

The Effect of Profitability, Company Size and Leverage on Company Value

*The Effect of
Profitability*

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**Submitted:
1 FEBRUARI 2024**

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**Accepted:
28 MARET 2024**

ABSTRACT

This study aims to determine and analyze the effect of profitability, company size, and leverage on company value in food and beverage sub-sector companies listed on the Indonesia Stock Exchange in 2020-2022. The type of research used is statistical quantitative used with a population of 84 companies. A sample of 19 companies was selected through a purposive sampling technique. The independent variables in this study are profitability (ROA), firm size (LN), and leverage (DER) while the dependent variable in this study is the company value (PBV). The results showed that partially, profitability (ROA) and leverage (DER) had a positive and significant effect on firm value (PBV). Meanwhile, firm size (LN) has no significant effect on firm value (PBV). Simultaneously profitability, firm size and leverage have a positive effect on firm value.

Keywords: Profitabilitas; Firm Size; Leverage; Fim Value

ABSTRAK

Penelitian ini bertujuan untuk menganalisis dampak profitabilitas, ukuran perusahaan, dan leverage terhadap nilai perusahaan dalam subsektor makanan dan minuman yang terdaftar di Bursa Efek Indonesia pada 2020-2022. Jenis penelitian yang digunakan adalah statistik kuantitatif. Penelitian ini menggunakan metode kuantitatif dengan populasi 84 perusahaan. Sampel sebanyak 19 perusahaan dipilih melalui teknik purposive sampling. Data dianalisis dengan regresi linier berganda menggunakan aplikasi IBM SPSS statistik versi 26. Variabel independen adalah profitabilitas (ROA), ukuran perusahaan (LN), dan leverage (DER), sedangkan variabel dependen adalah nilai perusahaan (PBV). Hasil penelitian menunjukkan bahwa profitabilitas (ROA) dan leverage (DER) secara parsial berpengaruh positif dan signifikan terhadap nilai perusahaan (PBV). Namun, ukuran perusahaan (LN) tidak memiliki pengaruh signifikan terhadap nilai perusahaan (PBV).

Kata kunci: Ukuran Perusahaan; Leverage; Nilai Perusahaan.

INTRODUCTION

Competition in various industries in Indonesia has become increasingly fierce in recent years. Companies are required to improve their performance and strategies in

JIAKES

Jurnal Ilmiah Akuntansi
Kesatuan
Vol. 12 No. 2, 2024
pp. 207-218
IBI Kesatuan
ISSN 2337 – 7852
E-ISSN 2721 – 3048
DOI: 10.37641/jiakes.v12i2.2504

order to maintain competitiveness against other companies (Sarmin et al., 2021). Rapid technological developments and openness of information are also challenging for companies. In the era of globalization, companies must adapt quickly and develop innovation in order to compete both domestically and abroad. This is the key for companies to maintain business continuity and gain profits. In the manufacturing sector, companies must continue to develop modern technology and infrastructure. Apart from that, human resources are also an important aspect that needs to be developed, such as quality, creativity, skills, abilities and work loyalty towards the company (Faqih, 2019). The right business strategy is also needed to face competition and ensure business continuity. Company owners hope that the value of the company will increase to provide greater profits. Investors will consider company performance and information before deciding to invest. Therefore, companies must provide clear and reliable information to investors.

Company value assessment has an important role in determining the level of company valuation. This assessment is not only limited to the company's share price, but also involves many other factors that can influence it. One of the methods used in company assessment is the valuation ratio, such as Price to Book Value (PBV), which provides a holistic picture of the company's value (Maharani, 2022). The PBV ratio describes a company's ability to add value based on the amount of money invested. By knowing the PBV ratio, investors can identify whether a stock has a fair price, is undervalued, or overvalued. Companies with good performance generally have a PBV ratio of more than one, indicating that the share market value exceeds the company's book value (Fajar, 2021). Information regarding PBV can help investors evaluate the value of a company.

