



THE IMPACT OF FINANCIAL PERFORMANCE AND MACROECONOMIC ON COMPANY VALUE

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Abstract

The purpose of this study was to determine the impact of profitability, leverage, interest and inflation on company value with capital structure as moderating variable. The object of study are companies in the non-cyclical consumer goods industry that were listed on the Indonesia Stock Exchange (IDX) between 2016 and 2020. Analysis was conducted with multiple regression analysis. The study's findings demonstrate that firm value is affected simultaneously by interest and inflation and financial performance. After that, leverage can make a company's value more proportional to its gross profit margin and dividend payments. This study used leverage as a moderating variable, and the results were able to strengthen the connection between dividend payout and profit margin on firm value.

Keywords: Profitability, Leverage, Dividend Payout, Interest Rate, Inflation, Company Value

INTRODUCTION

Each organization is established to make progress or be capable get by in the long haul. The value of the business's operational activities can be the foundation for this success. The worth of the organization can give most extreme success to investors assuming the offer cost increments. According to Anita & Yulianto (2016), a company with a high corporate value will also have a high shareholder prosperity. For decades, researchers have investigated corporate value to better comprehend the various factors that contribute to its creation. According to Brigham and Gapenski (2006), the value of a company increases shareholder wealth. Profitability has an effect on a company's value, according to Miller and Modigliani's irrelevant dividend theory (1961).

According to Chen and Steiner (2000), investors will have a better idea of a company's future condition and performance based on its higher profits, which can raise a company's value. High-profit businesses can also increase the value of their businesses by boosting investor confidence. Earlier empirical studies (Salvi et al. 2021; Chen and Chen 2011; Liow (2010) discovered a positive correlation between the benefit and the company's worth. Hirdinis (2019) found no correlation between profitability and firm value, in contrast to Handoko (2017), who found a negative correlation. It would be fascinating to reexamine the findings of previous studies that have not been consistent with the relationship between firm value and profitability.

The affiliation's capital plan is one component that can impact the association's worth. Managers must devise viable alternatives in order to satisfy their funding needs. When an organization has the best capital design, which can lower the total cost of capital use, a significant subsidizing decision can be made (Alshatti, 2015). The objective, which must change frequently, will be altered by the circumstances of the company. Pamungkas et al. say that, the executives should look into the factors that go into choosing the designated capital construction. (2018). The decision to subsidize with high risk will lower stock prices, but the typical rate of return may rise as a result. Therefore, the ideal capital structure can be achieved by striking a balance between risk and expected rate of return in an effort to maximize stock prices (Brigham & Houston, 2012).

Liquidity indicated the company's ability to fulfill its temporary obligations on time. Investors have a better chance of a company staying in business if it has a lot of liquidity (Putra and



Lestari, 2016). Oktaviarni et al. (Kahfi et al., According to Putra dan Lestari (2016) and Putra dan Lestari (2018), liquidity raises an organization's worth in light of the findings of Hapsoro and Falih (2020 and 2019). In contrast to Wijaya and others, Purnawati (2014) reported a number of outcomes, one of which was that liquidity affected value negatively. As per Rosada and Farida (2017), an organization's worth can be impacted by changes in effectiveness levels, which can show an organization's capacity to bring in cash. The Gross Profit Margin (GPM) indicator was used to measure the profitability ratio in this study. A company's ability to cut costs and make money from sales can be evaluated using the GPM tool. The capacity of the business to cut costs is directly correlated with an increase in sales profit. Using the Debt to Equity Ratio (DER) indicator, the total amount of the company's debt is also calculated in this investigation.

According to Yulia, et al (2020) say that an organization's exhibition should be addressed because it could lead to its obligation level is higher than the standard worth of comparable organizations' obligation levels. However, it is reasonable to assume that the company is debt productive if the debt level's value remains below the standard value of obligations for businesses that are comparable. This suggests that a company can increase the level of debt in order to develop its business, increase the value of sales, or improve its financial performance by adding capital to rotate its funds. As a result of the company's increased value, it is able to raise stock prices on the capital market as well as the value of profits earned from increased sales. Using the Dividend Payout Ratio (DPR) indicator, the authors also use dividend payments to gauge the company's performance.

According to Husna & Satria (2019), investors will be assured that management will announce positive shifts in the anticipated profit of the company if the DPR remains stable. Stock costs, which thus will emphatically affect the worth of the organization, will likewise profit from this profit increment.

This study measures macroeconomic conditions using the Gross Domestic Product (GDP) indicator, which measures a nation's total production of goods and services at a given time. By measuring the increase in value, a nation's GDP can be used to assess economic expansion. Beriwisnu and Priyadi (2017) say that when an economy is doing well, people's buying power can increase, allowing businesses to expand their deal capabilities. In the event that a company experiences an increase in sales, it may be able to increase the benefits it receives in order to increase the confidence of loan managers in putting their capital to use in expanding the company's operational activities and provide prosperity to its investors.

