# THE EFFECT OF LIQUIDITY RATIO, ACTIVITY RATIO, PROFITABILITY RATIO AND COMPANY SIZE ON SHARE VALUE

## THE EFFECT OF LIQUIDITY RATIO, ACTIVITY RATIO, PROFITABILITY RATIO AND COMPANY SIZE ON SHARE VALUE (Empirical Study of Transportation Service Sub-Sector Companies on the Indonesia Stock Exchange 2015-2019)

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**Abstrak -** *This study aims tp determine the effect of liquidity ratio, profitability ratio, activity ratio and firm size in the transportation service sub-sector companies are listed on the Indonesia Stock Exchange (IDX) in 2015-2019 . The samples was detemine based on the purposive sampling method, with a total sample of 7 companies. So, tha total observation in this study was 35 observation. The data used in study are secondary data. The data collection method uses documentation through of the official IDX website. Data analysis techniques using panel data regression analysis with E-views 10.*

*Based on the result, coefficient of determination (Adjusted R-square) explained that liquidity ratio, profitability ratio, activity ratio and firm size has an influence on the value of share by 72,4% and the rest is 27,6% explained by other factor not included in this study. The results of this study indicate that partially liquidity ratio which is proxied by current asset has a negative and not significant effect on share value at a significant level of 5%. Profitability ratio which is proxied by return on asset has a posifitve and not significant effect on share value at a significant level of 5%. While ratio activity which is proxied by total asset turnover and firm size which is proxied by natural logaritm total asset has a posifitve and significant effect on share value at a significant level of 5%*

*Keyword* **:** *Liquidity Ratio, Profitability Ratio, Activity Ratio and Firm Size, Share Value.*

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## I.  PENDAHULUAN

The current condition of transportation in Indonesia is still experiencing obstacles that have not received serious attention from the government. This is partly due to the limited financial support from the banking sector and non-bank financial institutions in providing credit loans, which has made it difficult for the transportation industry to develop. According to the former Minister of Transportation Jusman Syafii Djamal, this is because the transportation industry is still considered a high risk and slow and low yielding business sector (slow and low yield). In addition, the level of security and safety of national transportation has not met international requirements or standards. The current condition of Indonesia's transportation infrastructure in every transportation service sector is inadequate for the smooth flow of passenger and goods transportation. Realizing this, since President Jokowi's period I leadership (2014-2019), the Indonesian government has begun to focus on providing a relatively high budget allocation for development. infrastructure sector including the transportation sub-sector. The government's focus on the development of the transportation sector provides an opportunity for capital market investors to invest in transportation sector companies listed on the Indonesia Stock Exchange.

In order for investors to invest in shares of companies in the transportation sector, the value of the shares of these companies must increase in order to increase the wealth of investors. Indicators of stock value include (i) share price, (ii) price to book value (PBV) and (iii) price earning ratio (PER)

## II THEORY BASIS

### 1.  Definition Of Share Value

At first glance, stock value has the same meaning as stock price. It's just that stock value has a wider aspect than the stock price. The value of a share is the intrinsic value of the stock which can differ from its price. If the share price is formed from market interest, the share value is built on the public perception of the issuer concerned.

2.   **Definition of Liquidity**

At first glance, stock value has the same meaning as stock price. It's just that stock value has a wider aspect than the stock price. The value of a share is the intrinsic value of the stock which can differ from its price. If the share price is formed from market interest, the share value is built on the public perception of the issuer concerned.

According to Van Horne and Wachowicz (2012: 205), liquidity is a ratio used to measure a company's ability to meet its short-term obligations. This ratio compares short-term liabilities with short-term resources (current assets) available to meet these short-term liabilities.

### A. Liquidity Objectives

● To measure the company's ability to pay short-term obligations.

● To measure the company's ability to pay short-term liabilities without taking inventory into account.

● To measure or compare the amount of inventory on hand with the company's working capital.

● To measure how much cash is available to pay debts

● To measure how much cash tur

### B. Liquidity Meassurement Method

● *Current Ratio*

Kasmir (2016: 134) states that the current ratio is the most commonly used measure to determine the ability to meet short-term obligations

$$\text{Rasio Lancar} = \frac{\text{Total Aset Lancar}}{\text{Total Kewajiban Lancar}} \quad \text{............................................................(2.1)}$$

3. **Pengertian Rasio Aktivitas**

According to Kasmir (2016: 284) Activity ratio is a ratio that measures how effectively a company is in utilizing all the resources available to it.

