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The Influence of Profitability, Liquidity, and Leverage on Company Value in Companies Listed on the Indonesian Stock Exchange

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Abstract

Intense corporate competition requires companies to further improve their performance and innovate with their products so that they are better known to the public. To improve performance and product innovation, companies need more funds. With very tight competition, every company in the middle sector will increasingly try to improve its performance to maximize company value by carrying out various innovations and business strategies to avoid bankruptcy that could be experienced by the company, at least people will try to fulfill their health. The purpose of this research. This research aims to analyze the influence of Profitability, Liquidity, and Leverage on Company Value in Companies Listed on the Indonesia Stock Exchange (BEI). Profitability is measured using Return on Assets, Liquidity is measured using the Current Ratio, and Leverage is measured using the Debt to debt-to-equity ratio. This type of research is quantitative research, using a casual comparative method. Data collection in this research uses secondary data in the form of financial reports on the Indonesian Stock Exchange. The sample used in this research uses purposive sampling so that the sample of companies that will be studied is 8 companies listed on the Indonesia Stock Exchange in 2020-2023. Based on the classical assumption test method which shows that all the variables used meet the assumptions and there are no violations, the F test and R test show that the proposed model is suitable for use. Based on the hypothesis test carried out, the variables obtained are; Return on Assets has a positive and significant effect on company value. The Current Ratio has a positive and insignificant effect on company value and the Debt to Equity Ratio does not have a positive and significant effect on company value.

Keywords: Profitability, Liquidity, Leverage, Value Company and Stock Exchange

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INTRODUCTION

The increasingly stringent development of the business world and the current uncertain economic situation mean that companies must have the ability to survive. Efforts that can be made are by implementing various strategic policies that produce efficiency and effectiveness for the company. This is one of the factors for companies to enter the stock exchange or what is often called going public. Apart from getting additional capital, after going public the company will get a valuation of the company's value. Any increase in operational performance and financial performance will generally have an impact on share prices on the stock exchange, which will ultimately increase the overall value of the company. By becoming a public company whose shares are traded on the stock exchange, banking circles or other financial institutions will be able to know and trust the company better (Ojk, 2023). An increase in company value can describe the condition of the company so that it can attract the interest of existing investors. Every investor expects a high rate of return and does not want the risk of his investment. Therefore, investors will only invest in less risky sectors. For this reason, before deciding to invest, investors will usually choose to invest in companies with maximum company value (Sunaryo, 2017). Company value is the market value of outstanding debt and equity securities Based on Brigham and Houston, (2011) define company value as market value. The higher the share price, the higher the company value. High company value is the desire of company owners because it has high value.

One way of measuring company value is measured using the Price to Book Value ratio. Company value as indicated by a high Price to Book Value (PBV) is the desire of company owners, or is the goal of business companies at this time because it will increase the prosperity of shareholders or wealth maximization. PBV can show how expensive the share price is compared to its book value, the higher the value, the more expensive the share price is. According to Surayana, (2017), Price to Book Value (PBV) describes how much the market appreciates the book value of a company's shares. The higher this ratio, it means the market believes in the company's prospects. Tanapuan, (2022) states that almost all investment decisions in the capital market are based on the development of PBV (Price to Book Value). The development of economic sectors that support the smooth running of economic activities, especially the food and beverage sector in Indonesia, is very interesting to observe. Food and beverage companies are one of the sectors that investors are interested in, the reason is that this sector is one of the sectors that can survive amidst Indonesia's economic conditions because the establishment of more and more food and beverage companies is expected to provide profitable prospects in meeting people's needs (Yovin and Santi, 2012).

The development of food and beverage companies is not only developing well. In carrying out its business operations, companies will of course be faced with situations where the company value will increase or even decrease. The rise and fall of share prices on the capital market is an interesting case to discuss regarding the issue of the rise and fall of the value of the company itself. The case of decreasing share prices in manufacturing companies occurred at PT Tiga Pilar Sejahtera Food Tbk. (AISA). The share prices of manufacturing companies listed on the Indonesia Stock Exchange for the 2013-2015 period fluctuated, where share prices based on closing prices experienced increases and decreases. This increase and decrease are

caused by various factors that influence it. Information about the causes of the rise and fall of share prices can help investors in making investment decisions. The size of the share price cannot be separated from the influence of market forces, namely high and low supply and demand. The higher the volume of demand and supply, the more the share price will fluctuate. The increase in trading volume shows that these shares are increasingly in demand by investors, which increases share prices (Jogiyanto, 2017).