As a result of an increase in the company's performance, investors will have a higher demand for the shares, which will raise the share price. The business's value will rise as a result. Additionally, the creators make use of financing cost indicators that are associated with the following variables: According to Beriwisnu & Priyadi (2017), although an increase in interest rates will put a strain on businesses, particularly those that have loans, it will also be beneficial to investors by encouraging them to keep their capital in financial institutions in the hope of increasing profits. To the monetary pillars. As a result, the value of the company and the price of its stock will both be affected.

Inflation, a general and ongoing rise in the price of goods, is the next macroeconomic condition factor. According to Iqmal & Putra (2020), rising inflation has an impact on a business's financial performance, which can result in a decrease in sales value and profits. Due to the company's losses, many investors stopped investing. Subsequently, there is less interest for shares, which brings down the proposition cost and, conceivably, the organization's worth. The authors are interested in learning more about "The Influence of Financial Performance and



Macroeconomic Factors (Empirical Study on the Primary Consumer Goods Sector Listed on the Indonesia Stock Exchange 2016 - 2020 Period)" in light of the preceding background information. Leverage was used as a moderating variable in this study, and the results were able to strengthen the connection between dividend payout and firm value. This study's novelty or distinction from previous ones is as follows: Previous researchers typically used leverage as an independent variable.

THEORETICAL REVIEW

Signal Theory

According to Bringham & Ehrhardt (2002), signaling theory is a management decision that can inform investors about a company's prospects. As a rule, signal hypothesis is firmly connected with the accessibility of data to decide the nature of an element. By flagging hypothesis (Spence, 1973) makes sense of that the source (proprietor of data) gives a sign or sign as data that mirror the state of an organization that is gainful to the beneficiary (investor).The investor perspective on the organization's chances in expanding the worth of the organization later on, where the data is given by the organization's administration to investors (Brigham &Houston, 2014). As per Jogiyanto (2013), data gives financial backers a sign that diminishes deviation, data that can be relied upon, and data that will reduce vulnerability in regards to the organization's possibilities.

According to Rosada & Farida (2017), a company's value reflects management performance in asset management. With increased value, investors' perceptions of a company's prospects rise, and shareholders benefit. Firm worth, according to Manurung, Effrida, and Andreas (2007), is defined as investors' perception of an organization's level of progress, similar to stock prices. A rise in the stock price may increase the company's value due to the high level of market confidence in its long-term prospects. 2019). The Tobin's Q ratio was used in this study to determine a company's value. To measure a company's long-term prospects, Tobin's Q ratio looks at the total capital at book value divided by the assets owned. Tobin's Q formula is as follows:

$$\text{Tobin's Q} = (\text{MVE} + \text{DEBT}) / (\text{BV TA}) \dots\dots\dots (1)$$

Where:

MVE = Total Market Value

DEBT = Total Book Value of Liabilities

BV TA = Total Book Value of Assets

Profitability

Investors can also see the level of effectiveness of the company in carrying out its business operations by analyzing the profitability ratio, which is known based on the profits obtained and the investments owned by the company. The profitability ratio is the level of the company's capability in creating profits, which is reflected in the income statement. Rosada and Farida, 2017; state that, Profitability is able to demonstrate a company's level of success in making profits, predicting the company's capacity to produce over the long term, and reducing the likelihood of default when borrowing money or making investments.

The Gross Profit Margin (GPM) indicator is used in this study to determine a company's level of profitability based on its ability to reduce production costs and earn high profits, thereby increasing the value of the business. A higher GPM value indicates that the company is more



effective in carrying out its business operations. The Gross Profit Margin (GPM) ratio's formula is as follows:

$$\text{GPM} = (\text{Gross Profit})/\text{Revenue} \dots\dots\dots (2)$$

Where:

GPM = Gross Profit Margin

Gross Profit = Gross Profit

Revenue = Total Sales

Leverage

The leverage ratio is a metric used to determine how much total capital the company uses to acquire assets using debt. Febriyanto (2018) says that businesses that use debt as capital can make more money from sales than businesses that only have limited personal capital. As a result, it can be concluded that the solvency ratio is a tool for determining the total capital generated by the company's debt. The Debt to Equity Ratio (DER) indicator is used in this study to measure the leverage ratio. If a company has a high debt level, it could go bankrupt, which would reduce investor demand for shares and lower the value of the company. The recipe utilized in working out the Obligation to Value Proportion (DER) is as per the following:

$$\text{DER} = (\text{Total Liabilities})/ (\text{Total Equity}) \dots\dots\dots (3)$$

Where:

DER = Debt to Equity Ratio

Total Liabilities = Total Debt

Total Equity = Total Capital

Dividend Payment

Starting a business is typically done for financial gain. The distribution of dividends to shareholders in the form of shares or cash is one method by which every profitable business is managed. Cash dividend-paying businesses will reduce the value of their retained earnings and cash in order to maintain investor confidence in the company's capacity to generate regular profits. so that if the dividend paid to shareholders is substantial, it can pique the interest of investors in the company, resulting in higher share prices and increased value for the business. The Dividend Payout Ratio (DPR), a ratio that compares the amount of rupiah per share to net income per share, was used to measure dividend payments in this study. The recipe used to compute this proportion is as per the following:

$$\text{DPR}=\text{DPS}/\text{EPS} \dots\dots\dots (4)$$

Where:

DPR = Dividend Payout Ratio

DPS = Total rupiah per share

EPS = Earnings per share

Company Size

As per Manurung, et al (2019), organization size can demonstrate the qualities or states of an organization to decide how large or little the organization is.