Apart from PBV, there are also other factors that influence company value, such as profitability, company size, and the level of leverage used (Hertina et al., 2019). Profitability is an indicator of a company's effectiveness in generating profits, and a high level of profitability can influence investors' perceptions of the company's financial performance (Putra et al., 2021). If a company's profitability is well maintained, several interested parties (stakeholders) such as creditors, suppliers and investors will measure how far the company can make a profit from its operational activities and investment decisions. With good profitability ratios, company value will also increase (Wahyuni, 2019). Apart from that, company size also has an important role in influencing company value. The size of a company can be seen from how many assets it owns, and this has an important role in the company's financial reporting process (Mahanani & Kartika, 2022). Company size is a variable used to measure the scale and complexity of a company, such as total asset value and market value. According to Muharramah and Hakim (2021) company value is influenced positively and significantly by company size, which means the proposed hypothesis can be accepted. By using the company size variable, you can get an idea of the financial characteristics of a company.

There are other factors that influence company value such as leverage. Leverage is a company's ability to pay its financial obligations, both in the short and long term. According to Febriani (2020), a high level of leverage can increase company value if used wisely, namely by utilizing debt at the right level to obtain benefits that can increase production and generate higher profits. The size of the leverage generated by a company can also affect the value of the company. financial obligations, both in the short and long term. Before they decide to generate profits due to the use of external financing, such as debt, there is a significant risk related to the inability to pay the debt (Lamba & Atahau, 2022).

LITERATURE REVIEW

Signal theory can be used by paying attention to financial indicators such as Return on Assets (ROA) and profits generated from the assets used. If ROA is high, this is a good signal for investors because it shows good company performance and can attract investors' interest in investing in securities or shares. High demand for shares can cause

an increase in share prices (Lumowa, 2015). High profitability can also indicate good prospects for the company, so this positive signal will stimulate a positive response from investors and advance the company's value (valuation). Profitability can be an indicator for evaluating whether a company has good potential in the future or not. If management can manage the company well, operational costs can be reduced so that the profits generated will be greater. ROA assesses profitability by comparing profit after tax with average total assets, this can help companies evaluate the efficiency of using capital in generating profits (Jaya, 2020). Company size can be used as an indicator to see the company's financial performance. The larger the business size, the greater the possibility of having easy access to internal and external funding sources (Lukman, 2021).

Leverage or debt is an indicator of a company's use of debt, one of the important things in financing operational activities. The leverage ratio can be measured using several methods, one of which is the Debt to Equity Ratio (DER) which calculates total debt divided by total assets. Another method is the Debt to Asset Ratio (DAR) which divides debt by total equity. The DER method can be calculated as a leverage measurement tool. DER is used as a link between debt and equity of an organization (Jufrizen & Al Fatin, 2020). In this research, the DER method was chosen as an indicator for calculating the leverage ratio because it provides an overview of the company's ability to manage assets and how large a portion of assets is funded by debt.

Company size can be an important indicator for understanding the company's position in the market and industry in question. Company scale can be seen from several aspects, such as total sales, market capitalization, and total company assets which indicate a larger or smaller company size (Arfan, 2022). According to Kusumawati & Seitiawan (2019), company value is the market value of a company which is directly proportional to the welfare of shareholders. This is because the shareholders have chosen people who are competent in managing the company, so that if the share price rises, the level of shareholder welfare also rises. For companies that have gone public, the movement of company value is an important factor considered by prospective investors in determining the right investment decision. A significant increase in company value shows that the company is able to survive in the long term and has good operational activities and financial performance, so that the company's goal of maximizing profits and shareholder welfare can be achieved.

Profitability can be used as an indicator in assessing the extent to which a company is able to generate profits from its operations. Improving company performance will bring benefits in increasing overall company value (Suryanto, 2019). Increasing profitability can reflect the company's increasingly bright prospects. This shows that the company is becoming more efficient in running its business, so its performance is getting better. Investment in companies that have good performance can be measured by their profits, so that it can increase the confidence of investors who are looking for profits from their investments. Investors always choose companies that have good performance to invest in, so that these activities can improve the company's image and increase the company's value. Profitability can measure a company's ability to earn profits based on sales, assets and profits generated by its own capital. In research conducted by Budisaptorini et al. (2019) stated that profitability has a positive effect and does not significantly affect company value. This is inversely proportional to the research results of Oktiwiati & Nurhayati (2020) which states that profitability has a positive influence.

