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MUHAMMAD IKHSAN SETIAWAN

Phone+6281330480481

[ikhсан.setiawan@narotama.ac.id](mailto:ikhсан.setiawan@narotama.ac.id)

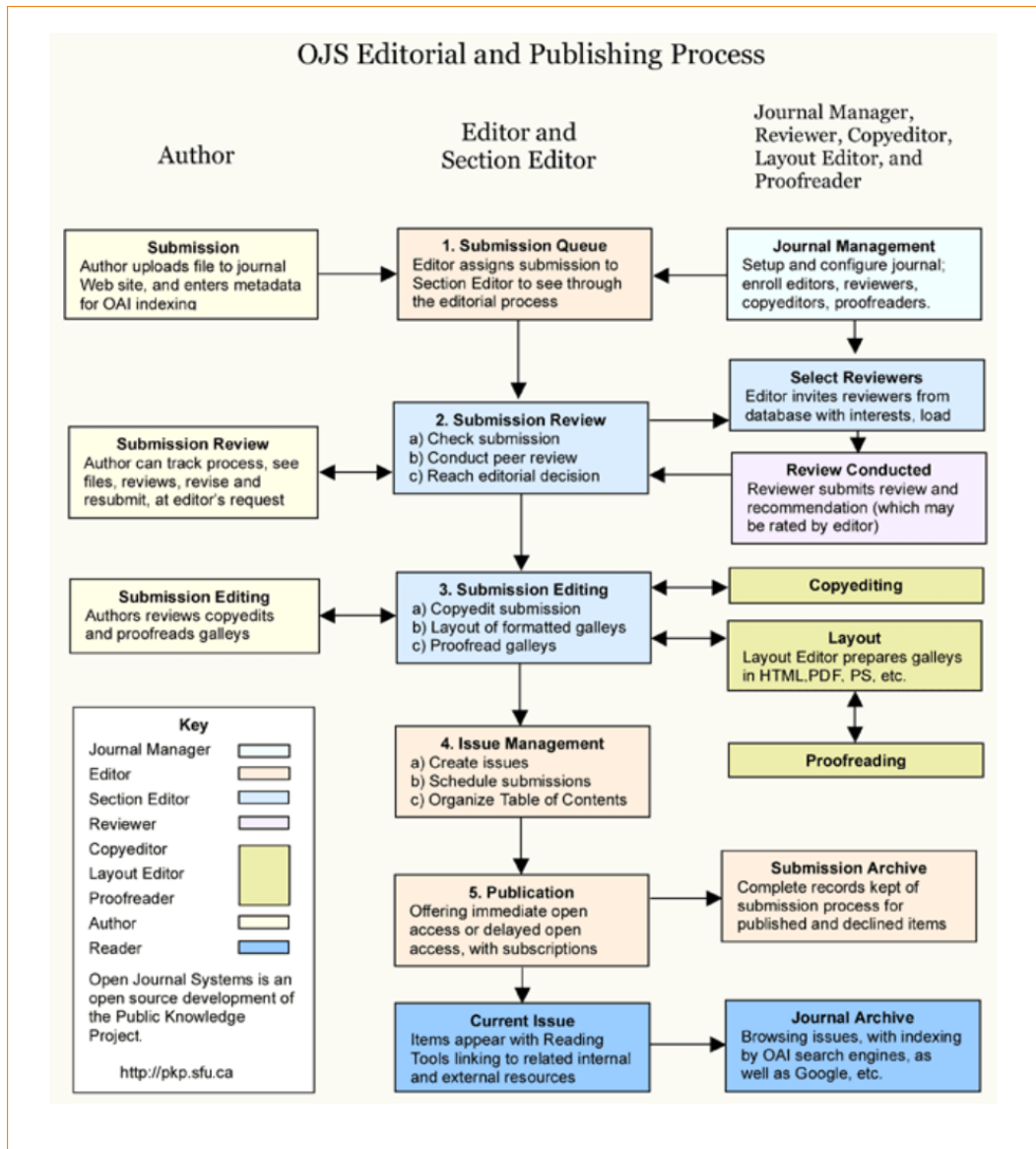
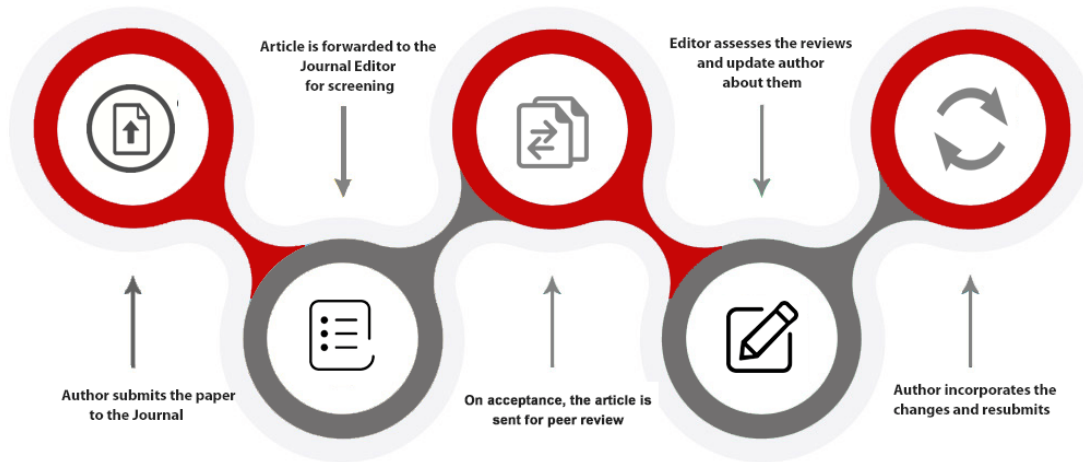
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AMRUN ROSYID

Phone+6287853342230

[amrun.rosyid@narotama.ac.id](mailto:amrun.rosyid@narotama.ac.id)

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# Liability Analysis of Financial Statements According to ISAK 35 (Case Study: SMK Muhammadiyah 2 Surabaya)

**Sinta Dei Apriliana**

Department of Accounting, Narotama University  
Jl. Arief Rachman Hakim, No 51, 60117, Surabaya, Indonesia  
[siinta.dwi@gmail.com](mailto:siinta.dwi@gmail.com)

## Abstract

SMK Muhammadiyah 2 Surabaya is a Vocational High School which was established under the auspices of the Muhammadiyah Karangpilang Branch Manager which has problems of lack of accountability and preparation of financial statements according to ISAK 35. This has not been implemented by SMK Muhammadiyah 2 Surabaya schools which have not adopted ISAK 35 financial statements. This study aims to analyze the preparation and determine the treatment of accountability for financial reports at SMK Muhammadiyah 2 Surabaya. In this study, the method used is a qualitative method and uses a descriptive approach and the data collection technique used is primary data and secondary data collected by means of interviews, documentation, observation, and the technique used is data analysis. The results of this study are that the financial statements of SMK Muhammadiyah 2 Surabaya are not in accordance with the financial statements of ISAK 35 because there is no implementation from schools regarding ISAK 35. Suggestions for SMK Muhammadiyah 2 Surabaya to hold training on ISAK 35 financial reports.