The size of the organization should be visible from the all-out resources of an organization, where the more prominent the worth of the resources claimed and not higher than the complete obligation possessed can demonstrate that the organization can make due in the long haul. To compute an organization esteem is as per the following:

$$\text{SIZE} = \text{Log}(\text{Total Asset}) \dots\dots\dots (5)$$

Gross domestic product

According to Tandelilin (2001:212), the added value of goods and services obtained from all economic activities of all nations during a specific time period is the gross domestic product (GDP). An increase in a nation's economic growth correlates with an increase in the well-being of its citizens, which in turn correlates with an increase in the amount of money spent on both bank and non-bank financial instruments. Therefore, it is possible to draw the conclusion that a nation's GDP can boost public interest in investment instruments, particularly stocks, thereby boosting capital market stock prices and the value of go-public companies. The Central Statistics Agency's (www.bps.go.id) annual average GDP calculation was used to measure GDP in this study. The equation used to work out Gross domestic product is as per the following:

$$\text{GDP} = (\text{Total PDBt})/12 \dots\dots\dots (6)$$

Where:

GDP = Gross Domestic Product

PDBt = Total Monthly GDP Value in a certain period

Interest Rate

According to Tandelin (2001:213), the interest rate is a measure of the profits obtained by investors through the banking industry, and for companies the interest rate is a burden that must be borne by the company on loan funds provided to banks. If interest rates are high, it will cause shareholders to move funds from stock instruments and to savings or bank deposits to get higher profits. So it can be said that the increase in the value of interest rates can reduce the value of the company.

This study measures the interest rate using the Bank Indonesia benchmark interest rate indicator or BI-7Day-RR with the following formula:

Inflation

Inflation is a condition where there is an increase in the price of goods or services on an ongoing basis. According to Sartika, Siddik, & Choiriyah (2019), the inflation rate is said to be low when it is below 2 – 3 percent, moderate at around 4 – 10 percent, while high inflation reaches tens or even hundreds of percent in one period. The formula used to measure the inflation rate in this study is as follows:

$$\text{INF} = (\text{Total INFt})/12 \dots\dots\dots (7)$$

Where:

INF = Inflation

INFt = Total Monthly Inflation Value in a certain period



Hypothesis Development

In order to determine whether factors from macroeconomic conditions such as the Interest Rate indicator, the Inflation Rate, and Gross Domestic Product affect whether or not the company's value both before and after the Covid-19 pandemic in the consumer goods industry sector on the IDX in 2016-2020, a hypothesis is required to obtain a temporary answer to the alleged problem in order to prove its justification. The hypothesis is then formulated as follows:

The Impact of Profitability on Firm Value

According to Chen and Steiner (2000), profitability has the potential to boost a business's value. This is due to the fact that investors will have a better idea of a company's future condition and performance if it makes more money than it loses. Companies with high profitability can also boost the value of their businesses by increasing investor confidence. Earlier empirical studies (Salvi et al. 2021; Chen and Chen 2011; Liow 2010; According to Nurmindia et al. (2017), profitability and company value are positively correlated. Hirdinis (2019) found no effect, in contrast to Handoko (2017), who found a negative relationship between profitability and firm value. The discoveries of past examinations that poor person been reliable with the connection among benefit and firm worth. The formulation of the hypothesis that is suggested is based on these inconsistent findings:

H1: Firm value is influenced positively by profitability.

The impact of Influence on Firm Value

An influence proportion called the Obligation to Value Proportion (DER) is utilized to fathom the organization's current and future obligation reimbursement commitments. It is generally believed that businesses with high DER values are bankrupt and unable to meet their obligations. However, if the DER ratio level remains within reasonable limits or below the industry average value of comparable businesses, the company is considered capable of meeting its obligations. This is because the company uses the value of its debt as capital to pursue business expansion. The likelihood of a company making a profit and prospering in the ownership of its shareholders increases with the amount of capital that can be rolled back. This will result in an increase in the company's value, as well as an increase in the company's performance and the price of the offered shares. This is in line with previous research carried out by Zahra et al., (2021), which demonstrated that the Debt to Equity Ratio (DER) influences a company's value. In the interim, Sanita et al. The Debt to Equity Ratio (DER) has no effect on Firm Value, according to's research (in 2021). Consequently, the following hypothesis regarding the impact of the leverage ratio and the Debt to Equity Ratio (DER) indicator on firm value is formulated by the authors using this variable:

H2: Firm value is negatively impacted by leverage.

The effect of Dividend Payment on Firm Value

A company's ability to share profits with shareholders and how much of that company's income is retained for reinvestment in business development is determined by the Dividend Payout Ratio (DPR). The majority of the time, businesses that are able to distribute profits to investors are also businesses that are able to generate net gain. The greater the significance of the DPR that is produced by a business, the more profitable it will be for financial backers, who will be eager to invest resources in the business. As a result, the stock price of a business will rise, which can also lead to an increase in the value of the business.

