	0,21	0,38	0,33	0,71	0,51
4	GAMA	Aksara Global Development Tbk.	2,17	2,35	3,14	3,68	3,49	2,44
5	MTLA	Metropolitan Land Tbk.	2,32	2,55	2,51	3,08	2,78	2,63

Source: Processed Data (2022)

Table 3 shows liquidity data owned by 5 property and real estate companies listed on the Indonesia Stock Exchange for the period 2015 – 2020. The liquidity ratio can be calculated using the Quick Ratio. Imelda's research (2016) states that liquidity simultaneously affects firm value but research by Kadek and Putu (2016) states that liquidity has a negative and insignificant effect on firm value.

Firm size is a picture of the size of the company which can be seen from the total assets. So the higher the Firm Size, the greater the amount of company wealth used to support its operational activities. Arief's research (2019) states that firm size has an effect on firm value. Research by Maria and Amin (2020) even adds company size as a moderating variable and tests whether the size of a company can strengthen the influence of leverage, profitability and liquidity with firm value

2. RESEARCH METHOD

This type of research is quantitative. The population and sample of property and real estate are 12 companies, in a period of 6 years. The sampling technique is the purposive sampling technique. The data collection technique is a documentation study with the type of data, namely secondary data. This research uses Partial Least Square data analysis method. And the data is processed with Smart PLS.

3. RESULTS AND DISCUSSIONS

3.1 Descriptive Statistical Results

Descriptive statistics is a statistical analysis of the general description of the characteristics of each research variable seen from the mean, maximum, minimum and standard deviation values.

Delimiter:	Semicolon	Encoding:	UT
Value Quote Character:	None	Sample size:	72
Number Format:	Europe (example: 1.000,23)	Indicators:	4
Missing Value Marker:	None	Missing Values:	0

Indicators:	Indicator	Correlations	Raw File					
	No.	Missing	Mean	Median	Min	Max	Standard Deviation	
DER	1	0	0.802	0.890	0.070	1.830	0.451	
QUICK RATIO	2	0	1.560	0.810	0.110	6.160	1.584	
PBV	3	0	0.811	0.660	0.150	4.770	0.712	
FIRM SIZE	4	0	15.911	16.190	13.420	17.490	0.960	

Figure 1 Descriptive Statistical Analysis

From the output Figure 1 shows the value of N (amount of data) to be studied is 72 samples. Debt to Equity Ratio as protection from Leverage has a mean value of 0.802 with a maximum value of 1.830 at PT. Alam Sutera Realty Tbk in 2015 and a minimum value of 0.070 at the company PT. Sentui City Tbk in 2015 with a standard deviation of 0.451. QR as protection from Liquidity has a mean value of 1,560 with a maximum value of 6,160 at the company PT. Jababeka Tbk Industrial Estate in 2017 and a minimum value of 0.110 at the company PT. Bumi Citra Permai in 2015 with a standard deviation of 1,584.

Price to Book Value as protection from firm value has a mean value of 0.811 with a maximum value of 4.770 at the company PT. Bumi Citra Permai Tbk in 2015 and minimum score 0.150 at the company PT. Greenwood Indonesia Tbk in 2015 with a standard deviation of 0.712. Firm Size has a mean value of 15.911 with a maximum value of 17.49 at the company PT. Ciputra Development Tbk in 2020 and a minimum value of 13.42 at the company PT. Bumi Citra Permai Tbk in 2015 with a standard deviation of 0.960.

3.2 Results of the Analysis of the Structural Model (Inner Model)

FINAL VINA.splsm	Bootstrapping (Run No. 1)	PLS Algorithm (Run No. 1)
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R Square		
Matrix	R Square	R Square Adjusted
PBV	0.121	0.054

Figure 2. coefficient of determination (R-Square)

Based on Figure 2, the R-Square value has a value of 0.121. this shows that the Debt to Equity Ratio (X1), Quick Ratio (X2) and Firm Size (Z) in their influence on Price to Book Value, have an effect of 12.1% or 87.9% explained by other variables.

