THE EFFECT OF CAPITAL STRUCTURE AND LIQUIDITY ON COMPANY VALUE AT PT. MAYORA INDAH TBK

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Abstract
This study aims to determine whether the capital structure and liquidity affect the firm value of the company PT. Mayora Indah Tbk which is listed on the Indonesia Stock Exchange in 2014-2021. Data collection uses secondary data obtained from published financial statements published by the Indonesia Stock Exchange using the saturated sampling technique. The results of this study have tested classical assumptions in the form of assumptions of normality, multicollinearity and heteroscedasticity. The method of data analysis used multiple linear regression techniques. The results showed that the hypothesis of the capital structure variable had no effect on firm value and the liquidity variable had a negative and significant effect on firm value.

Keywords :
Long Term Debt To Equity Ratio, Current Ratio, and Firm Size, Stock Price.

A. INTRODUCTION

Intense competition among manufacturing companies pushed other manufacturing companies to improve their respective performance. The main objective of improving performance is to maximize the prosperity of the owner or shareholders through increasing the value of the company. The company's value reflects the current state of the company and can describe the company's prospects in the future, so that the company's value is considered capable of influencing investors' assessment of the company. Firm value is the price that prospective buyers are willing to pay if the company is sold (Husna, 2014: 7). The value of the company will be used as a measure of the success of a company's management so that it can increase the trust of shareholders and the fulfillment of the welfare of the shareholders reflects the high value of the company. The value of the company will be reflected in the share price seen in the capital market. The higher the stock price, the better the company value.

Shares are proof of ownership of capital/funds in a company. Shares are in the form of a piece of paper that clearly states the nominal value, the name of the company and is followed by the rights and obligations explained to each holder, and is stock that is ready to be sold (Fahmi, 2015: 08). The company's high stock performance is a form of investor interest in investing in the capital market, indicated by the company's stock

price. In principle, the better the company's performance will increase the demand for the company's shares, so that it will increase the company's stock price.

Usually, before making an investment decision, investors will assess the company's performance based on information published by the company related to its financial statements.

Then there are other factors that affect stock prices, namely capital structure and liquidity. Capital structure and large liquidity will have a good influence on the level of quality and performance of the company. This can convince investors to invest their capital. The company's share price will also increase due to the large demand for the company's shares.

B. LITERATURE REVIEW

1. Capital structure

The capital structure is an illustration of the form of the company's financial proportions, namely between owned capital originating from long-term debt and (shareholder's equity) which is a source of financing for a company (Savira, 2020).

H_1 : Capital structure (x1) has a positive and significant effect on firm value at PT. Mayora Indah Tbk.

2. Likuidity

Liquidity is the company's ability to pay the company's short-term obligations. Liquidity is useful for knowing the company's ability to finance and fulfill obligations and debts when billed or due (Kasmir, 2016: 145).

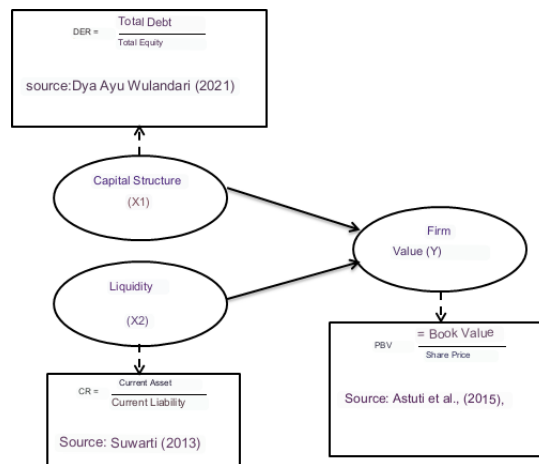H_2 : Liquidity (x2) has a positive and significant effect on firm value at PT. Mayora Indah Tbk.

3. The value of the company

Corporate value is a picture of public trust in a company for the results that have been achieved after going through a process of activities for several years. Increasing the value of the company means that the welfare of the owners will also increase, so that increasing the value of the company will be considered as an achievement for the company. Firm value is very important because high shareholder prosperity is influenced by high company value. Company value can describe the current value of expected income in the future and is an indicator for the market in assessing a company (Wahyu & Mahfud, 2018).

4. Conceptual Model

This conceptual framework is intended to explain, reveal and determine the perceptions of the relationship between two independent variables (X), which include capital structure and liquidity, while the dependent variable (Y) used in this study is firm value.

