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The Effect of Company Size, Liquidity, Financial Performance and Debt Policy on the Value of the Company in the Plastics and Packaging Sector Listed on the Stock Exchange for the Period 2018-2020**Intan Rizkia Chudri¹, Elviza¹, Eva Susanti², Cut Fitrika Syawalina³, Abdullah⁴**

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Email: intan.rizkia@unmuha.ac.id**ABSTRACT**

The purpose of this study is to test the effect of Company Size, Liquidity, Financial Performance and Debt Policy simultaneously and partially on the Company Value in Plastic and Packaging Sector companies listed on the Indonesia Stock Exchange. The population in this study was 33 samples of Plastic and Packaging Sector companies listed on the Indonesian Stock Exchange. Data analysis techniques in this study using multiple linear regression analysis. The type of data used in this study is secondary data. The results showed that Company Size, Liquidity, Financial Performance and Debt Policy simultaneously affect the Company Value in Plastic and Packaging Sector companies listed on the Indonesia Stock Exchange. Then partially Company Size, Liquidity, Financial Performance and Debt Policy have a simultaneous effect on the Company Value in Plastic and Packaging Sector companies listed on the Indonesia Stock Exchange

KEYWORDS: Company Size, Liquidity, Financial Performance and Debt Policy and Company Value

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INTRODUCTION

The era of globalization demands a shift from the old paradigm to a new paradigm in all fields, one of which is the field of marketing. The higher level of local and global business competition and the uncertainty of a business force companies to increase competitive *advantage* in order to be able to win the competition in global business. To achieve this, companies must apply modern marketing concepts that are market or customer oriented because they are the spearhead of marketing success.

Companies are competing to survive and compete in the business world. One of them is by achieving the company's goal of prospering the company's owners and shareholders, this goal can be achieved by increasing the Company's Profitability. The Company's high profitability will show a better establishment and image so that potential investors have confidence and interest in the company.

Large companies are more able to access the capital market in obtaining funding. Because of this convenience, it means that the company has the flexibility and ability to get funds. The size of a company can be seen from the total owned. In this study, the size of the company was measured by *the log of total assets*. *This log of total assets* is used to reduce the significant difference between a large company size and a company size that is too small, so the total value is formed into a natural logarithm.

Liquidity has an important role in companies, both small and large companies must pay close attention to their liquidity. Liquidity is the company's ability to fulfill its obligations to pay its short-term debts that must be paid immediately using current assets such as business debt, dividend debt, tax debt, and others.

Financial performance is an analysis carried out to see the extent to which a company has implemented using the rules of financial implementation properly and correctly. Measurement of financial performance is one of the very important factors in the company, because it is used as a basis for compiling a reward system within the company, which can influence decision-making behavior within the company and provide useful information in making important decisions regarding the assets used to make decisions that channel the interests of the company. Financial performance is one of the assessments of the company's financial condition which is carried out based on an analysis of the company's financial ratios. The financial performance ratio used in this study is return on assets (ROA), which is a ratio that shows the yield (*return*) on the amount of assets used in the company.

Debt has an important influence on the company because apart from being a source of expansion funding, debt can also be used to reduce agency conflicts. The availability of sources of funds and capital greatly affects the survival and growth opportunities of the company. The company needs a large amount of funds in funding the company's capital expenditures. The source of funding can be obtained from internal, namely retained or external earnings by making loans in the form of debt or issuing shares in the capital market. Debt can increase the value of the company. In addition, the use of debt can also increase the risk. Companies that use debt to fund the company and are unable to pay off their debts will be threatened with liquidity, so management must be able to make appropriate and appropriate decisions to minimize the risk that will be borne by the company.

The value of the company can basically be measured through several aspects, one of which is by the market price of the company's stock because the market price of the company's stock reflects the investor's overall assessment of each equity held. The stock market price

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shows the central valuation of all market participants, the stock market price acts as a barometer of the company's management performance. Foreign companies entering the domestic market result in domestic companies having to improve *value* and *performance* to be able to overcome strong competition.

Company value is the result of management work from several dimensions including net cash flow from investment decisions, growth and capital costs of the company. The value of the company for investors is considered important because it can indicate the level of prosperity of a company. The higher the stock price, the higher the value of the company. Then the better the company's performance. The value of a company in a public company, reflected in the price of its shares traded on the stock exchange. Some factors that can affect the value of a company include financial performance. The ratio of debt and company value to plastic and packaging sector companies listed on the Indonesia Stock Exchange for the 2018-2020 period.

METHOD**Research Design**

The purpose of this study is to prove the influence of company size, liquidity, financial performance and debt policy on company value in plastic and packaging sector companies listed on the Indonesia Stock Exchange for the 2018-2020 period. The research was conducted on the Indonesia Stock Exchange by taking data on pharmaceutical companies found on the official website of the Indonesia Stock Exchange.