This is in line with what Renly's (2019) study found, which was that the Dividend Payout Ratio, which is a proxy for dividend policy, affects the value of a company. However, the dividend

payout ratio variable has no effect on company value, according to Asmaul and Ibnu's (2019) study. As a result, the following hypothesis is formulated by the researcher:

H3: The worth of a business increments because of profit installments.

The effect of Gross Domestic Product on Corporate Value

Gross domestic product is the sum of the goods and services produced by a number of production units in a particular region... GDP growth is a sign of a healthy economic expansion. This suggests that public consumption of goods and services will be affected by GDP growth. One measure of economic growth is GDP. Monetary improvement is an expansion in a country's material way of life over the long run (a year), and an expansion in pay empowers people to expand their interest for help and merchandise (Mankiw, 2007: 22). Economic growth can be measured with GDP data, which measure the economy's total income. The vast majority believe that the best way to gauge the state of the economy is to look at GDP.

Purnama et al. (2020) led research with everybody's help (2020). He discovered during the course of his research that the value of a company is significantly influenced by gross domestic product. The industry's worth rises with the growth of the gross domestic product, not the other way around.. The hypothesis that GDP growth indicates an improvement in the economy is supported by this study's findings. The economy is growing, as evidenced by the rapid expansion of the gross domestic product. Great monetary development will affect individuals' capacity to purchase things, which allows the business an opportunity to increment deals. Businesses may see an increase in profits if industrial marketing is increased. The stock price of the company will be high if it makes a lot of money. The ascent in stock costs will significantly affect the worth of the organization. As opposed to the discoveries of this review, the specialist Beriwisnu (2017) expressed that Gross domestic product meaningfully affects firm worth. The following hypothesis is put forth on the basis of this explanation:

H4: The value of a company is positively impacted by GDP.

The impact of Interest Rates on Corporate Value

As a reward for sound monetary policy, the Bank Indonesia interest rate (BI Rate) serves as a benchmark for Indonesian banks when determining loan and deposit interest rates. Companies, particularly those that owe debt to financial institutions, will see an increase in costs as a result of interest rate increases, while investors will be more likely to hold onto their capital in banks in the hopes of increasing profits. As a result, the company's financial performance will suffer, which will also have an effect on share prices and the value of the business. This is in line with Umi and Choiriyah's (2019) research, which claims that the interest rate variable influences firm value. In the meantime, Yayan and Nopita's (2019) research reveals that the Firm Value variable is unaffected by the Interest Rate variable. As a result, the hypothesis can be stated as:

H5: The value of a company is negatively impacted by interest rates.

The Impact of Inflation on the Corporate Value

Purnama et al. (2020) state that commodity prices generally and continuously rise during inflation. The company's financial performance will be affected by an increase in inflation, which will lower the company's sales value and reduce profits. Investors' interest in investing their capital may decline as a result of lower profits, which will have an effect on the stock price of the company and reduce its value. Beriwisnu's (2017) study, which found that the interest rate factor has no effect on firm value, is supported by this. As a result, the authors of this study propose the following hypothesis:

H6: Firm value is negatively impacted by inflation.

H7 and H8: Leverage were able to strengthen the relationship between profit and dividend payout on firm value

Framework

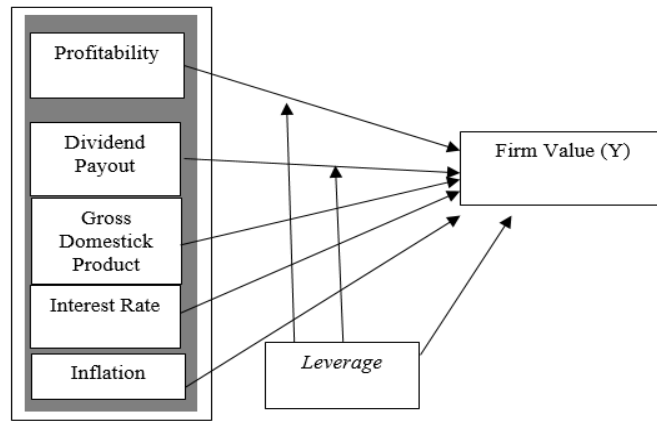


Figure: Research framework

RESEARCH METHOD

Types of research

This examination is a kind of quantitative exploration. As per Martono (2019:20), quantitative examination is a review directed to test an issue in light of mathematical handling which is then dissected through factual methods.