Figure 2.1. conceptual framework

DER = $\dfrac{\text{Total Debt}}{\text{Total Equity}}$

source:Dya Ayu Wulandari (2021)

Capital Structure (X1)

Liquidity (X2)

Firm Value (Y)

PBV = $\dfrac{\text{Book Value}}{\text{Share Price}}$

Source: Astuti et al., (2015),

CR = $\dfrac{\text{Current Asset}}{\text{Current Liability}}$

Source: Suwarti (2013)

C. RESEARCH METHOD

1. Location and Research Design

The collection of research data in this research object was carried out at the Indonesia Stock Exchange (IDX) through the Investment Gallery. The time used in this study was planned for approximately 2 months.

2. Population or Samples

3. Data Collection Method

The form of data collection used in this research is time series data, which is a method of collecting data that is carried out from time to time with the aim of observing, analyzing, and observing the development of an event or events during a certain period. and through a literature study, namely data collection is done by reading literary books, internet magazines and previous studies related to the research being carried out. The type of data used for this research is quantitative data and the source of the data needed in this research is secondary data which is obtained from published financial reports issued by the IDX through IDX (Indonesian Stock Exchange) or can be accessed through the website www.idx.co.id while the data collection technique used is documentation technique. According to Sugiyono (2015: 329) data collection techniques using documentation techniques are methods used to obtain data and information in the form of books, archives, documents, financial reports in the form of quarterly finances for pharmaceutical sub-sector companies on the Indonesian stock exchange etc. relating to the problem to be studied.

D. EMPIRICAL RESULTS

1. Descriptive Statistics

Descriptive statistical analysis

Following results analysis statistics descriptive :

Table 5.5
Descriptive Descriptive Statistics Analysis Results
Statistics

N

	N	Means	std . Deviation
CAPITAL STRUCTURE	32	.0491	,25728
LIQUIDITY	32	,9747	,23140
THE VALUE OF THE COMPANY	32	7.8471	6.36895
Valid N (listwise)	32		

Source : SPSS Version 25 (Data processed in 2022)

In this study the sample (N) was used as many as 32 data, on the details of the data analysis statistics descriptive of each variable independent and variable dependent , the average value (mean) and standard deviation .

on variables capital structure (X1) a mean value of 0.0491, with a value of standard deviation of 0.25728. The mean value is more this great show that results descriptive variable data used _ is ok .

Variable *mean* value liquidity (X2) of 0.9747, with a value of standard deviation of 0.23140. So the average value (mean) is more this big can stated that happen enhancement value , so results descriptive variable data used _ is ok .

Variable average *(mean) value* mark company (Y) of 7.8471, with a value of standard deviation of 6.36895. It can stated that happen increase or fluctuation due value _ magnitude average value compared mark standard the deviation .

a. **Multiple linear regression analysis**

Following results multiple linear regression :

Table 5.6
Analysis Results Multiple Linear Regression

Model	B	std . Error	Betas	t	Sig .
(Constant)	24,881	8,350		2,980	,006
CAPITAL STRUCTURE	-14,096	7,366	-,569	-1,914	.066
LIQUIDITY	-16,766	8,189	-,609	-2,047	.005

a. Dependent Variable : COMPANY VALUE
   Source : SPSS Version 25 (Data processed in 2022)
   From the table above , is obtained equality as following :
   $$Y = \alpha + \beta 1 X1 + \beta 2 X2 + e$$
   $Y = 24.881$ (Constant) $- 14,096$ (X1) $- 16,766$ (X2) $+ 8,350$ (e)
   From the equation regression that , can explained as following :
   1) Constant numbers of 24,881 states If capital structure (X1), and liquidity (X2) the value is 0, then mark company (Y) value of 24,881.
   2) Coefficient capital structure (X1) of -14,096 stated that every addition of 1% capital structure (X1), then will reduce ROA (Y) by -14.096 at variable time others do not change (constant).
   3) Coefficient liquidity (X2) of -16,766 stated that every addition of 1% liquidity (X2), then will reduce ROA (Y) by -16.766 at variable time others do not change (constant).

b. **Coefficient of Determination (R^2)**

Following are the results of the coefficient of determination test:

Table 5.7 Result Coefficient of Determination (R^2)
Summary models

Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	, 362 [a]	,131	,071	6.13824

a. Predictors: (Constant), LIQUIDITY, CAPITAL STRUCTURE

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Source: SPSS Version 25 (Data processed 2022)

From table 5.7, it is known that the coefficient of determination (R) test is 0.362 or 36.2%. Based on this value, it can be said that the relationship between the independent variables, namely capital structure (X1) and liquidity (X2) on the dependent variable firm value (Y) has a relationship that is in the weak category. The coefficient of determination (R2) is 0.131 or 13.1%, which means that it shows the influence of the independent variables, namely capital structure (X1) and liquidity (X2) on the dependent variable firm value (Y). This means that firm value (Y) can be influenced by capital structure (X1) and liquidity (X2), while the remaining 86.9% is influenced by other factors not explained in this research model.