The above phenomenon shows that the increase or decrease in share prices is important for every company because the higher the share price of a company, the higher the value of the company (Pujarini, 2020). According to Nazariah, et. al., (2019), in running a company towards a high-value company, management must be careful in applying factors that can influence company value, whether internal factors or external factors of the company. Based on the research results of Oktaryani, et al. Profitability, liquidity, and leverage ratios influence company value, supported by research by Namira, et., al., (2021) which proves that profitability, liquidity, and leverage ratios influence company value. The good and bad of a company's performance can be analyzed using financial performance analysis. If the financial performance shows good prospects, then the shares will be in demand by investors and this will affect the selling value of the shares. Assessment of a company's financial performance can be done using financial ratio analysis. Financial ratios are a way that can be used to determine the company's financial condition (Dewi et al, 2017).

One of the financial ratios used to determine a company's financial condition is the Profitability ratio. Profitability is a company's ability to manage company resources to generate profits for investors. Profitability ratios in this research are measured using the Return on Assets (ROA) ratio. The Return on Assets (ROA) ratio is a ratio to measures the level of efficiency of a company's operational activities in generating net profits from the use of company assets. Based on research by Tanapuan, et, al., (2022), the results of this research show that the higher the Return on Assets (ROA) value, the more efficient the use of company assets in generating greater net profits so that the company's position will be considered better. Growth in Return on Assets (ROA) will provide a positive signal to the market that the company can guarantee investor welfare through a high level of investment return. Return on Assets (ROA) growth can also convince investors that the company has good growth prospects. Investors will be motivated to increase share demand transactions so that it will have an impact on increasing share prices and increasing company value. However, the opposite is shown from the results of Nazariah's, (2019) research which shows that it is negative and not significant to company value.

Furthermore, the liquidity ratio according to Husnan, (2015) states that liquidity is an asset that can be converted into monetary units to be used as the smoothest means of payment because it can be widely accepted as a medium of exchange. The measure of company liquidity is proxied by the Current Ratio (CR) which is a comparison between current assets and current liabilities because CR is one measure of liquidity which is the company's ability to fulfill its short-term obligations through several cash, cash equivalents, such as current accounts or other savings in the bank that can be withdrawn at any time owned by the company

(Kasmir, 2014). In the aspect of the current ratio (CR) in increasing company value, it can be stated that this ratio provides an overview of the company's ability to fulfill its short-term obligations, where the greater the percentage of the current ratio (CR), the company has a good level of liquidation, so it will provide a positive perception of the company's condition and will increase the company's value in the eyes of investors.

Then the ratio that is considered to influence the value of the company is the leverage ratio. According to Fahmi, (2011), the leverage ratio is a ratio to measure how much a company is financed with debt. Using debt that is too high will endanger the company because the company will fall into the extreme leverage category, that is, the company is trapped in a very high level of debt and it is difficult to get rid of the debt burden. Of the several existing ratios, researchers chose to use the Debt to debt-equity ratio (DER) as a tool to measure leverage. DER reflects the company's ability to fulfill all its obligations as shown by some portion of its capital used to pay debts (Weston and Copeland, 2010). Using too much debt is not good because it is feared that there will be a decrease in the company's profits. This means that a higher leverage value will indicate that the investment made has a large risk, while small leverage will indicate that the investment made has a small risk. Leverage is a description of a company's use of debt to finance the company's operational activities. Leverage management is very important because the decision to use high debt can increase company value due to a reduction in income tax. Based on previous research, there were inconsistencies in the results obtained. From the research presented above, several studies state that liquidity, leverage, and profitability ratios have an influence, but some have no effect on company value. Therefore, researchers are interested in re-examining the influence of these financial ratios on company value (Analisa, 2011).