Population

Martono asserts (2019: 76), the population is the total amount of data used in the study. The Consumer Goods sector on the Indonesia Stock Exchange is the subject of this study. Sample. According to Silaen (2018:87), the sample is a segment of the population that meets certain criteria. The purposive sampling technique was used by the author to select the research sample. This means that several criteria were used to select the sample, including:

Table 1: Sample characteristics

Description	Total
Primary Consumer Goods Sector Manufacturing Company	92
Companies that have not yet IPO As of January 1, 2016	(31)
Companies that do not report finances	(14)
Companies that do not distribute dividends regularly in the 2016 – 2021 period.	(24)
Total	23
Tahun Observation (year)	6
Total Sampel Observasi (23 x 6 tahun)	138

Source: www.idx.co.id

Data collection technique. This study uses a secondary data collection method, in which data has been recorded on www.idx.co.id in the form of financial statements, stock prices obtained from the www.investing.com website, and interest rate data obtained through data recorded at Bank Indonesia. The technique used in the process of collecting data is through documentation

review. According to Martono (2019: 87), the documentation method is a method used to collect data related to the research to be carried out.

Research Empirical Model. The equation model formulated for regression testing is as follows:

Model 1

$$\text{TobinsQit} = \alpha + \beta_1 \text{GPMit} + \beta_2 \text{DERit} + \beta_3 \text{DPRit} + \beta_4 \text{GDPit} + \beta_5 \text{SBIit} + \beta_6 \text{INFit} + \beta_8 \text{SIZEit} + \text{eit} \dots\dots\dots (8)$$

Model 2:

$$\text{TobinsQit} = + \beta_1 \text{GPMit} + \beta_2 \text{DERit} + \beta_3 \text{DPRit} + \beta_4 \text{GDPit} + \beta_5 \text{SBIit} + \beta_6 \text{INFit} + \beta_8 \text{SIZEit} + \beta_1 \text{GPMit} * \text{DERit} + \beta_3 \text{DPRit} * \text{DERit} + \text{eit} \dots\dots\dots (9)$$

Where:

Dependent Variable:

Tobin's Q = Firm Value

Independent Variable:

GPM = Gross Profit Margin

DER = Debt to Equity Ratio (moderating variable)

DPR = Dividend Payout Ratio

GDP = Gross Domestic Product

SBI = Indonesian Interest Rate

INF = Inflation

Control Variable:

SIZE = Company Size

α = Constant

β = Coefficient

e = error term

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

In the following, the results of descriptive statistical analysis in this study are presented in Table 2 below:

Table 2: Descriptive Statistical Test Results

Variable	Observation	Mean	Std Dev.	Min	Max
Tobin's Q	138	2.5866	3.8385	.0072	21.8430
GPM	138	.2926	.1696	.0435	.7387
DER	138	1.1478	.9814	.1650	4.2858
DPR	138	.4953	.3997	.0017	2.5246
Size	138	16.1031	1.3852	12.9966	20.05216
GDP Growth	138	.0365	.0263	-.0210	.0520

SBI	138	.0475	.0098	.0352	.0600
Inflation	138	.0267	.0069	.0168	.0361

Source: Secondary data, IDX, processed with STATA 16

Classic assumption test

In this study, the normality test is performed using the residual equation's Kolmogorov-Smirnov statistical analysis, with the condition that the data can be normally distributed if the probability value is greater than 0.05, and vice versa. The K-S esteem is 0.007 as a result of the review, indicating that the information is not typically distributed. Along these lines, these secondary effects are overpowered by changing the data into the sort of Normal Logarithm (Ln), a verifiable test regard with a significance regard seen through the asymp regard. Sig. to be 0.182. It is reasonable to assume that the research data are normally distributed because their standard significance value is greater than 0.05. So that the requirements of the normality test have been met.

With a tolerance value that was less than 0.10 and a VIF value that was greater than 10, each research variable passed the multicollinearity test. This shows that the free factors used in this study don't have an immediate relationship. If it is determined based on the criteria of the multicollinearity test that the data indicate symptoms of multicollinearity if there is a tolerance value of more than 0.10 and a VIF value of less than 10, respectively, it is possible to draw the conclusion that the data in this study are free of symptoms of multicollinearity or that they meet the requirements for the multicollinearity test. The SPSS output on the heteroscedasticity test stated that the significance value of each independent variable used in this study had a significance value of more than 0.05 in accordance with the criteria for the heteroscedasticity test using the Glesjer test. The heteroscedasticity test in this study was carried out using the Glesjer test. This indicates that the residual's absolute value as the dependent variable is not statistically affected by any independent variable. Hence, it tends to be reasoned that the relapse model in this study is liberated from heteroscedasticity side effects.

The Runs Test and the Asymp value were used for the autocorrelation test in this study. Sig. (2-tailed) of 0.572, where the Run Test test requires Asymp Sig results greater than 0.05. So that the autocorrelation test conditions can be concluded to be met

Multiple regression analysis

The following is a table of multiple linear regression analysis processed using STATA 16

Table 3: Results of Multiple Linear Regression Analysis

Tobin's Q	Coef.	t	P> t
GPM	9.696	5.410	0.000
DER	.944	3.430	0.001
DPR	2.684	3.620	0.000
Size	.516	2.510	0.013
GDPGrowth	-20.317	-1.260	0.210
SBI	25.378	0.840	0.402
INF	148.095	2.440	0.016
_cons	-15.403	-3.780	0.000

Source: secondary data from www.idx.co.id processed with STATA 16

Table 3 Results of Multiple Linear Regression Analysis

$$\text{Tobin's } Q = - 15.404 + 9.696\text{GPM} + 0.944\text{DER} + 2.684\text{DPR} + 0.517 \text{ SIZE} - 20.317\text{GDP_Growth} + 25.378\text{SBI} + 148.095\text{INF} + e \quad (7)$$

Firm Value (Tobin's Q) is positively influenced by the variables Gross Profit Margin (GPM), Debt to Equity Ratio (DER), Dividend Payout Ratio (DPR), and Bank Indonesia Certificates (SBI). This is evident from the results of the constant values in the regression model. Despite the fact that Firm Value is affected by the variable GDP (Tobin's Q).