A. **Type of Activity Ratios**

- **Total Asset Turn Over (TATO)**

*Total assets turn over* is a ratio that describes the asset turnover measured from the sales volume

$$\text{Total Assets Turn Over} = \frac{\text{Penjualan}}{\text{Total Aktiva}} \quad \text{..................................................(2.4)}$$

4. **Pengertian Profitabilitas**

Harahap (2016: 304) states that the profitability ratio or also known as profitability describes the company's ability to earn profits through all existing capabilities and resources such as sales activities, cash, capital, number of employees, number of branches and so on. The ratio that describes the company's ability to generate profits is also called the operating ratio.

A. **Type of Profitability Ratio**

According to Hery (2015: 555), return on assets is a ratio that shows how much the contribution of assets in creating net income. In other words, this ratio is used to measure how much net profit will be generated from each rupiah of funds embedded in total assets.

$$\text{Return on Assets} = \frac{\text{Laba Bersih}}{\text{Total Aset}} \quad \text{................................................(2.11)}$$

5. **Pengertian Ukuran Perusahaan**

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The size of the company also determines the level of investor confidence. According to Halim (2015: 125) the larger the company size, the greater the tendency to use foreign capital. This is because large companies also need large funds to support their operations and one alternative to fulfillment is foreign capital if there is insufficient own capital. The bigger a company, the more it will be known by the public and the easier it will be for the company to get additional external funds that can be used by the company to carry out its operational activities, this will increase the company's value for investors.

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6.    **Kerangka Penelitian**
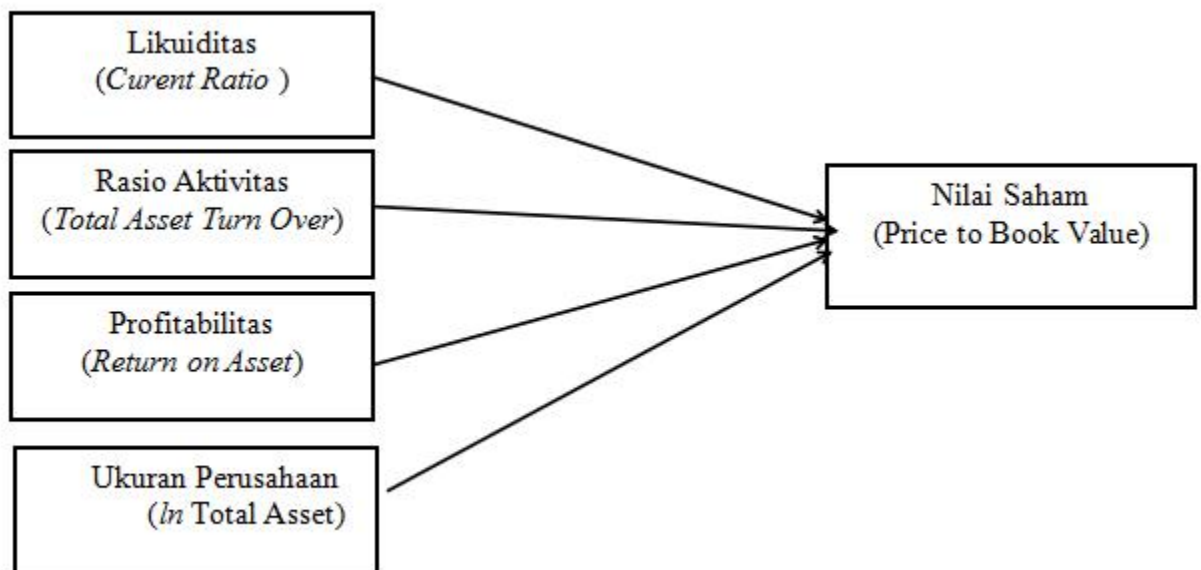


II.    **METODA PENELITIAN**

# THE EFFECT OF LIQUIDITY RATIO, ACTIVITY RATIO, PROFITABILITY RATIO AND COMPANY SIZE ON SHARE VALUE

This research was conducted using secondary data obtained from the website www.idx.co.id for data on financial statements of transportation sector companies listed on the Indonesia Stock Exchange.

Meanwhile, the implementation time for this research starts from the preparation of the research proposal until the submission of the final version of the research report for six months, starting from March 2020 to September 2020.