Types of Research

This type of research is correlational. Correlational research is a type of research to determine the relationship or correlation between two or more variables by researching and explaining the relationship between one variable and another. This study is intended to determine the correlation and influence of several variables by testing hypotheses on the variables studied.

Horizon Time

The time horizon used is a combination of *cross sectional* with *time series*. Descriptive research based on time horizon is *cross sectional*. *Cross sectional* is a study conducted at only one period of various samples in the population.

Unit of Analysis

Individually collected data is used to calculate units of analysis at a greater level of aggregation. The characteristic of the level of analysis is that the lower level is intended to be in a higher level. The nature of the information collected as well as the rate at which the data is summed for analysis, is integral to the decisions made in choosing the unit of analysis. Based on the observation unit used as the analysis unit of this study are individuals in the Plastic and Packaging Sector listed on the Indonesia Stock Exchange.

Research Population and Sample

The population in this study is all companies in the Plastic and Packaging Sector company sector listed on the Indonesia Stock Exchange for the 2018-2020 period that have met the criteria totaling 33 company financial statements. The sample criteria in this study are:

1. Companies engaged in the Plastic and Packaging Sector listed on the Indonesia Stock Exchange for the 2018-2020 period.

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2. Plastic and Packaging Sector companies that do not have complete financial statements based on variables of company size, liquidity, financial performance and debt policy towards company value for the 2018-2020 period
3. Companies engaged in the Plastic and Packaging Sector that have complete financial statements during the 2018-2020 period.

Data Collection Sources and Techniques

The type of data used in this study is secondary data. Secondary data is data obtained indirectly through intermediaries or media. The data collection method used in this study is a documentation study, which is a data collection method carried out by collecting all secondary data. The data collected is financial report data and annual reports published on the official website, namely through the Indonesia Stock Exchange, namely www.idx.co.id.

Dependent Variables

The value of the company is the perception of investors related to the success rate of the company judging by the stock price. The main goal of the company is to increase the value of the company or maximize wealth optimally (Sugiono, 2016: 57). The formula for measuring the value of the enterprise is as follows:

$$NP = \frac{(EMV + D)}{(\text{Total Asset})}$$

Information:

Q: Company value

EMV: *Equity market value*

D : Book value of total debt

Independent Variables

The company's liquidity is the main consideration in the dividend payment policy, because dividends for the company are cash out, the greater the cash position and overall liquidity of the company, the greater the company's ability to divide its dividends.

The company is to pay dividends and requires cash outflows so there must be sufficient liquidity available. The higher the liquidity the company has the more it is able to pay dividends. The liquidity of a company has a positive influence with the dividend payout ratio (Riyanto, 2017: 26). Indicators for measuring the current ratio are as follows (Riyanto, 2017:26):

$$\text{Current Ratio} = \frac{\text{Aset Lancar}}{\text{Utang Lancar}}$$

Company size is the size or size of assets owned by the company. The size of the company in this study is a reflection of the size of the total value of the company's assets at the end of the year, which is measured using a natural log (Ln) of total assets (Fahmi, 2018). Indicators for measuring the size of the company are as follows:

Company size = Ln TA

Financial performance is the ability of a company to utilize its assets to make a profit. This ratio measures the rate of return on investments made by the company using all the funds (assets) it owns. (Fahmi, 2018). The indicators used to measure financial performance variables are

$$ROA = \frac{\text{Laba setelah Bunga dan Pajak}}{\text{Total Aktiva}}$$

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Debt policy is a company funding policy sourced from external sources taken by the management in order to obtain sources of financing for the company so that it can be used to finance the company's operational activities (Naini, 2016). Indicators for measuring the size of the company are as follows:

$$DER = \frac{Debt}{Equity}$$

Data Analysis Methods

The data analysis method used in this study is a statistical analysis method using the SPSS computer program. The analysis technique that will be used in this study is a multiple linear regression analysis technique to obtain a comprehensive picture of the relationship between one variable and another. The regression equation used is as follows:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Hypothesis Testing

To test the effect of Company size, liquidity, financial performance and debt policy on the value of the company is carried out in two ways, namely simultaneous and partial testing.

RESULT AND DISCUSSION

Research Results

The results in this study include descriptive statistical analysis and hypothesis testing results. All of these exposures aim to answer the formulation of the problem.

Descriptive Statistical Analysis

The analysis is carried out according to the hypothesis that has been formulated. The data tested include Company size, liquidity, financial performance and company value.

Multiple Linear Regression Analysis

Hypothesis testing is the answer to all problem formulations in this study. The formulation of the problem consists of the formulation of the first, second and third and fourth problems.

Hypothesis Testing Results

Hypothesis testing is the answer to all problem formulations in this study. The formulation of the problem consists of the formulation of the first, second and third and fourth problems.