Hypothesis testing: F test

Based on the results of the F test, it is known that the significance value is 0.000. This indicates that the variables of Profitability (GPM), Leverage (DER), Dividend Payments (DPR), Gross Domestic Product (GDP), Interest Rates (SBI), and Inflation (INF) can simultaneously affect Firm Value (Tobin's Q) because it has a s level of <0.05.significant.

Test of coefficient of determination

R² before and after moderating variable

The Adjusted R² value is 0.3478 in the absence of a moderating variable (leverage), as indicated by the results of the coefficient of determination test (Tabel 4, Model 1). This suggests that the independent variables Profitability, Leverage, Dividend Payments, Leverage, Gross Domestic Product, Interest Rates, and Inflation can explain as much as 34.78% of the dependent variable, while the remaining 65.22 percent can be explained by other variables that aren't relevant to this study. However, when leverage is used as a moderating variable, the adjusted R² increases to 52.84 percent, and the remaining 47.16 percent is explained by other variables that are not part of this study.

Result of t test, F Value, and R²

Table 4: Results of testing the research hypothesis

Tobin's Q	Model (without moderating)			Model 2 (with moderating)		
	Coefficient.	t	Sig.	Coef.	t	Sig.
GPM	9.6960	5.4100	*0.000	-.0232	-0.01	0.992
DER	.9440	3.4350	*0.0010	-1.9641	-4.18	0.000
DPR	2.6840	3.6230	*0.0000	.9575	1.04	0.298
Size	.5162	2.5120	*0.0130	.0934	0.50	0.616
GDP. Growth	-20.3170	-1.2600	0.2100	-19.4177	-1.41	0.160
SBI	25.3780	0.8440	0.4020	17.4731	0.68	0.499
INF	148.0950	2.4404	*0.0160	131.1172	2.54	0.012
DER*DPR				1.5218	1.70	**0.092
DER*GPM				7.8476	3.86	*0.000
_cons	-15.4030	-1.7800	0.0000	-4.0505	-1.06	0.293
F Value	11.44 (0.000)			18.06		
(0.000)						
R Square	0.3478			0.5284		

Source: Secondary data processed by STATA 16 (2023).

Definition of variable:

GPM = Gross Profit Margin which is gross profit for 12 months



DER = Debt to Equity Ratio, which is the portion of the company's debt to equity, as measured by Total Debt/Total Equity

DPR = Dividend Payout Ratio, is the amount of dividends distributed in one year. This is measured by dividends/net income.

Size = Company size as measured by the natural logarithm of total assets.

GDP. Growth = Gross Domestic Product Growth during 12 months

SBI = Interest Rate of Bank Indonesia Certificates

INF = Inflation in 12 months

* Signifancy at $\alpha = 5\%$

** Signifancy at $\alpha = 10\%$

Hypothesis testing: t test. Considering the results of the t-test in table 4, it might be seen that the Efficiency variable proxied by Net Generally income (GPM), Impact with the Commitment to Esteem Extent (DER) go-between, and the Benefit Payout variable with the Benefit Payout Extent (DPR), and Development middle person produce a Significance regard < 0.05 and the value of t count $> t$ table 1.66. The fact that H1, H2, and H3, H6 are accepted indicates that the three variables have a partial impact on the value of the company. In the meantime, the importance values of GDP Development (GDPGrowth) and Loan Cost (SBI) were greater than 0.05 and the t count values were lower than t table. Because this demonstrates that H4 and H5 have no effect on firm value, they are rejected.

The results of the Model 2 factual test, in which the influence with the obligation to value proportion (DER) intermediary as a source of assets is a directing variable, despite the findings above. Leverage with the DER proxy strengthens the positive effect of dividend payments (DPR) on firm value with a significance level of 0.092 0.10, or ten percent. Along these lines, DER expands the meaning of the beneficial outcome of Net revenue (GPM) on Firm Worth.

DISCUSSION

Effect of Profitability on firm value

The impact of profitability on company worth. According to table 4, the profitability (GPM) variable has a regression coefficient of 9,696 and a significance level of zero, which is greater than 0.050. Based on these findings, the company's value may rise if profits rise. Thus, H1, which states that the firm value is proportional to profitability. This study's findings back up the findings of Priswanti, Andini, and Ariesta (2018), who found that Firm Value is influenced in part by Profitability. This demonstrates that the higher the level of expertise the company possesses in distributing profits to shareholders, the greater the level of investor confidence and, as a result, an increase in the value of the business.