LITERATURE REVIEW

Signaling Theory

Brigham and Houston's opinion is that signal theory is a theory that management's choice of actions in managing a company can be a signal instruction for investors regarding management's assessment of future business prospects. The effect of signaling is due to the information asymmetry between management and shareholders (Suripto, 2015). Signal theory explains that a company has the urge to publish financial reports to external parties. Signaling Theory is an action taken by company management to provide guidance or information to investors regarding how management views the company's prospects (Oktaryani, 2018). This theory describes how a company should give signals to users of financial reports regarding manager actions to realize the owner's wishes. The purpose of publishing financial reports is to provide information and signals for shareholders in making investment decisions (Nurhayati, 2019). This theory explains how companies have the desire to convey information related to financial reports and dividends to internal and external parties, with the hope that this information can facilitate decision-making by these parties. Based on Brigham and Houston (2011) in Nurfianda (2018) define company value as market value. The higher the share price, the higher the company value. High company value is the desire of company owners, because with a high

value, m According to Harmono, (2017), indicators that influence company value can be done using.

Financial Ratios

According to Fahmi, (2017), financial ratios are an analysis of the company's financial condition. Explains that financial ratios are the activity of comparing the numbers in financial reports by dividing one number by another number. Furthermore, according to Sudana, (2012), the ratio can be said to be an analysis to determine the relationship between certain items in the balance sheet or individual profit and loss or a combination of the two reports. Based on the definition above, it can be concluded that financial ratios are an activity or analysis of comparing the numbers in financial reports by dividing one number by another number. Kasmir, (2017) said, the purpose of financial reports is to provide information about the type and amount of assets treasures currently owned by the company. The indicators for a ratio report generally consist of a balance sheet and, a profit and loss report. Reports on changes in capital, cash flow reports, and notes to financial reports. In connection with this opinion, the solvency ratio and activity of the financial statements used in this research are the profit and loss report and balance sheet (Arifin, 2016).

Profitability Ratio

Profitability is the level of net profit that a company can achieve when carrying out its operations during a certain period. According to Munawir, (2014), profitability is a company's ability to generate profits during a certain period. A company's profitability is measured by the company's success and ability to use its assets productively. thus a company's profitability can be determined by comparing the profits earned in a period with the company's total assets or capital. Profitability is the company's ability to earn profits. Investors invest shares in companies to get returns, which consist of yields and capital gains. Profitability is the company's ability to obtain net profit by increasing company sales in a certain period. In a company, total assets or the same as capital (equity) can explain that company profitability is very important for investors or creditors. According to Kasmir, (2016), the profitability ratio is a ratio to assess a company's ability to make a profit. From the definition above, it can be concluded or explained that company profitability is the net profit obtained in a certain period which can be calculated based on total sales or own capital. The profitability ratio is a ratio that is the company's ability to make a profit.

Liquidity Ratio

Liquidity can be interpreted as the level of a company's ability to fulfill its financial obligations in the short term or which must be paid immediately when the financial obligations are collected. A company can be said to be liquid if the company can pay off its obligations when they fall due. According to Fred, (2016) who states that the liquidity ratio is a ratio that describes the company's ability to fulfill short-term obligations. The level of liquidity can be measured through the liquidity ratio. The liquidity ratio is a measure of a company's ability to fulfill its

short-term obligations on time. The liquidity ratio relates to the company's cash and current assets to meet its current obligations. This ratio shows the extent to which the company can pay its obligations. If the company has good value, it will be considered to have good performance by investors. Liquidity is the company's ability to pay all short-term obligations on time. If the company can make payments then the company is said to be in liquid condition. High liquidity shows the company's strength in terms of the company's potential to pay current debts from its current assets, thus increasing the confidence of outside parties such as creditors and investors in the company's capabilities and the company's value. The liquidity ratio that is generally used is the current ratio by dividing current assets by current liabilities. According to Rahajo, (2007) states that the current ratio is a ratio to measure a company's ability to pay short-term obligations or debts that are soon due with available current assets. Usually, current assets consist of cash, securities, receivables, and inventories, while current liabilities consist of short-term bank loans or other debts that have a maturity of less than one year. Liquidity is one of the most important factors in making decisions to provide and determine the amount of dividends to be distributed to shareholders and whether or not to use debt investment capital.