## Keywords:

Analysis, Financial Statements, ISAK 35.

## 1. Introduction

According to the 2001 Law on Foundations, "Foundations are legal entities consisting of assets that are separated and intended to achieve certain specific goals in the social, religious and humanitarian fields that do not have members". Foundations also have a legal umbrella in Law No. 28 of 2004 concerning Foundations, which are the principles of public accountability and transparency. The financial report is a report that shows the performance of an entity in one period, especially in non-profit oriented entities. Financial statements are used as a tool to measure how well an organization's management carries out responsibility for the resources provided by the funder to be used as best as possible given by the funder. to use. ISAK 35 provides guidelines for the presentation of financial statements for entities with non-profit activities to present their financial statements. The characteristics of non-profit-oriented entities are different from profit-oriented business entities. The basic main difference between a non-profit oriented entity and a profit-oriented business entity lies in the way a non-profit oriented entity obtains the resources needed to carry out its various operating activities. Entities with non-profit activities in this Interpretation further refer to non-profit oriented entities. A non-profit oriented entity obtains resources from resource providers who do not expect repayment or economic benefits commensurate with the amount of the resources provided. Non-profit oriented entities can make adjustments to the description used for certain items contained in the financial statements. The presentation of the financial statements of non-profit entities contains (1) a statement of financial position; (2) comprehensive income report; (3) report on changes in net assets; (4) cash flow statements and (5) notes to financial statements. ISAK 35 is applied with the aim of showing accountability or information that has high relevance and completeness according to financial accounting standards for the funds obtained, so that the financial statements can be understood and understood by all users of the financial statements (stakeholders).

## 2. Literature Review

### 2.1. Public Sector Accounting

Public sector accounting is accounting used by public institutions as a means of accountability to the public. Public sector accounting is closely related to the application and treatment of accounting in the public domain, has a wider and more complex area than the private or business sectors. The size of the public area is not only due to the wide type and form of organization in it, but also the complexity of the environment that affects public institutions. The role of public sector accounting is intended to provide public services in order to meet public needs. The function of the public sector can actually be carried out by the private sector. However, for certain roles and tasks the existence of the public sector cannot be replaced by the private sector.

## 2.2. Transparency (Transparency)

Transparency of public financial management is a principle of good governance that must be carried out by public sector organizations. Transparency means the government's openness in providing information related to public resource management activities to parties who need information. The government is obliged to provide financial information and other information that will be used for decision making by interested parties. Transparency will ultimately create horizontal accountability between the local government and the community so as to create a clean, effective, efficient, accountable and responsive local government to the aspirations and interests of the community. Transparency is a principle that guarantees access or freedom for everyone to obtain information about the administration of government, namely information about the policy making process and its implementation as well as the results achieved.

## 2.3. Accountable

According to Permendagri, (2014) village finances are managed on the basis of transparent, accountable, participatory principles and are carried out in an orderly and budgetary discipline. The principle of public accountability is a measure that shows how large the level of conformity of service delivery with the size of external values or norms held by stakeholders with an interest in the service. Accountability can be interpreted as the obligations of individuals or authorities who are entrusted with managing public resources and those concerned, with them to be able to answer matters concerning their accountability. In terms of village financial management accountability, it can be interpreted as a manifestation of the village head's obligation to account for the village financial management entrusted to him in order to achieve the goals that have been set through the media of periodic accountability.

## 2.4. Foundation

Foundations in the field of education really need an accounting information system in financial management so that financial reports have accuracy and can be accounted for. One of the foundations engaged in education is a private school, one of which is SMK Muhammadiyah 2 Surabaya. So far, SMK Muhammadiyah 2 Surabaya in presenting financial reports uses an application based on a non-profit accounting information system, namely SIAPM. Until now there has never been a check to determine the suitability of the financial statements produced by the SIAPM application with the ISAK 35 standard. There are several other SIAPM products, including the following:

1. Multi Database

SIAPM (Muhammadiyah College Accounting Information System) can be used using different databases on one computer, this helps the user if you want to separate the database by activity, year or by certain donors.

2. Portable

Very strong in terms of portability but too address if used client-server based, in this edition SIAPM uses an offline system. Program and Project Budget

## 2.5. Nonprofit Organization

ISAK 35 (Interpretation of Financial Accounting Standards) The Financial Accounting Standards Board of the Indonesian Accounting Association has ratified on April 11, 2019. ISAK 35 is the presentation of non-profit-oriented entity financial statements that are effective for the financial year period starting January 1, 2020. Non-profit organizations originate from said organization and non-profit. Previously, non-profit organizations were regulated by Statement of Financial Accounting Standards 45 (PSAK 45) revised 2017 which has now been replaced by ISAK 35. The difference between PSAK 45 and ISAK 35 lies in temporarily binding net assets into net assets with restrictions. unbound net assets into net assets without restrictions (Diviana et al., 2020). Organization comes from the Greek "organ" which means "tool". In a general sense, the organization can be understood as a tool or container for a group of people who gather and work together in a structured way to achieve certain goals or a number of goals that have been set together (Janis & Budiarmo, 2017). Organizational planning is very important to do to anticipate conditions in the future. For each type of organization, the planning system is different depending on the level of uncertainty and environmental stability faced by the organization, hence the need for an increasingly complex and sophisticated planning system. A non-profit organization is an organization that has a main goal or objective to support issues or matters in attracting public attention with non-commercial purposes, without paying attention to things that are looking for profit or profit. Characteristics of non-profit organizations include: non-profit organizations have resources from providers who do not expect returns or economic benefits, produce goods or services with no profit goal, and have no ownership in the organization (Widhawati et al., 2021). The purpose of non-profit organizations is certainly related to the interests of the general public and does not prioritize profit or profit in carrying out its activities. The main goals of non-profit organizations are education, social services, political protection and recreation (Aiman & Rahayu, 2019). So, non-profit organizations can be useful and help the government by creating a country with a prosperous majority of people. Because non-profit organizations are not profit-oriented. Characteristics of Non-profit Organizations are