In any case, this study's discoveries struggle with those of Effendi's (2019) study, which shows that the Productivity variable affects firm value. This demonstrates that increasing the company's gross profit margin cannot increase its value.

Impact of Influence on firm value

With a certainty level of 0.05, table 4 shows that the H2 hypothesis isn't right and that the impact variable influences firm worth. Subsequently, it is feasible to state that the Influence variable affects Firm Worth. The findings of this focus also provide insight into the course of the impact of the impact variable on firm value, with a betta coefficient value of 0.944

indicating a positive relationship between the impact variable and firm value. As a result, it is possible to arrive at the conclusion that the assumption that greater influence will result in lower firm value is unfounded. The findings of this study lend credence to the findings of earlier research by Zahra et al., al. (2021), which suggests that the Debt to Equity Ratio (DER) value influences the value of the company.

A company has a better chance of increasing sales when it has a lot of debt but is still within reasonable limits or below the industry average. This is due to the fact that the business uses the debt it owns for productive endeavors or converts it back into capital to boost sales and profits. However, in contrast to the findings of the Sanita et al.-directed research, (2021), which states that the company's value is unaffected by the leverage variable. The H3 speculation is upheld by the way that the profit installment variable fundamentally affects firm worth, with an importance level of $0.000 < 0.05$, as displayed in table 4. Consequently, one could argue that the dividend payment variable affects the company's value. A betta coefficient value of 2.684, which indicates that the relationship between the dividend payment variable and firm value is unidirectional, provides an explanation for the direction in which the dividend payment variable influences firm value. Consequently, it is frequently assumed that the company's worth is proportional to its profits. The discoveries of prior perceptions made by Renly (2019), which demonstrate that the Profit Installment variable affects Firm Worth, additionally support the discoveries of this review. The Bird in the Hand Theory, which is a form of dividend policy theory, asserts that dividend payments can have a beneficial effect on the value of a company because shareholders value dividend payments more than returns from capital gains because of the certainty of those returns.

In any case, the outcomes of this perception contrast with those of Asmaul and Ibnu (2019), who stated that the profit installment variable affects firm worth. However, the unimportance hypothesis asserts that profit installments cannot increase the organization's worth because the organization's worth is thought to only be reflected in the organization's mastery in making benefits in light of its resources or venture arrangements.

Effect of Gross Domestic Product Growth Firm Value

The GDP variable has a value of 0.210 (t count > t table) and a significance value of $0.210 > 0.05$, which means that the variable gross domestic product growth (GDPGrowth) has no effect on firm value. As a result, H4 is rejected based on the findings in Table 4.

Beriwisnu's (2017) findings, which demonstrated that the Gross Domestic Product variable had no effect on firm value, are supported by this study's findings. Because the rise in a nation's GDP does not accurately reflect the well-being of the entire population, not all segments of society are particularly interested in investing in financial instruments. So it is demonstrated that the expansion in Gross domestic product meaningfully affects changes in firm worth. This study's findings are in opposition to those of Purnama et al.'s (2020), which states that firm value is affected by the Gross Domestic Product variable.

Effect of Interest Rates on Firm Value

The interest rate variable (SBI) has no effect on firm value, as indicated by the calculated value of the SBI variable of 0.840 (t count > t table) and a significance value of $0.402 > 0.05$ in Table 4. As a result, the hypothesis H5 is rejected because the findings do not support the hypothesis. The hypothesized effect of interest rates on firm value may be partially negative. According to the study's findings, the value of companies in Indonesia's primary goods consumption sector does not change whether interest rates rise or fall. This is due to the fact that the everyday

necessities that are produced by companies in the Consumer Goods sector continue to be the community's primary choice when the economy is down.

This study's findings corroborate Yayan and Nopita's (2019) assertion that the firm value variable is unaffected by the interest rate variable. Nonetheless, it goes against the consequences of exploration by Umi and Choriayah (2019) which expresses that financing costs significantly affect firm value.

Effect of Inflation on firm value

As can be seen from the results in table 4, the inflation variable has a t value of 0.244 ($t\text{-count} < t\text{ table}$) and a significance level of $0.016 < 0.05$, indicating that it has a positive effect on firm value. Consequently, it is possible to conclude that H6 is accepted. According to the study's findings, the Consumer Goods sector's firm value does not change when inflation rises or falls. This is due to the fact that the products produced by companies in the Consumer Goods sector remain the community's primary choice when the economy is down because they are necessities for daily life. Since inflation is a short-term phenomenon, it will not affect long-term investors (Julia and Diyani, 2016). Because investors are more concerned with the company's ability to generate a sizable profit and provide a sizable return to investors, this kind of inflation will not have any effect on the value of the industry. Investors also believe that the business has a unique strategy for dealing with Indonesian inflation, so profits will not be affected by high or low inflation. Specific actions that the business can take, like cutting back on production, operating, and sales budgets that aren't needed.

The after effects of this study support Beriwisnu's examination (2017), which brings about the way that the inflation rate affects firm worth. Be that as it may, this is in opposition to the exploration of Purnama et al., (2020) which expresses that the inflation variable impacts firm value.