Leverage Ratio

The leverage ratio is a long-term solvency ratio intended to address a company's long-term ability to fulfill its obligations, or more generally its financial obligations. Large leverage (high debt/equity ratio) has a greater average return than companies with smaller leverage. High leverage will increase the company's risk, but the increase in risk is a reflection of the larger beta coefficient (Suripto, 2015). The leverage ratio measures how much a company is financed with debt. Using debt that is too high will endanger the company because the company will fall into the extreme leverage category, that is, the company is trapped in a high level of debt and it is difficult to get rid of the debt burden. Therefore, companies must balance their debts by choosing which debt is worth taking and which sources can be used to pay the debt. Leverage arises because the company in its operations uses assets and sources of funds that create a fixed burden for the company. The use of assets that incur fixed charges is called operating leverage, while the use of funds with fixed charges is called financial leverage. The leverage ratio measures how much debt is used in company spending (Stephen, 2015).

RESEARCH METHODOLOGY

This research uses secondary data in the form of annual financial reports obtained from the official website of the Indonesia Stock Exchange (BEI). This research is Quantitative Research. According to Sugiyono (2014), the quantitative method is research data in the form of numbers and analysis using statistics. Meanwhile, this type of research is associative, that is, it aims to find out whether there is an influence or relationship between the independent variable and the dependent variable. This method is used to determine the influence of financial ratios (Liquidity, Profitability, and Solvency) on the value of food and beverage companies listed on the Indonesia Stock Exchange (BEI). The population of this

research is all manufacturing companies listed on the IDX in the goods and consumption sector. The sample is part of the number and characteristics of the population. The sampling technique in this research is the Purposive Sampling technique (Consideration Sample). This is a technique for determining samples with certain considerations to obtain sampling units that have the desired characteristics. This method creates certain criteria that are used as a sample collection method. This research uses multiple linear regression analysis to estimate the condition up and down of the dependent variable if two or more dependent variables as predictor factors are manipulated (increase and decrease in value. When described mathematically the form of the equation of multiple linear regression is as follows:

$$\hat{Y} = ß0 + ß1X1 + ß2X2 + ß3X3 + e$$

Information:
Y = Dependent Variable (Company Value)
ß0 = Constant, namely the magnitude of the Y value when the values X1, X2, X3= 0
ß1, ß2, ß3 = Regression Coefficients
X1 = Independent 1 (Profitability/Return on Assets)
X2 = Independent 2 (Liquidity/Current Ratio)
X3 = Independent 3 (Leverage/Debt to Equity Ratio)
e = Error

The partial test (t-test) is also called the individual significant test. This test shows how far the independent variable partially influences the dependent variable (Sugiyono, 2014). Hypothesis Formulation:

$$Ho: \beta i = 0 \ (i = 1; 2 ;3)$$

There is no partial significant influence between the independent variables (profitability (X1), liquidity (X2), and Leverage (X3)) and the dependent variable (firm value (Y)).

$$Ha: \beta i \neq 0$$

There is a partially significant influence between (profitability (X1), liquidity (X2), and Leverage (X3)) and the dependent variable (firm value (Y)). In this research, the partial test (t-test) in multiple linear regression analysis uses SPSS version 25 software. Based on the significance value of the SPSS output results. Or by looking at the t table. The basis for decision-making is if the significance value is ≥ 0.05 then H0 is accepted and Ha is rejected. If the significance value is <0.05 then H0 is rejected and Ha is accepted According to Ghozali, (2012), the coefficient of determination aims to measure how far the model can explain variations in the dependent variable. The coefficient of determination (R^2) is intended to determine the percentage contribution of the independent variables simultaneously (together) to the dependent variable.