different from business organizations. The main fundamental difference lies in the way non-profit organizations obtain the resources needed to carry out all their operating activities. Non-profit organizations derive their resources from the contributions of members and other donors who do not expect anything in return from the organization. As a result of these characteristics, in non-profit organizations certain transactions arise that rarely or even never occur in business organizations, such as receiving donations (Pontoh, 2013). Non-profit organizations are divided into two, namely non-profit and non-governmental entities. Non-profit organizations have quite a lot of differences with profit-oriented organizations by customers, donors and volunteers, government, employees of non-profit organizations and organizational members. Non-profit organizations have a primary goal for a non-commercial purpose, without seeking the profits required in a non-profit organization (Yolanda & Panjaitan, 2021). The forms of Non-profit Financial Statements are: Statements of financial position, comprehensive income reports, reports on changes in net assets, cash flow statements and notes to financial statements.

## 2.6. Frame of Thinking

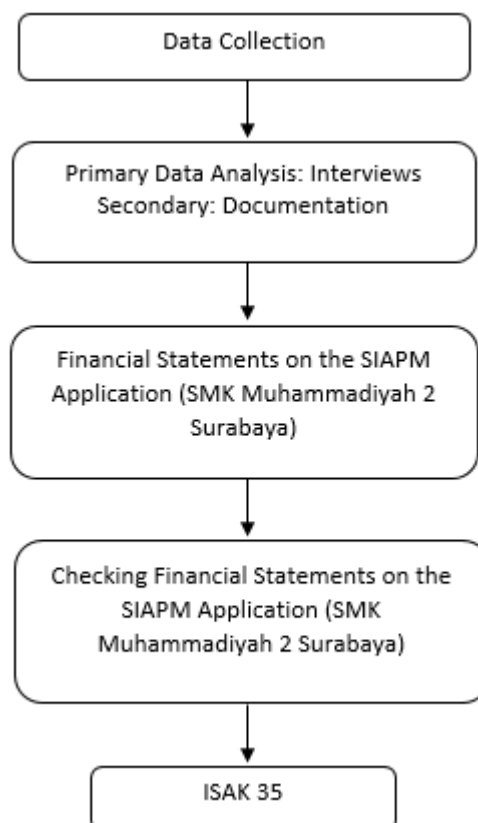


Figure 1. Frame of Thinking

## 3. Research Method

The research method used is qualitative with descriptive method. Data collection techniques used are primary data and secondary data collected by means of interviews, documentation and observation. The data analysis techniques used in this study are:

1. Pattern Matching, which compares patterns based on empirical data with predicted patterns. Where, if there are similarities between the two patterns, then the results can strengthen the internal validity of the case study in question. In this study, the researcher compares the predicted pattern with the empirical pattern or the results of observational data, interviews and documentation.
2. Explanation of data (Explanation Building), which analyzes the case study data concerned by building an explanation of the case. In this study, an explanation of pattern matching was carried out so that the data obtained were more specific and could be concluded.
3. Prepare financial reports of SMK Muhammadiyah 2 Surabaya with the non-profit organizational cycle contained in ISAK 35 which makes comprehensive income reports, reports on changes in net assets and cash flow statements
4. Concluding the results of analytical research that has been carried out on the financial statements of SMK Muhammadiyah 2 Surabaya. Results and Discussion

### 3.1. Overview of SMK Muhammadiyah 2 Surabaya

SMK Muhammadiyah 2 Surabaya is a Vocational High School which was established under the auspices of the Karangpilang Muhammadiyah Branch Manager on January 6, 2020 and is managed by a Centralized Financial Management Pattern. SMK Muhammadiyah 2 Surabaya is located on Jalan Mastrip VIII – F, Warugunung Kel, Kec. Karangpilang, Surabaya City, East Java.

Currently led by Mrs. Hj. M. Mas'ulah, ST, MM which was previously led by the late Bpk. Drs. H. Sunadji. SMK Muhammadiyah 2 Surabaya has 4 majors, namely, Computer Network Engineering (TKJ), Multimedia (MM), Catering and Hospitality. Each class contains 32 students. The services of SMK Muhammadiyah 2 Surabaya are supported by 5 structural human resources (HR), 6 staff, and 5 educational staff.

The operational activities of SMK Muhammadiyah 2 Surabaya come from school payments from individual students and assistance/grants from the central government in the form of BOS funds. These operational activities will be recorded and summarized into a financial report. This financial report can be recorded at any time, the report can be made into monthly, quarterly, semi-annual and one year/one accounting period depending on the policies of the company or the foundation itself.

Currently, the financial reports at SMK Muhammadiyah 2 Surabaya have eight reports, namely receipts journal, expense journal, general journal, trial balance, budget realization, activity report, financial position report, ledger. Cash disbursements relate to office operational costs, routine activities and annual programs as well as other expenses.

### 3.2. Financial Report of SMK Muhammadiyah 2 Surabaya

The financial statements of SMK Muhammadiyah Surabaya are not in accordance with ISAK 35, namely presenting the financial statements of non- profit-oriented entities and providing guidelines in the presentation of financial statements for non-profit-oriented entities.

SMK Muhammadiyah 2 Surabaya compiles financial position reports, receipts journals, expense journals, general journals, balance sheets, budget realizations, activity reports, ledgers. The accounting process made by SMK Muhammadiyah 2 Surabaya is as follows:

#### 1. Account code generation

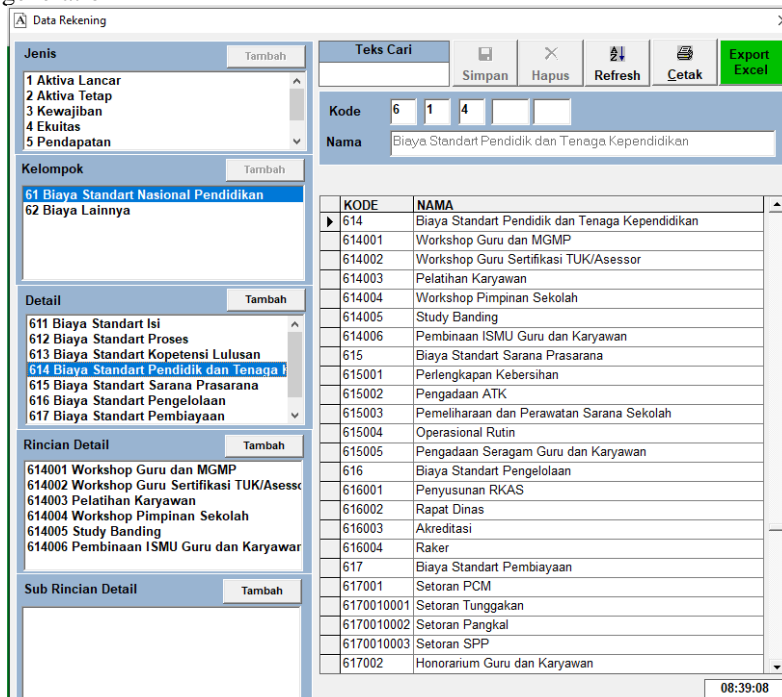


Figure 2. Financial Report of SMK Muhammadiyah 2 Surabaya in accordance with ISAK 35

## 2. Statement of Financial Position

Table 1. Statement of Financial Position

SMK Muhammadiyah 2 Surabaya		
Statement Of Financial Position		
Period June 2021		
Asset		
Current Assets	Rp. 665,020,012	
Interest Receivable		
Short-Term Investment		
Other Current Assets		
Total Current Assets	Rp. 665,020,012	
Non-Current Assets		
Laboratory Equipment	Rp. 2,452,993,000	
Accumulation of Laboratory Blockages	-Rp. 1,417,058,530	
Learning Support Equipment	Rp. 478,162,500	
Accumulated Learning Support Equipment	-Rp. 320,989,471	
Office Equipment	Rp. 258,317,500	
Accumulated Office Depreciation	-Rp. 271,400,002	
Building	Rp. 4,100,000,000	
Accumulated Building Depreciation	-Rp. 55,000,000	
Car	Rp. 172,447,000	
Accumulated Car Depreciation	-Rp. 34,489,400	
Soil	Rp. 1,311,000,000	
Total Non- Current Assets	Rp. 6,673,982,597	
Total Assets		Rp. 7,339,002,602
Liability		
Short-Term Liabilities		
Upfront Revenue Received		
Short-Term Debt		
Total Short-Term Liabilities		
Long-Term Liabilities		
Long-Term Debt		
Total Long-Term Liabilities		
Total Liabilities		
Net Assets		
No Restrictions	Rp. 7,339,002,609	
With Restrictions		
Total Liabilities and Net Assets		Rp. 7,339,002,609

## 3. Comprehensive Income Report

Table 2. Comprehensive Income Report

SMK Muhammadiyah 2 Surabaya Comprehensive Earning Report Period June 2021		
No Restrictions from The Resource Provider		
Income		
Infaq Money Fund Receipts	Rp. 64,516,924	
Receipt of Registration Funds	Rp. 11,200,000	
Receipt of DPP / Base Fund	Rp. 99,387,500	
Tuition Acceptance DPP	Rp 1,044,800,000	
Receipt of Funds PAS	Rp 176,990,000	
Receipt of Pre-Employment Funds	Rp 205,569,900	
Receipt of extracurricular funds	Rp 103,555,000	
Receipt of Activity Funds	Rp 15,085,000	
Receipt of Evaluation Fund	Rp 6,200,000	
Receipt of Evaluation Fund	Rp 2,200,000	
Receipt of Relief Funds	Rp 992,172,000	
MTC Fund Receipts	Rp 9,555,000	
Service Services		
Short-Term Investment Income		
Long-Term Investment Income		
Bank Revenue Share Receipts	Rp 9,138,132	
Total Revenue		Rp 2,731,231,324
Burden		
Electricity, Water & Phone Charges	Rp 75,615,800	
Teacher and Employee Salary Costs	Rp 87,245,000	
Consumption & Printing Costs	Rp 16,882,700	
Official Travel Expenses	Rp 50,312,400	
Practical Exam Fees	Rp 56,106,000	
Cost of Consumables and Tools	Rp 2,227,900	
PAS Fee	Rp 63,000,000	
Bank Administration Fee	Rp 2,100,000	
Bank Tax Fees	Rp 1,835,927	
Recreation Fee	Rp 4,589,958	
Cost of Death	Rp 3,500,000	
Workshop Fee	Rp 22,076,500	
Book & LKS Procurement Costs	Rp 104,341,800	
Cost PPDB	Rp 69,548,700	
Olympic & Competition Fees	Rp 9,357,000	
Cost of Extracurricular Activities	Rp 32,138,500	
Graduation Fee	Rp 47,861,700	
Professional Fees for Teachers & Employees	Rp 70,990,900	
ATK Procurement Costs	Rp 15,640,400	
School Facilities Maintenance Costs	Rp 96,494,600	
Official Meeting Fee & PROKER	Rp 19,963,000	
Pre-employment Fees	Rp 20,155,684	
SPP Deposit Fees	Rp 344,816,667	
Underprivileged Student Aid Fees	Rp 12,225,000	
Car Depreciation Expense	Rp 34,489,400	
Office Equipment Depreciation Load	Rp 56,453,900	
Laboratory Equipment Depreciation Load	Rp 731,289,583	
Building Depreciation Expense	Rp 55,000,000	
Learning Support Depreciation Load	Rp 93,342,606	
Total Load		Rp 2,199,601,625
Surplus (Deficit)		Rp 531,629,699
Total Comprehensive Income		Rp 531,629,699

## 4. Statement of Changes in Net Asset

SMK MUHAMMADIYAH 2 SURABAYA	
NET ASSET REPORT	
NET ASSETS WITHOUT LIMITERS FROM RESOURCE PROVIDERS	
Initial balance	Rp. 7,870,632,308
Current year surplus	Rp. 531,629,699
Final Balance	Rp. 7,339,002,609
Other Comprehensive Income	
Initial balance	-
Current year Comprehensive Income	-
Final balance	-
<b>TOTAL NET ASSETS</b>	<b>Rp. 7,339,002,609</b>