## 1. Populasi Penilitian.

| No. | Kode | Nama Perusahaan |
|---|---|---|
| 1. | APOL | Ekpress Trasindo Utama Tbk |
| 2. | ASSA | Adi Sarana Armada Tbk |
| 3. | BIRD | Blue Bird Tbk |
| 4. | BLTA | Berlian Laju Tanker Tbk |
| 5. | BULL | Buana Lintas Lautan Tbk |
| 6. | CANI | Capital Nusantara Indonesia Tbk |
| 7. | IPCM | Jasa Armasa Indinesia Tbk |
| 8. | JAYA | Armada Berjaya Trans Tbk |
| 9. | HELI | Jaya Trishindo Tbk |
| 10. | HITS | Humpuss Intermoda Transportasi |
| 11 | CASS | Cardig Aero Service Tbk |
| 12 | TAXI | Ekpress Trasindo Utama Tbk |
| 13 | LEAD | Logindo Samudra Makmur Tbk |
| 14 | MBSS | Mitrabahtera Segara Sejati Tbk |
| 15 | TPMA | Trans Power Marine Tbk |

## 2. Sampel Penilitian

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| No. | Kode | Nama Perusahaan |
|---|---|---|
| 1. | ASSA | Adi Sarana Armada Tbk |
| 2. | BIRD | Blue Bird Tbk |
| 3. | CASS | Cardig Aero Service Tbk |
| 4. | TAXI | Ekpress Trasindo Utama Tbk |
| 5. | LEAD | Logindo Samudra Makmur Tbk |
| 6. | MBSS | Mitrabahtera Segara Sejati Tbk |
| 7. | TPMA | Trans Power Marine Tbk |

**3.** Metode Analisis Data

    **a) Deskriptive Statistical Analysis**

    **b) Panel Data Regression Estimation Model**

- *Fixed Effect Model*

- *Random Effect Model*

    *c) Panel Data Regression Analysis*

- *Classic Assumption Test*

- *Multicollinearity Test*

- *Corellation Test*

- *Heteroscedasticity Test*

## III.    HASIL PENELITIAN

    **1. Deskriptive Statistical Analysis**

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| | PBV | ROA | CR | TATO | Total Asset (dalam Rp milyar) |
|---|---|---|---|---|---|
| Minimum | -0,6767 | -2,7721 | 0,2909 | 0,1331 | 479.26 |
| Maximum | 4,2231 | 1,4642 | 6,0133 | 1,3609 | 7.424,30 |
| Mean | 0,9518 | -0,0877 | 1,4259 | 0,4815 | 3.162,07 |
| Median | 0,5144 | 0,1287 | 1,0838 | 0,3845 | 2.883,81 |
| Std Dev | 1,0918 | 0,7834 | 1,2864 | 0,3318 | 1.880.34 |

## 1. Hasil Uji Hausman

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section and period random effects

| Test Summary | Chi-Sq. Statistic | Chi-Sq. d.f. | Prob. |
|---|---|---|---|
| Cross-section random | 1.0215 | 4 | 0.9065 |
| Period random | 0.4144 | 4 | 0.9813 |
| Cross-section and period random | 0.9615 | 4 | 0.9156 |

Based on the results of the Hausman test in table 4.4, it shows that the probability value of random cross section is 0.9065> 0.05, so Ho is accepted. Thus, the most appropriate model to use to estimate equations is the random effect model (REM)

## 2. Uji Multikolinearitas

Variance Inflation Factors
Date: 08/31/20    Time: 18:33
sampel: 1 35
Included observations: 35

| variabel | Coefficient Variance | Uncentered VIF | Centered VIF |
|---|---|---|---|
| CR | 0.0060 | 2.3324 | 1.0299 |
| TATO | 0.1228 | 4.4365 | 1.4007 |
| ROA | 0.0257 | 1.6573 | 1.6361 |
| LNTA | 0.0351 | 3071.758 | 1.2880 |

Based on the results of the multicollinearity test in Table 4.5, it shows that there is no one independent variable that has a VIF value of more than 10 (VIF> 10). This shows that in the resulting regression model there is no mucticolinearity between the independent variables..

### 3. Heteroscedasticity Test

In the cross-section test and period test, it shows probability values of 0.0000 and 0.0003 where the values       are <0.05, so from these results, the symptoms of heteroscedasticity are cross-section errors and preriod test errors.

Because in the cross-section test and test period there are symptoms of heteroscedasticity, then in Widarjono (2018: 128) the healing of the heteroscedasticity problem depends on the variant of the disturbance variable. If the variant is known, the heteroscedasticity cure is done by using the weighted least square 56 (WLS) method. The WLS method is a special form of the generalized least square (GLS) method or commonly known as the GLS Weight.

### 4. Uji Autokolerasi dan *Cross Corelation*

| N | K | dL | dU | D | 4-dU | 4-dL | Kesimpulan |
|---|---|---|---|---|---|---|---|
| 35 | 4 | 1,2221 | 1,7259 | 1,0867 | 2,2741 | 2,7779 | Ada autokorelasi positif |

Based on the results of the autocorrelation test with Durbin-Watson (DW) in table 4.2, it shows that the d value is 1.086680, while the dL value is 1.2221. In this case, if seen from the predetermined basis for decision making, the value of d is between the d and dL values, namely 0 <1.0867 <1.2221, it can be concluded that there is positive autocorrelation or with the decision, that is, there is an autocorrelation problem in the regression model.