RESULT AND DISCUSSION

Descriptive Analysis

From the results of descriptive analysis of data processing carried out using SPSS 25, it can be seen that the variables used in this research are Profitability, Liquidity, Leverage, and company value over three years starting from 2020 to 2022 with a sample of manufacturing companies listed on the Stock Exchange Indonesia (BEI) as many as 30 companies for 3 years. Descriptive statistical analysis functions to provide a general description of the sample characteristics of each data used in the research. These characteristics include the mean, maximum, minimum, and standard deviation of the research variables. Data processing was carried out using SPSS 25 to obtain descriptive statistical data which is described in the table as follows.

Table 1. Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Profitability	90	-63.97	50.13	7.2214	13.59974
Liquidity	90	.24	13.31	2.4479	2.36118
Leverage	90	2.42	72.03	11.8940	12.75270
The value of the company	90	-.82	41.59	3.2906	5.02824
Valid N (listwise)	90				

Source: Secondary data processed, 2023

Based on the results of the descriptive analysis calculations in the table above, it can be seen that the standard deviation of the profitability variable (ROA) is 13.599 and the mean value is 7.221, meaning the mean value < standard deviation. This shows that profitability data identifies poor results. The minimum value of profitability is -63.97 and the maximum value is 50.13. Based on the results of the descriptive analysis calculations in Table 4.3, it can be seen that the standard deviation of the Liquidity Variable (CR) is 2.361 and the mean value is 2.447, meaning the mean value > standard deviation. This shows that liquidity data (CR) identifies good results. The minimum value of liquidity is 0.24 and the maximum value is 13.31. Based on the results of descriptive analysis calculations, it can be seen that the standard deviation of the leverage ratio has a standard deviation of 12.75 and a mean value of 11.89, meaning the mean value < standard deviation. This shows that the leverage ratio data identifies poor results. The minimum value of the leverage ratio is -0.82 and the maximum value is 72.03. Based on the results of descriptive analysis calculations, it can be seen that the standard deviation of the company value has a standard deviation of 5.028 and a mean value of 3.29, meaning the mean value < standard deviation. This shows that the company value data identifies poor results. The minimum value of company value is 1.46 and the maximum value is 41.59.

Multiple Linear Regression Analysis

The statistical model used to see Profitability (ROA), Liquidity (CR), and Leverage (DER) which influence company value (PBV) and to find out the variables that influence it is by using regression analysis (including parametric statistics). Parametric Statistics is used to analyze interval and ratio data. The regression analysis model used to analyze this research is multiple linear regression. The data obtained was processed using SPSS.

Table 2. Multiple Linear Regression Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.999	.978		5.109	.000
	Profitability	.106	.040	.286	2.670	.009
	Liquidity	-.201	.224	-.095	-.898	.372
	Leverage	-.038	.042	-.096	-.908	.366

a. Dependent Variable: The value of the company

Source: Secondary data processed, 2023

In table 2 above, the results of multiple linear regression calculations are as follows:

$Y = 4.999 + 0.106 X1 – 0.201 X2 - 0.038 X3 + e$

Note: Y: Company value (PBV)

Profitability (ROA)

Liquidity (CR)

X (3): Leverage (DER)

1. Constant. The constant value is 4.999, which means that if the independent variables consisting of profitability, liquidity, and leverage variables are zero then the company value is 10.944.
2. Profitability Coefficient (ROA). The profitability variable (ROA) has a positive regression coefficient on company value (PBV). The coefficient value for the profitability variable (ROA) in the regression equation shows a positive value (0.106). This means that if the value of the profitability variable (ROA) increases, the company value will increase.
3. Liquidity Coefficient (CR). The liquidity variable (CR) has a negative regression coefficient on firm value (PBV). The coefficient value for the liquidity variable in the regression equation shows a negative value (0.201). This means that if the value of the liquidity variable (CR) increases, the company value (PBV) will decrease.
4. Leverage Coefficient (DER) The leverage variable (DER) has a negative regression coefficient on firm value (PBV). The coefficient value for the leverage variable in the regression equation shows a negative value (0.038). This means that if the value of the leverage variable increases, the company value will decrease. The t-

test is used to measure whether there is a partial influence of the independent variables (profitability, liquidity, and leverage) on the dependent variable (firm value). This test can be done by looking at the significance value of each variable. If the probability value is <0.05 then H1 is accepted and Ho is rejected. Hypothesis as follows:

Ho: The independent variable partially has no effect
H1: The independent variable has a partial effect

The significance value of profitability (ROA) is 0.009, meaning <0.05, so profitability (ROA) has a significant effect on company value (PBV). The significance value of liquidity (CR) is 0.372, meaning > 0.05, so liquidity (CR) does not affect company value (PBV). The significance value of leverage (DER) is 0.366, meaning <0.05, so leverage does not affect company value (PBV).