3.3 Results Path Coefficients

Path Coefficients					
	Mean, STDEV, T-Values, P-V...	Confidence Intervals	Confidence Intervals Bias C...	Samples	
	Original Sample (O)	Sample Mean (M)	Standard ...	T Statistic...	P Values
DER -> PBV	0.2908	0.2847	0.1322	2.1995	0.0283
FIRM SIZE -> PBV	-0.0304	-0.0102	0.1588	0.1914	0.8483
FIRM SIZE_DER -> PBV -> PBV	-0.3372	-0.2760	0.2639	1.2776	0.2020
FIRM SIZE_QR -> PBV -> PBV	-0.3472	-0.3531	0.2444	1.4206	0.1561
QR -> PBV	0.2258	0.2517	0.1066	2.1194	0.0346

Figure 3 Path Coefficients

Based on the results of the Path Coefficients analysis in Figure 5, a structural equation model can be made as follows:

$$\text{PBV} = 0,2908 \text{ DER} + 0,2258 \text{ QR}$$

The positive and negative signs in front of the coefficient in the structural equation reflect the relationship between the independent variable and the dependent variable. The positive sign indicates a positive or unidirectional relationship between the independent variable and the dependent variable. Based on Figure 5, every increase of one DER unit will affect the PBV of 0.2908 units and vice versa. Each increase of one QR unit will affect the PBV of 0.2258 units and vice versa.

3.4 Discussion

a. Effect of Leverage on Firm Value

The results of hypothesis testing indicate that DER has a positive and significant effect on PBV, meaning that the increasing leverage has an impact on increasing firm value. High leverage is due to obligations to be paid to contractors, construction workers, suppliers for the purchase of hotel supplies, equipment and operational equipment. In addition, there are bank loans and bank interest. The method of payment of obligations in the Property and Real Estate sector is by using Third Party Funds, own capital and the presence of Cash and Bank sales for unit sales.

b. Effect of Liquidity on Firm Value

The results of hypothesis testing indicate that QR has a positive and significant effect on PBV. This means that the greater the company's liquidity, the company has a good level of liquidity to be able to provide a positive perception of conditions that can increase the value of the company in the eyes of investors. Cash and Banks obtained in the property and real estate sector are usually from unit sales, outlet store rentals (for malls), service charge fees and maintenance building. The high assets can be attributed to the large number of units in inventory that have not been sold. Companies that have high liquidity indicate that the company has the ability to pay its current debts on time with its current assets without disturbing the company's operational activities.

c. Firm Size Moderates the Effect of Leverage on Firm Value

The results showed that Firm Size could not moderate the effect of DER on PBV. This research has not been able to strengthen the influence of Leverage on firm value through Firm Size. Firm Size does not affect the use of debt to meet operational costs, so that the inclusion of company size as a moderating variable does not affect the size or size of the use of company debt so that it cannot affect the value of the company. So that the size of the company is not able to increase the value of the company when leverage is high, and the size of the company cannot decrease the value of the company when leverage is low.

d. Firm Size Moderates the Effect of Liquidity on Firm Value

The results showed that Firm Size could not moderate the effect of QR on PBV. This shows that the size of the company is large or small will not affect the value of the company. An investor in assessing a company does not look at the size of the company. However, investors will pay more attention to various other aspects such as the company's performance as seen in the company's financial statements or the company's good name.

4. CONCLUSION

Based on the results of the study, the following conclusions were obtained: Leverage has a significant positive effect on firm value in Property and Real Estate companies on the Indonesia Stock Exchange in 2015-2020. Liquidity has a significant positive effect on Company Value in Property and Real Estate companies on the Indonesia Stock Exchange in 2015-2020. Firm Size cannot moderate the influence of Leverage on Company Value in Property and Real Estate companies on the Indonesia Stock Exchange in 2015-2020. Firm Size cannot moderate the effect of Liquidity on Company Value on Property and Real Estate companies on the Indonesia Stock Exchange in 2015-2020.

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