H1: Profitability has a positive influence on company value

According to Mahanani & Kartika (2022) the size of a company can be seen from how many assets it has, and this has an important role in the company's financial reporting process. Company size is a variable used to measure the scale and complexity of a company, such as total asset value and market value. According to Gilje et al. (2020) company size can be measured by paying attention to the scale or size of the company, which can be determined by looking at the number of assets it owns.

Companies that are larger in size can be considered as companies that have easier access to labor sources and financial resources, which in turn can enable companies to develop their business more quickly (Putra & Gantino, 2021). The ability of large companies to spread business risks better can help reduce risks for investors. Along with their reputation and capabilities, large companies have the potential to gain investor trust more easily (Kepramareni et al., 2021). So investors tend to pay a lot of attention to large business entities because the potential for profits is greater and the risks are lower. According to Astuti (2019) to measure company size, the Natural Logarithm calculation method of total assets is used. According to Muharramah & Hakim (2021), company size has a positive influence and can influence company value, where the proposed hypothesis can be accepted. Meanwhile, Kolamban et al. (2020) concluded that company size does not have a significant impact on company value.

H2: Company size has a significant effect on company value

Implementing debt provides a positive contribution to profitability thereby increasing the value of the company (Ardiansyah, 2020). High levels of leverage carry higher risks, and companies should carefully consider the benefits and risks of using debt before making a decision to increase leverage. It can be interpreted that the appropriate use of debt can have a positive impact on the company in increasing company value, but the risk can have a negative impact if the company does not manage debt well (Himawan & Andayani, 2020). From the research results of Jihadi et al. (2021), the results show that there is a good relationship between Debt Equity Ratio (DER) and company value. According to Jihadi et al. (2021), leverage has a significant positive influence on company value.

H3: Leverage has a positive effect on company value

Increasing the value of a company is a desired achievement for company owners, because as the value of the company increases, the welfare of the owners will also increase (Luahambowo & Gesmani, 2021). To attract investors to invest, the company must develop rapidly so that the company has a positive reputation (Putra & Gantino, 2021). Profits that reflect high numbers will provide a positive signal regarding the company's more promising prospects, which in turn can attract investor interest to increase demand for the company's shares (Rahayu & Sari, 2021). In the research of Kolamban et al (2020), the research results on profitability, company size and leverage were tested to simultaneously have a positive effect on company value.

H4: Profitability, company size and leverage have a positive effect on company value

From the description of the hypothesis development, the testing model in this study is:

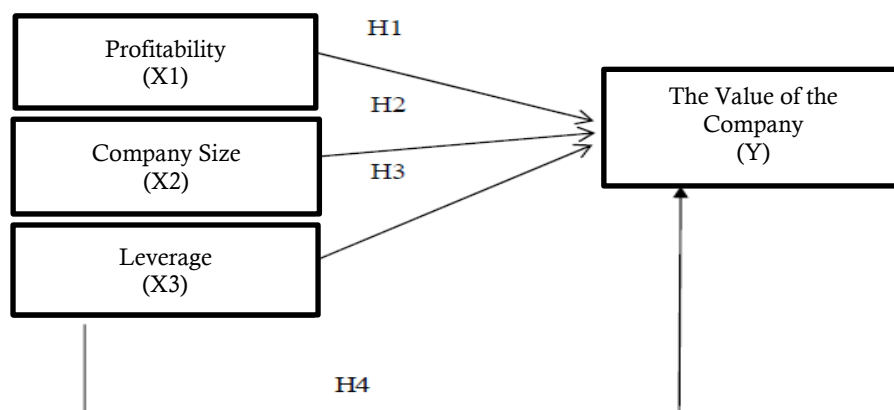


Figure 1. Testing Model

METHODE

This research uses a quantitative approach using secondary data. This quantitative data is obtained from the figures recorded in the company's annual report. The population studied consisted of food and beverage subsector companies listed on the Indonesia Stock Exchange during the 2020-2022 period. The documents used in this research are financial documents that have been audited from companies operating in the food and beverage sector and listed on the Indonesia Stock Exchange for three years. The sample selection used a purposive sampling technique using certain criteria, namely (a) Companies in the food and beverage sub-sector that were listed on the Indonesia Stock Exchange during the 2020-2022 period, (b) Companies in the food and beverage sub-sector that did not issue financial reports continuously during the 2020-2022 period, (c) Companies in the food and beverage sub-sector that do not produce financial reports in rupiah during the 2020-2022 period, (d) Companies in the food and beverage sub-sector that experience losses during the 2020-2022 period. The following is a table of company sample selection results:

Table 1. Research Sample

Company name	Code
Akhasa Wira International Tbk	ADEiS
Bisi International Tbk	BISI
Budi Starch & Sweieiteineir Tbk	BUDI
Campina Ice Cream Industry Tbk	CAMP
Wilmar Cahaya Indonesia Tbk	CEiKA
Charoein Pokphan Indonesia Tbk	CPIN
Cisadanei Sawit Raya Tbk	CSRA
Dharma Satya Nusantara Tbk	DSNG
Indofood CBP Sukseis Makmur Tbk	ICBP
Indofood Sukseis Makmur Tbk	INDF
Mulia Boga Raya Tbk	KEiJU
PP London Sumateira Indonesia Tbk	LSIP
Multi Bintang Indonesia Tbk	MLBI
Mayora Indah Tbk	MYOR
Seikar Laut Tbk	SKLT
SMART Tbk	SMAR
Tunas Baru Lampung Tbk	TBLA
Tigaraksa Satria Tbk	TGKA
Ultra Jaya Milk Industry & Trading Company Tbk	ULTJ

RESULTS

Description Statistics is a simple data analysis technique for creating data visualizations, evaluating data distribution, and producing effective data summaries. In this research, we conducted an analysis of various variables, namely profitability Return on Asset (ROA), company size (LnTA), leverage Debt to Equity Ratio (DER), and firm size Price to book value (PBV) in food and beverage sub-sector companies listed on the Indonesian Stock Exchange for the 2020-2022 periods. An explanation is needed regarding the data collected and used in this research, statistical descriptive analysis. The results of this analysis contain 4 variables, namely Profitability, Company Size, Leverage, and Company Value. Each variable has a descriptive statistical value including N (amount of data), Minimum, Maximum, Mean (average), and Std. Deviation (standard deviation). The profitability variable measured by ROA has the lowest value of 1 and the highest value of 102, with an average of 11.2982 and a standard deviation of 13.81765. This shows large variations in company profitability, where there are companies that are able to achieve high profits and other companies that are only able to generate low profits. Company size in this study was calculated using the natural logarithm of total assets, having a minimum or lowest value of 27 and a maximum of 3282, with an average of 1599.05 and a standard deviation of 1433.74.

From the calculation results, it was found that the standard deviation was lower than the average, it could be concluded that the diversity in company size was not too large. The leverage variable is measured using the debt to equity ratio (DER) with the lowest value of 9 and the highest value of 246, the average value is 69.7895 and the standard deviation is 58.52464. This shows quite large variations in the use of debt by companies to finance their operational activities. The variable value of the company is measured by Price to Book Value (PBV) with the lowest value being 2 and the highest value being 3879, with a mean of 320.7018 and a standard deviation of 587.09901. This data shows that there is quite high variation in the value of business entities, with a large standard deviation and a small average.

Normality testing is carried out to ensure that the information (data) meets the normality requirements before carrying out statistical analysis. If the data is not normally distributed, the resulting statistical analysis results may be invalid or inaccurate. Based on the results of the One-Sample Kolmogorov-Smirnov test, a statistical test value was obtained of 0.071 with the asymptotic significance value (2-tailed) 0.2. The statistical test value measures the distance between the data distribution curve and the normal distribution curve. The smaller the statistical test value, the better or closer the data distribution curve is to the normal distribution curve. Asymp value. sig. (2-tailed) of 0.2 is greater than the alpha level of 0.05, so it is said that the data is normally distributed.