Discussion

Effect of Profitability (ROA) on Company Value

Based on the research results from the Regression Weight table, a significance value of 0.009 was obtained, this value is less than 0.05, which indicates that the Profitability variable as measured by Return on Assets has a significant effect on company value, thus H1 states that Profitability (ROA) affects company value. (PBV) accepted. The Return on Assets (ROA) ratio is a ratio to measures the level of efficiency of a company's operational activities in generating net profits from the use of company assets. Based on research by Tanapuan, et.al., (2022), the results of this research show that the higher the Return on Assets (ROA) value, the more efficient the use of company assets in generating greater net profits so that the company's position will be considered better. Growth in Return on Assets (ROA) will provide a positive signal to the market that the company can guarantee investor welfare through a high level of investment return, which is an important indicator in assessing the company's financial performance for investors. The greater the profitability obtained by the company, the greater the company value. To increase company value, companies must improve their financial performance. Low profitability reflects poor prospects for the company's future, so investors do not respond to it, which can reduce the company's value. The results of this research are in line with research by Mayarina and Mildawati, (2017) which states that the higher the company's profitability, the higher the company value, or what is often called a unidirectional relationship. Supported by Setyawati, (2019) in her research proves that profitability has a positive effect on company value.

Arwanto et al., (2023), argue that large companies with a large distribution of company shares will also have a small impact on the loss of control of the dominant party over the company, so large companies tend to be bolder in issuing new shares to meet the company's needs than small companies. The larger the size of the company, the more investors will pay attention to the company. According to Heru & Aziz, (2023) who stated that if there is an increase in the performance of a company, it can cause an increase in the company's share price in the capital market

which will lead to an increase in the value of the company. Research on the influence of company size on company value was conducted by Amalna & Ardyansyah, (2023), which resulted in company size having a significant effect on company value. The same thing was also put forward which shows that company value has been significantly influenced by company size and their relationship shows a positive movement, thus the hypothesis that can be made is argued that large companies with. A large company's share distribution will also have a small impact on the loss of control of the dominant party over the company, so large companies tend to be braver in issuing new shares to meet the company's needs than small companies. The larger the size of the company, the more investors will pay attention to the company. Who state that if this occurs an increase in the performance of a company can cause an increase in the company's share price in the capital market which leads to an increase in company value. Research on the influence of company size on company value was conducted by Chen and Shun (2011) which resulted in company size having a significant effect on company value. The thing that the same thing was also stated by Nuraini (2012), which shows that company value has been influenced significantly by company size and their relationship shows a positive movement.

Effect of Liquidity (CR) on Company Value

Based on the research results from the Regression Weight table, a significance value of 0.372 is obtained, this value is more than 0.05, which indicates that the Liquidity variable does not have a significant effect on company value, thus H2 which states that Liquidity (CR) affects company value (PBV) is rejected. The value of current assets which can be immediately turned into money compared to short-term debt does not have a positive influence in increasing the value of the company, even though the current ratio value has a short-term creditor margin of safety, or the company can pay long-term debt. in short. A high liquidity value can cause existing funds in the company to become idle so investors consider it a negative signal because the company has to bear capital costs (Kretarto, 2013). The results of this research are supported by research (Lumoly et al., 2018). Which states that liquidity does not affect company value. However, the results of this research are not in line which found that liquidity has a positive effect on company value.