Table 1. Multiple Linear Regression Test Result

Type	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	17,700	6,816		2,597	,015
Company Size (X1)	-1,100	,508	-,395	-2,167	,039
Liquidity (X2)	-,384	,170	-,226	-2,258	,022
Financial Performance (X3)	-,912	,297	,215	3,071	,000
Debt Policy (X4)	,236	,116	,107	2,034	,043

Source : Data processed, 2022

Coefficient of Determination

From the output of SPSS can be known the degree of relationship of the free variable with the bound variable can be seen in the Table:

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Table 2. Model Summary

Type	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.407 ^a	0.3 66	0.3 47	2,6716574

Source : Data processed (2022)

Based on the results of the coefficient of determination, it serves to see the contribution of company size, liquidity, financial performance and debt policy to the value of the company in plastic and packaging sector companies listed on the Indonesia Stock Exchange.

Simultaneous Test Results

Based on Table 4. 2 visible value of beta coefficient (β) Company size, liquidity, financial performance and debt policy against the value of the company sequentially of -1,100 ; -0.384: -0.912: and -0.236. The value indicates that $-1,100 \neq 0$; $-0.384 \neq 0$; $-0.912 \neq 0$ and 0.236 . This means that all beta coefficient values are not equal to zero ($\beta_1, \beta_2, \beta_3$ and $\beta_4 \neq 0$). Further the value is entered into the criteria of accepting or rejecting the hypothesis.

Partial Test Results

Based on the results of testing the second hypothesis is the answer to the formulation of the second problem. The results of the second hypothesis test in this study will answer whether the size of the company affects the value of the company in the Plastic and Packaging Sector companies listed on the Indonesia Stock Exchange.

DISCUSSION

Hypothesis testing results have been obtained through multiple linear regression tests in the previous section. Furthermore, the discussion for these results, namely the effect of company size, liquidity, financial performance and debt policy on the value of the company simultaneously and individually will be discussed as follows;

The results of statistical testing show that all values of the beta coefficient are not equal to zero ($\beta_1, \beta_2, \beta_3$ and $\beta_4 \neq 0$). This means that the first hypothesis (H_{a1}) is accepted. Company size, liquidity, financial performance and debt policy simultaneously against the company's value in plastic and packaging sector companies listed on the Indonesia Stock Exchange in 2018-2020. This shows that the company's value in the Plastic and Packaging Sector companies listed on the Indonesia Stock Exchange in 2018-2020 was influenced by company size, liquidity, financial performance and debt policy. The influence of these four variables can be interpreted to mean that during 2018-2020 it has had a changing impact on company value.

Effect of Company Size To Company Value

The results of statistical testing show that the Plastic and Packaging Sector has a positive effect on company value. The value of the beta coefficient (β_1) of the Plastics and Packaging Sector is equal to -1,100. The value indicates that $-1,100 \neq 0$. This means that the value of the beta coefficient of the Plastics and Packaging Sector is not equal to zero ($\beta_1 \neq 0$).

The Effect of Liquidity on Value Company

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The results of statistical testing show that liquidity has a positive effect on the value of the company, the value of the beta coefficient (β) of liquidity is -0.384. The value indicates that $-0.384 \neq 0$. This means that the value of the beta coefficient is not equal to zero ($\beta_2 \neq 0$).

The Effect of Financial Performance on**Company Values**

The results of statistical testing show that financial performance positively affects the value of the company, the value of the beta coefficient (β) of financial performance of -0.912.

Effect of Debt Policy on

The results of statistical testing show that debt policy has a positive effect on the value of the company, the value of the beta coefficient (β) of debt policy is 0.236. The value indicates that $0.236 \neq 0$. This means that the value of the beta coefficient is not equal to zero ($\beta_4 \neq 0$).

IMPLICATIONS

The results of statistical testing show that all values of the beta coefficient are not equal to zero ($\beta_1, \beta_2, \beta_3$ and $\beta_4 \neq 0$). This means that the first hypothesis (H_{a1}) is accepted. Company size, liquidity, financial performance and debt policy simultaneously against the company's value in plastic and packaging sector companies listed on the Indonesia Stock Exchange in 2018-2020. This shows that the company's value in the Plastic and Packaging Sector companies listed on the Indonesia Stock Exchange in 2018-2020 was influenced by company size, liquidity, financial performance and debt policy. The influence of these four variables can be interpreted to mean that during 2018-2020 it has had a changing impact on company value.

CONCLUSION

1. The company's size, liquidity, financial performance and debt policy simultaneously positively affect the company's value in plastic and packaging sector companies listed on the Indonesia Stock Exchange.
2. The size of the company partially positively affects the value of the company in the Plastic and Packaging Sector companies listed on the Indonesia Stock Exchange
3. Liquidity partially affects the company's value in plastic and packaging sector companies listed on the Indonesia Stock Exchange.
4. Financial performance partially negatively affects the company's value in plastic and packaging sector companies listed on the Indonesia Stock Exchange.
5. The debt policy partially negatively affects the company's value in plastic and packaging sector companies listed on the Indonesia Stock Exchange.

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