## 5. Cash flow statement

SMK Muhammadiyah 2 Surabaya	
Cash Flow Statement	
Period June 2021	
Operating Activities	
Cash from donations	Rp. 2,731,231,324
Cash paid to employees	Rp. 87,245,000
Cash paid for transportation	Rp. 34,489,400
Cash paid for free operation	Rp. 148,342,606
Cash paid for other expenses	Rp. 787,743,483
Cash paid for electricity, water, and telephone	Rp. 75,615,800
Net Cash from operating activities	Rp. 1,597,795,035
Investment Activity	
Indemnity from fire insurance	-
Purchase of equipment	-
Receipts from the sale of investments	-
Investment purchases	-
Net Cash used for investment activities	-
Funding Activities	
Acceptance of donations restricted to	-
Investment in endowments	-
Building investment	-
Other funding activities	
Interest is limited for reinvestment	-
Net Cash used for funding activities	-
Net Cash Increase (Decrease) and Cash Equivalents	Rp. 1,597,795,035
Cash and cash equivalents at the beginning of the period	Rp. 932,775,023
Cash and cash equivalents at the end of the period	Rp. 665,020,012

After the presentation of the above financial statements. The following is an explanation of the above financial statements:

## 1. Statement of Financial Position

## 1. Asset

In the statement of financial position of SMK Muhammadiyah 2 Surabaya, assets in the statement of financial position consist of current assets consisting of cash and cash equivalents. Cash and cash equivalents are obtained from donations/infaq and receipts of SPP funds and others.

## 2. Net Assets

In the statement of financial position of SMK Muhammadiyah 2 Surabaya, net assets consist of unrestricted net assets. Unrestricted net assets are resourcing whose use is not restricted. Unrestricted net assets are obtained from net assets at the beginning of the month and then reduced by expenses for the month.

### 3. Comprehensive Income Report

In the financial statements of SMK Muhammadiyah 2 Surabaya, it consists of funds without restrictions. Unrestricted funds are obtained from donations and receipts of funds so as not to limit their use.

### 4. Net Asset Report

In the statement of changes in net assets, the entity presents information on other comprehensive income, then classified according to the class of net assets.

### 5. Cash Flow Statement

The cash flow statement contains a number of information regarding the entry and exit of money. Cash flow consists of three (3) activities including operating activities, investing activities, and financing activities.

At SMK Muhammadiyah 2 Surabaya, it only contains operating activities, where operating activities consist of income derived from donations/infaq. And expenditures are used to pay for expenses such as financing teacher and employee salaries, operating expenses and transportation expenses and financing electricity, water and telephones.

### 6. Notes to Financial Statements

The notes to the financial statements contain in addition to the information presented in the financial statements. At SMK Muhammadiyah 2 Surabaya, they have not made notes on the financial statements.

## 4. Conclusion

Based on the results of the analysis and meetings obtained regarding the implementation of ISAK 35 at SMK Muhammadiyah 2 Surabaya, the following conclusions were obtained:

1. Financial recording at SMK Muhammadiyah 2 Surabaya still has not implemented the preparation of financial statements in accordance with ISAK 35, because in making financial statements it only refers to budget realization
2. In the SIAPM application, which is managed by SMK Muhammadiyah 2 Surabaya, it is still not in accordance with ISAK 35 and in the SIAPM application the reporting is the same as reporting to excel at SMK Muhammadiyah 2 Surabaya.
3. Financial reporting at SMK Muhammadiyah 2 Surabaya

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# The Effect of Capital Structure and Good Corporate Governance on Financial Performance with Agency Cost as a Control Variable (Case Study on Manufacturing Companies in the Consumer Goods Industry Sector Listed on Idx for 2016-2020 Period)

Agus Dwi Sasono, Leni Septiana

Department of Accounting, Narotama University.

Jl. Arief Rachman Hakim No. 51, 60117, Surabaya, Indonesia

[samaagus93@gmail.com](mailto:samaagus93@gmail.com), [leniseptiana305@gmail.com](mailto:leniseptiana305@gmail.com)

## Abstract

This study aims to test and analyze empirically the effect of capital structure, independent board of commissioners, institutional ownership and managerial ownership on financial performance with agency cost as a control variable in manufacturing companies in the consumer goods industry sector listed on the IDX. This study uses a quantitative research method that is descriptive of explanation. The population in this study were 73 manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange for the 2016-2020 period and the final sample processed in this study were 7 companies which were taken through purposive sampling technique. Data analysis techniques used include descriptive statistical analysis, classical assumption test and multiple linear regression. Hypothesis testing using t-test with an alpha significance level of 5%. From the results of data processing using SPSS, it is found that the coefficient value (t test) shows the capital structure variable (X1) with a t-value of 0.001 which means that the capital structure affects the company's financial performance. The independent board of commissioners (X2) with a t-value of 0.023 which means that the independent board of commissioners has an effect on the company's financial performance. Meanwhile, institutional ownership (X3) and managerial ownership (X4) have no effect on financial performance as evidenced by the t-values of 0.415 and 0.566. Simultaneously, capital structure, independent board of commissioners, institutional ownership and managerial ownership affect financial performance with agency cost as a control variable.

## Keywords:

Capital Structure, Financial Performance and Agency Costs, Independent Board of Commissioners, Institutional Ownership, Managerial Ownership

## 1. Introduction

Financial performance is one of the indicators to assess the effectiveness and efficiency of an organization in order to achieve its main objectives. Assessment of financial performance can be seen through the company's financial statements by analyzing the financial statements. Financial statement analysis is one of the media to get more, better, accurate information and serve as material in the decision-making process (Harahap & Syafri, 2004). By analyzing the company's financial statements, the company's leadership can find out the company's financial condition and the results that have been achieved from time to time, so that investors can easily find out the company's financial performance.

There are several factors that affect the company's financial performance, The first is the capital structure. This is supported by the results of previous research from Martino (2021) who said that the capital structure affects the company's financial performance. In this study, the capital structure is measured by the debt to equity ratio (DER), in addition to the results of previous research from Sofi'ah & Amanah (2019) which also said that the capital structure measured by the debt to equity ratio had an effect on the company's financial performance. The second factor that affects the company's financial performance is good corporate governance. Previous research on good corporate governance was conducted by Sitanggang (2021) who said that good corporate governance with proxies of independent commissioners, audit committees, institutional ownership and managerial ownership affect the company's financial performance.