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 or debts when they are billed or due. Companies that have good liquidity can be said to have good performance by investors. This can attract investors to invest their capital in the company. Liquidity can be measured using the Current Ratio (CR), which is the ratio between current assets divided by current liabilities. Liquidity is the company's ability to meet short-term financial obligations. Liquidity is often used to determine the level of a company's ability to meet the influence of profitability and the size of its obligations. A company that has high liquidity means a company (Nurhalisa & Nawawi, 2023). It has sufficient internal financing to pay its obligations. Companies that have good liquidity can be said to have good performance by investors. The higher the liquidity, the greater the company's ability to provide funds for dividend payments to shareholders. This can

attract investors to invest their capital in the company. Liquidity can be measured using the Current Ratio (CR), which is the ratio between current assets divided by current liabilities. The results of research conducted by Sari et al., (2023), reveal that liquidity has a positive effect on company value. The same thing was also expressed by Prisilia, (2023) that liquidity has a positive effect on company value.

Effect of Leverage (DER) on Company Value

Based on the research results from the Regression Weight table, a significance value of 0.366 was obtained, this value is more than 0.05, which indicates that the Leverage variable does not have a significant effect on company value, thus H3 which states that Leverage (DER) affects company value (PBV) is rejected. It can be concluded that leverage as proxied by DER does not affect company value The higher the leverage value, the lower the company value. Therefore, the use of debt must be limited, it would be better if management made more use of funding. The size of the leverage has nothing to do with the value of the company in other words leverage cannot be managed to increase the value of the company. These results are in line with research by Nurmiati, et., al., (2019). Which states that leverage has no significant effect on company value. However, this research is not consistent with research conducted by Vaeza and Hapsari, (2015) which states that leverage has a positive effect on company value.

Leverage is described to see the extent to which a company's assets are financed by debt compared to its capital. Greater leverage indicates greater investment risk. Companies with low leverage also have low leverage risk. In this research, the Leverage ratio which is the independent variable is DER. Debt to equity ratio (DER) is a comparison between the amount of long-term debt and own capital or equity in company funding. This ratio shows the company's ability to fulfill all its obligations with its capital (Chaidir and Aziz, 2022). The higher the value of this ratio means that the capital itself is less than the debt. DER is used as a measure of how far a company is financed by creditors. The debt ratio in this study is proxied into DER (Debt to Equity Ratio) which is a comparison of the amount of long-term loans owned by the company with the amount of own capital. DER is a financial ratio that measures how much a company's ability to pay off debt with the capital it has (Wusqo et al., 2022). The greater the DER, the smaller the profits that will be distributed to shareholders, so that it can reduce the share price in question. The lower the DER level, the higher the company value is likely and the company will gain trust from investors. DR (Debt Ratio) is a comparison between total debt (long-term and short-term debt) with total assets. This means that the higher the value of this ratio, the greater it is also risks for creditors and vice versa. In reality, a small DR is not necessarily better than a large DR due to its reach the expected level of profit a company needs debt to grow and develop. Thus, the size of DR This is always followed by the size of the risk so that DR can have both positive and negative effects on share prices (Widayanti, 2015).

CONCLUSIONS

The results of this research show that the profitability ratio as proxied by Return on Assets (ROA) has a significant positive effect on company value (Price Book Value) in manufacturing companies listed on the IDX in the foods & beverages sector. The liquidity ratio proxied by the Current Ratio (CR) does not affect the company value (Price Book Value) in manufacturing companies listed on the IDX in the foods & beverages sector. The leverage ratio proxied by the Debt to Equity Ratio (DER) does not affect the company value (Price Book Value) in manufacturing companies listed on the IDX in the foods & beverages sector. As for the suggestions from the research for this research, when investors want to invest their capital, they should analyze variables related to company value, namely variables measuring profitability, liquidity, and leverage. Investors should consider various aspects when investing, including all risks that might occur in the company they want. You also have to be more careful in looking at the company's values to find out how successful the company is. For companies, companies in increasing company value need to increase the profitability variable. It is hoped that the information obtained from the research results can be used as consideration in making decisions and making policies to increase company value. Company value can be increased by increasing profits in a company where company management maintains a stable return on assets so that investors remain confident in investing. at the company. Future researchers will research different sectors, not only manufacturing companies, apart from that, further researchers can also add or replace other variables that can influence company value as well as several other measuring variables so that they can strengthen the results of research that has been carried out previously. And also uses a research period with the latest year which aims to provide a broader and more up-to-date picture of the company's value

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