This research aims to identify the absence of correlation between (independent) variables using tolerance and variance inflation factor (VIF) values as seen from the table:

Table 2. Multicollinearity Test Results and Glejser Heteroscedasticity Test Results

Model	Tolerance	VIF	Sig.
Constant			0.024
Profitabilitas	0.951	1.052	0.134
Ukuran Perusahaan	0.957	1.045	0.182
Leverage			0.7

Source: Data Processing Results using SPSS 26 (Researcher, 2023)

Based on the Collinearity Statistics table above, it can be seen that the Tolerance value for each independent variable (Profitability, Company Size, and Leverage) is greater than 0.1 and less than or equal to 1. This indicates that there is no significant multicollinearity problem. in the regression model. Apart from that, the VIF value also shows that the independent variables do not influence each other significantly, with a VIF value of less than 10. Therefore, it is concluded that this form of regression fulfils the multicollinearity assumption. Absolute of residual. If there is a certain pattern in the relationship, then this indicates heteroscedasticity in the data. In the Glejser test, a linear regression is carried out between the independent variables and the absolute value of the residual, then it is seen whether there is a significant relationship between the two.

Based on the table above, all independent variables do not have statistical significance, indicated by a significance value higher than the significance threshold of 0.05. Therefore, from these data it can be concluded that there is no heteroscedasticity in the regression model. This research aims to find out whether there is autocorrelation or not. And this can be identified by carrying out the Durbin-Watson (DW) test to determine the absence of correlation. It can be seen whether the DW value is between the lower and upper limits, namely $dU < DW < 4-dU$. Based on calculations, it was found that the DW value was 1,949. Then, this value was compared with the DW table value with a significance level of 5%, an independent variable of 3, and a sample size of 57. As a result, a dU value was found of 1,685.

Multiple regression is a statistical method that is used to study the correlation between one variable that you want to predict (dependent variable) and two or more variables that are used as explanations or predictors (independent variables).

$$PBV = -213.864 + 35.526 \beta_1 - 0.005 \beta_2 + 2.029 \beta_3 + e$$

The beta coefficient shows the extent to which each independent variable (ROA, SIZE, and DER) contributes to changes in the dependent variable (PBV) after controlling for other variables. In the given results, the beta coefficient for ROA is 0.836, SIZE is -0.013, and DER is 0.202. A positive beta coefficient indicates a positive relationship between the independent variable and the dependent variable, while a negative beta coefficient indicates a negative relationship. The results show that ROA has a significant effect on the PBV value, with a beta coefficient of 0.836. This indicates that every one unit increase in ROA will cause an increase of 0.836 units in PBV, if other variables are constant. Leverage also has a significant effect, with a beta coefficient of 0.202. This shows that every one unit increase in leverage will lead to an increase of 0.202 units in PBV, if other variables are constant. However, firm size does not have a significant effect.

T test to check whether the independent variables, namely Profitability, Company Size, and Leverage as independent variables have a significant effect on the dependent variable, namely company value. The t test produces a t-statistical value which can be used to calculate the p-value (p value) which determines the level of statistical significance of the observed differences. From the results of regression testing using SPSS 26 software, it shows that profitability has a significant effect on company value so that hypothesis H1 can be accepted. The company size variable measured using the natural logarithm does not show a significant relationship with company value, with a p-value of 0.865. Therefore, it can be concluded that company size does not have a significant effect on company value, so hypothesis H2 cannot be accepted. Meanwhile, the leverage variable measured using the debt to equity ratio (DER) shows a significant effect on company value, with a p-value of 0.008. This indicates that the level of leverage has a significant influence on company value, so hypothesis H3 can be accepted.

The F test, or F-distribution test, is a statistical tool used to compare variances between two or more groups. The F test is widely used in various contexts, such as analysis of variance (ANOVA) to compare means between several groups, regression analysis to test the significance of a regression model, and in experimental design.