Good corporate governance in this study using the proxy of independent commissioners, institutional ownership and managerial ownership. This is because the independent board of commissioners plays an important role in directing strategy and overseeing the running of the company. In addition, with the existence of institutional ownership and managerial ownership, supervision of the management of the company by managers will be more stringent when share ownership is concentrated. The third factor that is no less important in influencing the

company's financial performance is agency costs. This is supported by the results of previous research from Muhibban & Basri (2017) which said that agency costs had a positive and significant effect on the company's financial performance. In contrast to previous research,

The phenomenon of financial performance occurred in 2019, where the food and beverage sub-sector companies experienced performance that was involved in a decrease in the company's net profit. This is predicted to continue until 2020. Several large companies such as PT. Unilever Indonesia Tbk experienced a decline in profit in 2019 by 4.37% from the previous year. PT. Mayora Indah Tbk and PT. Garudafood Putra Putri Jaya Tbk also experienced a decrease in net profit by 0.51% and 19.9%, respectively, from the previous year. Decrease in profit at PT. Unilever Indonesia Tbk was caused by the drop in sales from the food and beverage segment. While the decrease in profit at PT. Mayora Indah Tbk and PT. Garudafood Putra Putri Jaya Tbk was caused by an increase in operating expenses which was higher than sales growth so that it eroded the company's profit. This decline in company profits will certainly have a major impact on the company's financial performance.

This research is important because from the previous phenomenon, some cases of declining profits occurred in manufacturing companies. Where the company is a large-scale company that is important for the nation's economy, because the number of issuers of companies is the largest on the IDX where the products of these manufacturing companies are needed by the public. It is expected that sales and profits received by the company will increase or stabilize, so that investors are more interested in investing in the company. Therefore, the researcher chose a manufacturing company in the consumer goods industry sector as the object of research. For the year the research was carried out for 5 consecutive years, namely from 2016-2020, because the longer the observation time interval, the more accurate the information obtained.

This research is a replication of Martino (2021) research related to the effect of capital structure on financial performance. The differences found in this study are the addition of independent variables good corporate governance and agency cost control variables. The reason the researcher chooses this variable as an additional variable is because good corporate governance can optimize the value of the company and encourage company management so that the company is able to maximize assets optimally to earn profits, this can be achieved when the company can maintain the stability of agency costs. For this reason, researchers are interested in conducting a study entitled "The Effect of Capital Structure and Good Corporate Governance on Financial Performance With Agency Costs as Control Variables (Case Study on Manufacturing Companies in the Consumer Goods Industry Sector Listed on the IDX for the 2016-2020 period)".

## **2. Literature Review**

### **2.1. Signal Theory**

Brigham & Houston (2001) state that a signal or cue is an action taken by the company's management that gives clues to investors about how management views the company's prospects. The link between signal theory and financial performance, namely, wider and more open disclosure will give a good or positive signal to interested parties in the company (stakeholders) and shareholders (shareholders).

### **2.2. Capital Structure**

According to Riyanto (2010) capital structure is a balance or comparison between the amount of long-term debt with own capital. Long-term debt is a form of long-term financing that has a maturity of more than one year. Meanwhile, according to Fahmi (2015) the capital structure is an illustration of the form of the company's financial proportions, namely between owned capital originating from long-term debt (long term liabilities) and own capital (shareholders' equity) which is the source of company financing.

### **2.3. Good Corporate Governance**

According to Effendi (2016:3) good corporate governance is a system designed to direct the management of a company professionally based on the principles of transparency, accountability, responsibility, independence, fairness, and equality. According to Zarkasyi (2008:36) good corporate governance is a regulation that regulates various interested parties (stakeholders), especially shareholders, the board of commissioners, and the board of directors in order to create corporate goals.

In this study, good corporate governance uses three proxies, namely independent board of commissioners, institutional ownership, and managerial ownership. The reason the researcher chose these three proxies for good corporate governance is because the independent board of commissioners plays an important role in directing strategy and overseeing the running of the company and ensuring that managers actually improve financial performance as part of achieving company goals. In addition, the existence of institutional ownership and managerial ownership is no less important in the company. With the existence of institutional ownership and managerial ownership, supervision of the management of the company by managers will be more stringent when share ownership is concentrated.

## 2.4. Financial performance

According to Angraeni et al. (2013) defines financial performance as the ability of a company to use finance to get the planned profit. According to Saat & Rudianto (2013) financial performance is the result obtained by the company's management when carrying out its function in obtaining company assets effectively for a certain period. Meanwhile, according to Fahmi (2011) financial performance is an analysis carried out to see the extent to which a company has implemented it using financial implementation rules properly and correctly.

## 2.5. Agency Cost

Alamsyah & Muchlas (2016) define that agency costs are incentives given to managers as agents to carry out supervision so that managers carry out their functions in line with shareholder goals. Meanwhile, according to Djumahir (2009) agency costs are costs incurred to ensure managers act in the interests of shareholders. The existence of agency costs is caused by the influence of conflicts between managers and shareholders.

## 3. Research Model

Researchers present a research model to make it easier to understand the problem being studied. This research model refers to a theoretical review so that it can be described in the following framework:

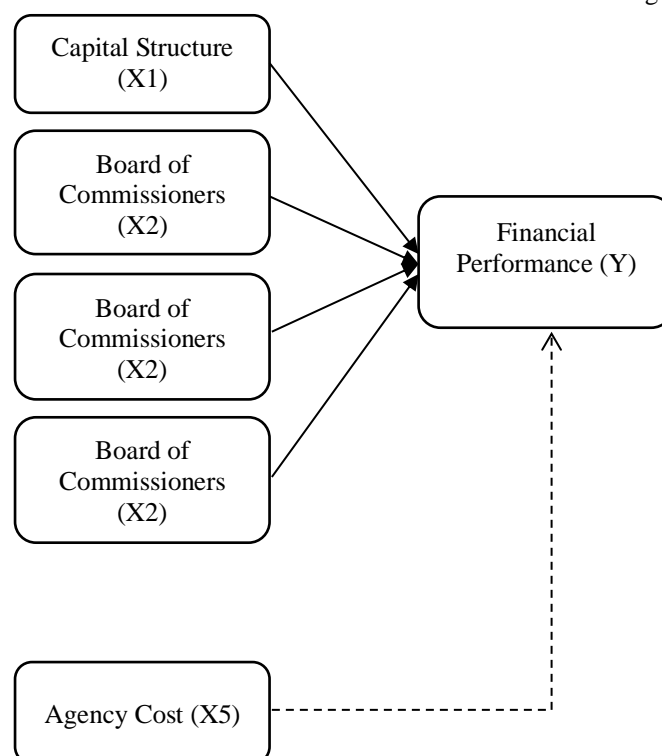


Figure 1. Theoretical Review

### 3.1. Hypothesis

Based on the research model above, the hypotheses in this study are:

- H1 : It is suspected that the capital structure has an effect on financial performance.
- H2 : It is suspected that the independent board of commissioners has an effect on financial performance.
- H3 : It is suspected that institutional ownership has an effect on financial performance.
- H4 : It is suspected that managerial ownership has an effect on financial performance.
- H5 : Suspected that capital structure, independent board of commissioners, institutional ownership and managerial ownership together (simultaneously) affect financial performance.
- H6 : It is suspected that capital structure, independent board of commissioners, institutional ownership and managerial ownership simultaneously (simultaneously) affect financial performance with agency cost as a control variable.