5. Hypothesis Test

A) **Determinast Coefficient  ($R^2$)**

Based on the results of the regression with the Random Effect Model (REM) shown. It is known that the Adjusted R-squared value is 0.7244 which indicates that the dependent variable (stock value) can be explained by the independent variable (current ratio, total asset turnover, return on assets and ln total assets) of 72.40%. While the remaining 27.6% is influenced by other variables which are not analyzed in the regression equation model in this study.Temuan Hasil Penelitian

A.  **The Effect of Liquidity on Share Value**

From the results of this study, it can be concluded that liquidity as measured by the current ratio (CR) has a negative but insignificant effect on the value of shares as measured using the price to book value (PBV) because based on the research results, the probability value of the current ratio (CR) has a value that is greater than the significant level. The probability value of the current ratio (CR) in the results of this study is 0.4840, where the value is greater than 0.05 (5%).

Theoretically, the effect of liquidity on stock value can be positive or negative. If the findings are significant, it can be concluded that company liquidity supports the creation of company value because good liquidity can maintain the smooth operation of the company. Conversely, if the findings are significant negative, it can be concluded that excessive liquidity actually reduces the value of the company, this is because liquid assets generally provide lower returns than fixed assets which generally contribute to the operational process for selling purp

**B.   Effect of Activity Ratio on Share Value.**

From the results of this study, it is concluded that the ratio of activities measured using total asset turnover (TATO) has a positive and significant effect on stock value as measured by price to book value (PBV). Total asset turnover has a positive and significant effect because in this study the probability value that appears in the TATO variable is 0.0001 where the value is smaller than the significant level at 0.05 (5%).

Total asset turnover is believed to have a positive and significant effect on stock value as measured by price to book value (PBV) because it is based on the calculation of total asset turn over (TATO) which compares total sales to total assets. It can be concluded that the increasing total income owned by a company, the value of TATO will also increase and if the increase in total company revenue is expected to increase the value of the company's shares. So based on this research, the total asset turnover value can be used as a variable when determining the prospect value of shares.

**C.   The Effect of Profitability on Share Value.**

From the results of this study, it is concluded that the profitability ratio measured using return on assets has a positive but insignificant effect on stock value as measured by price to book value (PBV). This is because based on this research, the probability value generated by the return on assets is 0.2131, which is greater than the significant level of 0.05 (5%).

Theoretically, an increase in ROA should increase stock value. However, based on empirical research, this does not support this theory.

**D.   The Effect of Company Size on Share Value**

Based on this study, the researcher found that the size of the company as measured by ln total assets in the transportation sub-sector company has a positive and significant effect on the value of shares as

measured by price to book value (PBV) where the probability value of total assets is 0.001. where this value is smaller than the significant level of 0.05 (5%). This is because based on the data of this study, the transportation asset sub-sector company is one of the major resources for carrying out operational activities. The transportation sub-sector company must have a large fixed asset value to support the company's operational activities. In addition, a high company size will be an advantage that can be used as an opportunity for companies to obtain sources of financing so that the company will obtain capital that can be used to improve company performance.

## V SARAN DAN KESIMPULAN

1. Kesimpulan

- Liquidity ratio (CR) has a negative but insignificant effect on the share value of the transportation service sub-sector companies listed on the Indonesia Stock Exchange (IDX) in 2015-2019.

- The activity ratio (TATO) has a positive and significant effect on the value of shares of the transportation service sub-sector companies listed on the Indonesia Stock Exchange (IDX) in 2015-2019.

- The profitability ratio (ROA) has a positive but insignificant effect on the value of shares of the transportation services sub-sector companies listed on the Indonesia Stock Exchange (BEI) in 2015-2019.

- Company size (TA) has a positive and significant effect on the value of shares of the transportation services sub-sector companies listed on the Indonesia Stock Exchange (IDX) in 2015-2019

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2. Saran

- For investors and potential investors, they must be able to identify whether the share price issued by a company is reasonable. Based on this research, both investors and potential investors must be able to analyze the share price issued by the Company.

- For companies, this research can be used as a reference for company management in making policies and become information that can help management in making the right decisions regarding the implementation and increase of the company's stock value

- For further researchers, especially those interested in conducting further research on stock value, it is advisable to prefer a wider sample. This study only uses liquidity variables, activity ratios, profitability and company size.

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