Table 4. F Test Results

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	13834511.12	3	4611503.70	44.699	0.000
Residual	5467862.807	53	103167.223		
Total	19302373.93	56			

Source: Data Processing Results using SPSS 26 (Researcher, 2023)

In the F test results of all independent variables (Profitability, Company Size, and Leverage) on the dependent variable (Company Value) it is known that the significant value is 0.000, which is smaller than 0.005 and the calculated F value of 44,699 is greater than 2.77, so it can be concluded that H4 is accepted, which means there is a significant influence. Significant between all independent variables and the dependent variable.

Based on the results of the analysis in this research, it can be concluded that there is a positive and significant relationship between the profitability variable and company value, as evidenced by a significance value of 0.00 and a regression coefficient of 35.53. A positive regression coefficient indicates a unidirectional relationship between profitability and company value, which means the higher the company value, the more significant the influence of profitability. These results remain in the concept of signal theory which suggests that a company with strong financial performance will send a positive signal to investors and the market, which in turn will increase the value of the company, such as high profitability, which tends to provide a positive signal to investors and the capital market. This signal can be interpreted as an indicator of a company that

has the potential to provide good profits for shareholders. According to Prihadi (2020), profitability reflects an entity's ability to generate profits or returns. So it can influence the increase in share value and contribute to increasing company value. This shows that investors and the capital market give higher valuations to companies with good financial performance, so that their share prices are also higher.

Supported by the research results of Dirman (2020), large profitability can be a positive indication for the financial prospects of a company which has the potential to provide a positive signal to investors and increase company value.. Therefore, investors and the capital market tend to give higher valuations to companies that have good profitability. In the context of this research, company value is measured by share prices. The research results show that companies with a higher level of profitability have higher share prices as well. This shows that investors and the capital market give higher valuations to companies with good financial performance, so that their share prices are also higher. Based on the research results of Oktiwiati & Nurhayati (2020) which states that profitability has a positive influence. Previous research confirmed that profitability is a factor influencing company value.

The results of the tests carried out showed that hypothesis H2 had to be rejected. This shows that company size does not have a significant influence on company value as measured by a significance value of 0.865. The rejection of hypothesis H2 is caused by the fact that the company's total assets do not make a significant contribution to increasing company value. Even though a company has large assets, this does not guarantee good company performance if management is not able to manage them well. In addition, using total assets as an indicator of company size has weaknesses because the dominant components in receivables and inventories can hamper the company's financial flows. This can result in low company performance and not provide maximum benefits for the Company.

To evaluate the performance of a company, it is not enough to just look at total assets. There are other factors that need to be considered to provide a more comprehensive picture. Company size can be seen from several aspects, such as total sales, market capitalization, and total company assets which indicate whether the company size is larger or smaller (Arfan, 2022). Company size is not a priority for investors in making stock purchase decisions because large company size does not guarantee high dividend returns. Investors tend to consider companies that have stable profits as an indication of the company's ability to return the capital invested. Apart from that, investor interest in a company will also have an impact on the market value of the company's shares as an indicator of firm value. Therefore, companies that are not attractive to investors tend to have low interest from the capital market, which will ultimately impact the company's valuation. The results of this study are in line with Kolamban et al. (2020), there is no significant influence between company size and company value. This reveals that the results of this study are consistent with previous research and strengthen the conclusion that company size is not a factor that influences company valuation.

From the test results, the significance value of the leverage variable is 0.008. A significance value that is much smaller than 0.05 indicates that the leverage variable has a significant influence on company value. In this context, leverage refers to the use of borrowed funds by a company to finance its operations. This shows that effective use of loan funds can increase company value. According to Febriani (2020), a high level of leverage can increase company value if used wisely, namely by utilizing debt at the right level to obtain benefits that can increase production and generate higher profits. In this case, the use of debt will make a positive contribution to profitability thereby increasing the value of the company.