## 4. Research Methods

### 4.1. Types of research

The type of research used in this research is quantitative research with descriptive explanatory nature. According to Sugiyono (2014) quantitative research is a research method based on the philosophy of positivism,

which is used to examine certain populations or samples, data collection using research instruments, data analysis is quantitative/statistical, with the aim of testing predetermined hypotheses.

#### 4.2. Population and Sample

The population in this study were 73 companies. While the final sample in this study obtained as many as 7 companies with 35 observation data. This sample was obtained by using purposive sampling method, namely by using several criteria that have been set by the researcher.

#### 4.3. Object of research

The object used in this study is a manufacturing company in the consumer goods industry sector in the 2016-2020 period which focuses on financial reports and annual reports in the form of annual reports.

#### 4.4. Data source

The data used in this study is secondary data in the form of the company's annual financial statements obtained through the company's website and the Indonesia Stock Exchange (IDX) website, namely [www.idx.co.id](http://www.idx.co.id).

#### 4.5. Data collection technique

Data collection techniques in this study using documentation. The data used in this study were obtained from annual reports published by manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange (IDX) from 2016 to 2020.

#### 4.6. Data analysis technique

##### 1. Descriptive Statistical Analysis

This analysis aims to provide an overview of the distribution of data in this study. Descriptive statistics include the minimum, maximum, average, and standard deviation data used to determine the distribution of the data into the research sample.

#### 4.7. Classic assumption test

##### 1. Normality test

The normality test aims to test whether in a regression model the data is in a normal distribution or not. The normality test can use the normal probability plot graph, but it can also use the Kolmogorov Smirnov test with the Asym value criteria. Sig > 0.05, it can be said that the data is normally distributed.

##### 2. Multicollinearity Test

The multicollinearity test aims to test whether the regression model used is found to have a correlation between the independent variables. In detecting the presence or absence of multicollinearity is to pay attention to the Variance Inflation Factor (VIF) with criteria < 10.0 and tolerance with criteria > 0.10.

##### 3. Heteroscedasticity Test

The heteroscedasticity test was carried out with the aim of testing whether the regression model used had an inequality of variance from the residuals of one observation to another (Ghozali, 2016: 134). A good regression model is that there is no heteroscedasticity, meaning that the residual variance from one observation between other observations remains.

##### 4. Autocorrelation Test

The autocorrelation test aims to test whether in the linear regression model there is a correlation between usage errors in period t and usage errors t-1. The test is carried out by conducting the Durbin-Watson (DW) test with the criteria that there is no autocorrelation, namely  $du < dw < 4-du$ . In addition, it can also do a run-test test with the Asym value criteria. Sig > 0.05.

#### 4.8. Hypothesis testing

##### 1. Multiple Linear Regression Equation Analysis

This analysis is used to see how much influence capital structure and good corporate governance (with independent commissioners as proxies, institutional ownership and managerial ownership) have on financial performance with agency cost as a control variable. The regression model that is suitable for use in this study is multiple linear regression analysis using data polling. The statistical model used is as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + e$$

Information:

- Y = Company Financial Performance
- A = Constant
- b1 b2 b3 b4 b5 = Regression Coefficient
- X1 = Capital Structure
- X2 = Independent Board of Commissioners
- X3 = Institutional Ownership
- X4 = Managerial Ownership
- X5 = Agency Cost
- e = Standard Error

2. Coefficient of Determination Test

Used to test how far the ability of the research model to explain the dependent variable. The greater the R<sup>2</sup> of a variable, the greater the influence of the independent variable to explain the dependent variable.

3. Model Suitability Test (Goodness of Fit)

The model suitability test (goodness fit) was used to test the ANOVA (F test). This test is used to test whether all independent variables have a joint effect on the dependent variable. The criteria for testing the suitability of the model are if the value of Sig. F  $\leq 0.05$  then the independent variables have a joint effect on the dependent variable and vice versa if Sig. F  $\geq 0.05$  then the independent variable does not have a joint effect on the dependent variable.

4. T-test statistic (t-test)

The t-test is used to test how much influence the independent variables have individually in applying the dependent variable (Ghozali, 2006). The t-test criterion is if the p-value in the Sig column.  $\leq 0.05$  then the independent variable affects the dependent variable and vice versa if Sig.  $\geq 0.05$  then the independent variable has no effect on the dependent variable.

## 5. Results and Discussion

### 5.1. Descriptive Statistical Analysis

Table 1. Descriptive Statistical Analysis

	N	Min	Max	mean	Std. Dev
DER	35	,24	1.97	,8278	,50096
BOC	35	,25	,50	,4288	,08631
IO	35	,39	,99	,7721	,16298
MO	35	,00	,19	.0440	0.04454
ROA	35	-.06	,29	,0759	0.08714
air conditioni ng	35	-,43	,29	-,1083	,15025
Valid N	35				

Based on the table above, it can be concluded that:

1. The capital structure variable as proxied by DER has a minimum value of 0.24, a maximum of 1.97, a mean of 0.8278, and a standard deviation of 0.50096.
2. The independent board of commissioner's variable has a minimum value of 0.25, a maximum of 0.50, a mean of 0.4288, and a standard deviation of 0.08631.
3. The institutional ownership variable has a minimum value of 0.39, a maximum of 0.99, a mean of 0.7721, and a standard deviation of 0.16298.
4. The managerial ownership variable has a minimum value of 0.00, a maximum of 0.19, a mean of 0.0440, and a standard deviation of 0.04454.
5. The financial performance variable that is proxied using ROA has a minimum value of -0.06, a maximum of 0.29, a mean of 0.0759, and a standard deviation of 0.08174.
6. The agency cost variable has a minimum value of -0.43, a maximum of 0.29, a mean of -0.1083, and a standard deviation of 0.15025.