2. Test results hypothesis
a. Test Student test
Following are the results of the T test:

Table 5.14
Student Test Results *test*.Coefficients [a]
Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	std. Error	Betas	t	Sig.
1	(Constant)	24,881	8,350		2,980	,006
	CAPITAL STRUCTURE	-14,096	7,366	-,569	-1,914	.066
	LIQUIDITY	-16,766	8,189	-,609	-2,047	,00 5

a. Dependent Variable: COMPANY VALUE

a. Dependent Variable: COMPANY VALUE

Source: SPSS Version 25 (Data processed 2022)

Based on the test results above , it can be described as follows:

1) Effect of capital structure (X1) on firm value (Y).
The criteria for testing the t test in the table above , obtained a t-count of -1.914 , a p- value of 0.066 is greater than 0.05 and degrees of freedom = 32,

then a t-table of 2.0369 is obtained.

Therefore, the results of the t- $_{count}$ < t- $_{table}$ (1.914 <2.0369) and the significant value is less than the p- value 0.05 or 0.0 66 > 0.05, it is stated that H1 is rejected and H0 is accepted . This means that capital structure (X1) has no effect on firm value (Y).

2) **Effect of liquidity (X2) on firm value (Y).**

The results of the t-test testing criteria in the table above , obtained a t-count of -2.047 with a p- value of 0 . 005 is smaller than 0.05 and degrees of freedom = 32, then a t-table of 2.0369 is obtained.

Therefore, the results of the t- $_{count}$ > t- $_{table}$ (2.047> 2.0369) and the significant value is less than the p- value of 0.05 or 0.005 <0.05, then it is stated that H2 is accepted and H0 is rejected. The regression coefficient value of the liquidity variable is -0.609 (Negative). This means that liquidity (X2) has a negative and significant effect on firm value (Y).

b. **Interpretation results study**

a) **Effect of capital structure (X1) on firm value (Y)**

the results of the Student Test test above show t- $_{count}$ value < t- $_{table}$ (1.914 <2.0369) and a significant value less than p- value 0.05 or 0.0 66 > 0.05 , This interpret that there is no effect of capital structure (X1) on firm value (Y) .

The debt to equity ratio is ratio used to value debt to equity . This ratio is useful to know the amount of funds provided borrower (creditor) with the owner company . In other words, this ratio serves to know every rupiah of its own capital used as collateral for debt. Information about how much large owner funds company can used creditor as base determination level security creditor . The more big *Debt to Equity Ratio* (DER) reflects risk relative company _ tall so investors try avoid owning shares _ high *Debt to Equity Ratio* (DER) *value* . DER which has no effect on company value means that no matter how much debt is used, it will not be affected by stock prices and company value. That is because the use of debt will cause the cost of ordinary equity to increase by the same rate. So that investors see more how the company's management uses the funds from the debt effectively and efficiently in order to create added value for the company.

b) **Effect of *liquidity* (X 2) on firm value (Y)**

The results of the Student Test test above show that t - value > t- $_{table}$ (-2.047 > 2.0369) and the significant value is less than the p- value 0.05 or 0.005 <0.05 , meaning that influential liquidity negative and significant to company value .

The research results show that current ratio has a negative effect on firm value thus the first hypothesis is rejected. This shows that the higher the current ratio shows that there is an excess of current assets that have an unfavorable influence on company profitability. Current assets generally generate lower returns compared to fixed assets, thus having a negative impact on firm value. Viewed from the point of view of current investors A high ratio also shows a lot of idle company funds which ultimately reduces the company's ability to generate profits.

E. CONCLUSION

Based on the results in the previous chapter, then it can data analysis is described and discussion that has been taken: There is no proven effect of not making a significant contribution to increasing company value at PT. Mayora Indah Tbk.., There is a proven effect of liquidity making a significant contribution to the decline in corporate value of companies at PT. Mayora Indah Tbk.

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