High levels of leverage also come with higher risks, and companies should carefully consider the benefits and risks of using debt before making a decision to increase leverage. It can be interpreted that the appropriate use of debt can have a positive impact on the company in increasing its company value, but it can be a risk and have a negative

impact if the company does not manage debt well. Based on research by Iqbal & Usman (2018), leverage has a significant impact on company valuation. This means that the company's use of loan funds can have a significant impact on the company's valuation. This is because companies must carefully consider the benefits (profits) and risks of using debt before deciding to increase the level of leverage.

Based on the results of the F test, a significance value of 0.000 was obtained, which is smaller than the significance level set at 0.05. Apart from that, the calculated F value of 44,699 is also greater than the table F value of 2.77. Thus, it can be concluded that there is a significant influence between all independent variables (Profitability, Company Size, and Leverage) on the dependent variable. This influence shows that the independent variables, namely Profitability, Company Size, and Leverage, have a significant influence on Company Value in the context of this research. This shows that changes in the values of the independent variables will affect the values of the dependent variable. Thus, companies in the food and beverage sub-sector that have a high level of profitability, large company size, and optimal leverage, tend to have higher company value. The results of this research provide an important contribution to understanding the factors that influence company value in the food and beverage sub-sector.

CONCLUSION

Strategies that focus on increasing profitability through operational efficiency and smart financial policies can be a key factor in increasing company value. In addition, company management must consider the use of leverage carefully, and ensure that the leverage policy adopted is in accordance with the company's needs and potential risks. There is a significant relationship between profitability and company value. PT Akasha Wira International Tbk has an ROA of 0.14 in 2020, 0.2 in 2021, and 0.22 in 2022, so it is able to achieve a high level of profitability and tends to have a higher company value. Apart from that, PT Charoen Pokphand Indonesia Tbk also shows a significant level of ROA with a value of 1.02 in 2021. However, PT Budi Starch & Sweetener Tbk and PT Ultra Jaya Milk Industry & Trading Company Tbk have ROA which tends to be low, namely less than 0.1 in all years of observation, so the impact on company value is less significant. Company size does not have a significant influence on company value in the context of this research. PT Akasha Wira International Tbk has a LN (natural logarithm) company size of 27.59 (2020), 27.9 (2021), and 28 (2022); PT Budi Starch & Sweetener Tbk with LN company size 28.72 (2020), 28.73 (2021), and 29 (2022); and PT Cisadane Sawit Raya Tbk with LN company sizes of 27.97 (2020), 28.19 (2021), and 28 (2022). These data show that changes in company size are not significant in influencing company value. There is a significant relationship between leverage and company value. PT Charoen Pokphand Indonesia Tbk has a DER (Debt to Equity Ratio) of 0.33 (2020), 0.41 (2021), and 0.51 (2022) which shows the appropriate use of leverage and has a positive impact on company value. Apart from that, PT Tigaraksa Satria Tbk also shows a significant DER with a value of around 1.1 in 2020 and 2022. However, PT Indofood Sukses Makmur Tbk and PT PP London Sumatra Indonesia Tbk have high DER in several years of observation, namely more than 1, so it can have a negative impact on company value. Simultaneously, there is an influence of profitability, company size, and leverage on company value. PT Akasha Wira International Tbk, PT Charoen Pokphand Indonesia Tbk, and PT Multi Bintang Indonesia Tbk show a positive combination of these three factors, with PBV (Price to Book Value) values increasing consistently from year to year. Meanwhile, PT Budi Starch & Sweetener Tbk and PT Ultra Jaya Milk Industry & Trading Company Tbk show an unfavorable combination of factors with PBV values that are relatively stable or decreasing over time.

SUGGESTION

Companies need to focus on increasing profitability as the main factor in increasing company value. This can be achieved by continuously evaluating and improving the

company's financial performance, operational efficiency and business strategy. Investors should carry out a comprehensive analysis before investing. Apart from considering profitability, company size, and leverage, investors also need to pay attention to other factors such as industry stability, company reputation, and market conditions. Thus, investors can make smarter investment decisions. Future research can expand the scope of the company sample by involving more industrial sectors. This will help in the generalization of the findings and a broader understanding of the influence of profitability, company size, and leverage on company value in various contexts.

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