Leverage's Moderating Effect on Firm Value as a Variable between Profit and Dividend Payout

Leverage with the Debt to Equity Ratio (DER) proxy as a source of funds is a moderating variable in the statistical test results that are presented in Table 4 Model 2. With a significance level of $0.092 < 0.10$ (a signifancy level of ten percent), leverage with the DER proxy strengthens the positive effect of dividend payments (DPR) on firm value.

Likewise, DER strengthens the positive effect of Gross Profit Margin (GPM) on Firm Value, with a significance of 0.000, less than 0.05. This is important and is good news for managers and creditors that the capital structure or leverage of the companies under study can strengthen the effect of profits and dividend payments on firm value.

CONCLUSION

The purpose of this study is to determine whether the internal financial condition of the company and the economic conditions in which the company was founded are consistent with the variables that can affect the company's value. Profitability, leverage, dividend payments, gross domestic product, interest rates, and inflation are the independent variables in this study. Company value is the dependent variable. The author's research object is a company that operates in the primary consumer goods sector and is listed on the Indonesia Stock Exchange. The study spans five years, from 2016 to 2020, and includes a total of 23 companies as a sample.

1. The following are the findings of this study, which are based on the previous description with regard to the formulation of the hypothesis and the confidence level of 95 percent, the Coefficient of Determination Test (R^2) shows that the variables Profitability, Leverage, Dividend Payments, Gross Domestic Product, Interest Rates, and Inflation are able to simultaneously explain 33.6% of the variable Firm Value, while other variables that were not used in this study explain the remaining 66.4%. The analysis of the Simultaneous Significant Test (Test F) revealed that the variables of Firm Value can be influenced simultaneously by Profitability, Leverage, Dividend Payments, Gross Domestic Product, Interest Rates, and Inflation.

2. The following are the outcomes of the analysis of the Partial Significant Test (t test):

- a. Since profitability has a positive impact on the value of the company, H1's assertion that profitability has a positive impact on the value of the company is acceptable. The findings of this study contradict those of Effendi (2019), who claim that profitability has no effect on firm value, but they do so in support of the findings of Retno, et al., (2018), who demonstrate that the profitability variable has a positive effect on firm value.
- b. Influence emphatically affects Firm Worth, subsequently H2 which expresses that Influence adversely affects Firm Worth is dismissed. This lends credence to the earlier research conducted by Zahra et al., (2021), which demonstrates that the Debt to Equity Ratio (DER) influences the value of a business. Meanwhile, Sanita et al.'s research indicates that (2021) reveals that Firm Value is unaffected by the Debt to Equity Ratio (DER).
- c. Given that dividend payments have a positive impact on the value of the company. Dividend payments have a positive impact on the value of the company is acceptable. The aftereffects of this study support Renly's (2019) research which brings about that profit installments proxied through the Profit Payout Proportion affect organization esteem. However, Asmaul and Ibnu's (2019) research indicates that the Dividend Payout Ratio variable has no effect on firm value. Similarly, the Gross Domestic Product variable has no impact on firm value; consequently, H4, which asserts that gross domestic product has a positive impact on firm value, is rejected. This study's findings back up Beriwisnu's (2017) assertion that GDP has no effect on firm value. During the Purnama et al. research, al (2020) states that Gross domestic product decidedly affects firm worth.
- d. Interest rates have a negative effect on firm value, is rejected because interest rates have no effect on firm value. Yayan & Nopita's (2019) findings that the interest rate variable has no effect on firm value are supported by this study's findings. However, it contradicts Umi and Choiriyah's (2019) findings that the interest rate variable influences firm value.
- e. Inflation has no effect on a company's value, claim that it has a negative impact on a company's value is rejected. The aftereffects of this study support the exploration of Beriwisnu (2017), which demonstrates that expansion affects firm worth, yet goes against the examination of Purnama et., al. (2020), which demonstrates that firm value is affected by inflation.

Research Limitations

Although the author has carried out this research in accordance with scientific procedures and strives to be able to provide perfect results. However, the author feels that this research still has limitations, including:

1. The independent variables used in this study are only based on financial performance

which is measured using indicators of profitability ratios, leverage, and dividend payments without paying attention to other company internal factors.

2. There is evidence to suggest that firm value is unaffected by macroeconomic conditions, as measured by Gross Domestic Product, interest rates, and inflation.
3. The results obtained from the variables of Profitability, Leverage, Dividend Payments, Gross Domestic Product, Interest Rates, and Inflation are only able to affect the Firm Value variable by 33.6% which is lower than other variables not used in this study.

Recommendation

With the limitations of writing in this study, the authors provide several suggestions that can be done by further research, namely:

1. It is hoped that in further research to add independent variables to measure financial performance by using other financial ratio measuring tools that are not used in this study
2. For further researchers who will complete this research by measuring macroeconomic conditions, it is expected to conduct research on companies in sectors other than Non-Cyclical Consumer Goods.
3. Future research is expected to be able to add to the total research sample, able to increase the value of a higher coefficient of determination.

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