## 5.2. Classic assumption test

### 1. Normality test

Table 2. Normality Test Results Without Control Variables  
 One-Sample Kolmogorov-Smirnov Test

Unstandardized Residual	
asymp. Sig. (2-tailed)	,094c

Based on the table above, the results of the normality test without using the control variable have the Asym value. Sig of  $0.094 > 0.05$  it means that the data is normally distributed.

Table 3. Normality Test Results with Control Variables

Unstandardized Residual	
asymp. Sig. (2-tailed)	0.056c

Based on the table above, the results of the normality test with the control variable are  $0.056 > 0.05$ , it means the data is normally distributed.

### 2. Multicollinearity Test

Table 4. Multicoloniality Test Results Without Control Variables

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
DER	,634	1,577
BOC	,735	1.360
IO	,438	2,284
MO	,818	1.222

Based on the table above, it shows that the VIF value is  $< 10.0$  and the tolerance value is  $> 0.10$ , so it can be concluded that there is no multicollinearity.

Table 5. Multicollinearity test results with Control Variables

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
DER	,613	1,632
BOC	,721	1.386
IO	,421	2,376
MO	,783	1,278
air conditioning	,929	1.076

Based on the table above, it shows that the VIF value is  $< 10.0$  and the tolerance value is  $> 0.10$ , so it can be concluded that there is no multicollinearity.

### 3. Heteroscedasticity Test

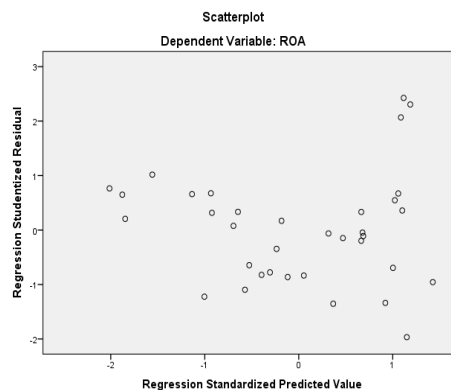


Figure 2. Heteroscedasticity Test Results Without Control Variables

Based on the picture above as shows that the scatter plot graph does not have a clear pattern and the pattern at the points spreads above and below the number 0 on the Y axis, so it can be concluded that there is no heteroscedasticity.

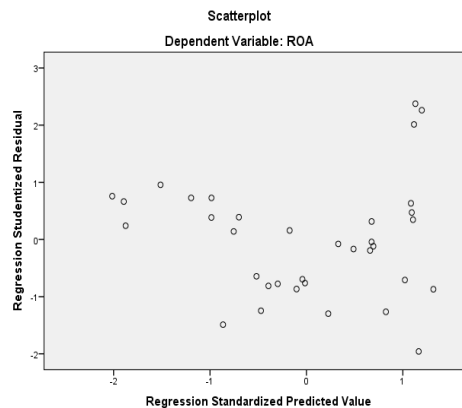


Figure 3. Heteroscedasticity Test Results with Control Variables

Based on the picture above, it shows that the scatter plot graph does not have a clear pattern and the pattern at the points spreads above and below the number 0 on the Y axis, so it can be concluded that there is no heteroscedasticity.

4. Autocorrelation Test

Table 6. Autocorrelation Test Results Without Control Variables

Unstandardized Residual	
Z	-1,712
asypm. Sig. (2-tailed)	,087

Based on the table above shows that the value of Asym. Sig of 0.775 > 0.05 which means there is no autocorrelation.

Table 7. Autocorrelation Test Results with Control Variables

Unstandardized Residual	
Z	-1,712
asypm. Sig. (2-tailed)	,087

Based on the table above shows that the value of Asym. Sig of 0.391 > 0.05 which means that there is no autocorrelation.

**5.3. Hypothesis testing**

1. Multiple Linear Regression Equation Analysis

Table 8. Multiple Linear Regression Analysis Without Control Variables

Model	Unstandardized Coefficients	
	B	Std. Error
1 (Constant)	-,061	,133
DER	-,103	0.027
BOC	,352	,147
IO	,084	,101
MO	,157	,271

Based on the table above, the results of the multiple linear equations in this study are as follows:  
 $Y = -0.061 - 0.103X_1 + 0.352X_2 + 0.084X_3 + 0.157X_4$

Table 9. Multiple Linear Regression Analysis with Control Variables

Model	Unstandardized Coefficients	
	B	Std. Error
(Constant)	-,048	,139
DER	-,105	0.028
BOC	,344	,151
IO	,076	,105
MO	,179	,281
air conditioning	0.028	,076

Based on the table above, the results of the multiple linear equations in this study are as follows:  
 $Y = -0.048 - 0.105X_1 + 0.344X_2 + 0.076X_3 + 0.179X_4 + 0.28X_5 + e$

## 2. Coefficient of Determination Test

 Table 10. Determination Test Results Without Control Variables

Adjusted R Square Test Results
0.468 (47%)

Based on the table above shows that the percentage of independent variables can explain the dependent variable by 47%, while 53% is explained by other variables outside this study.

 Table 11. Determination Test Results with Control Variables

Adjusted R Square Test Results
0.452 (45%)

Based on the table above shows that the percentage of independent variables can be explain the dependent variable by 45%, while 55% is explained by other variables outside this study.

## 3. Model Suitability Test (Goodness of Fit)

 Table 12. Results of Model Conformity Test Without Control Variables

F	Sig.
8,474	,000b

Based on the table above shows that the value of sig. F of 0.000 which is  $<0.05$  so it can be concluded that the independent variables (Capital Structure, Independent Board of Commissioners, Institutional Ownership, and Managerial Ownership) simultaneously affect the dependent variable (Financial Performance).

 Table 13. Results of Model Conformity Test with Control Variables

F	Sig.
6,612	,000b

Based on the table above shows that the value of sig. F of 0.000, which is  $<0.05$ , so it can be concluded that the independent variables (Capital Structure, Board of Commissioners, Institutional Ownership, and Managerial Ownership) simultaneously affect the dependent variable (Financial Performance) with Agency Cost as the control variable.

## 4. T-test statistic (t-test)

Table 14. Statistical Test Results t

Model	t	Sig.
1 (Constant)	-,461	,648
DER	-3.767	,001
Board of Commissioners	2,388	,023
Institutional	,827	,415
Managerial	,581	,566

Based on the table above, it can be concluded as follows:

- The capital structure variable proxied by DER shows that the value of  $0.001 < 0.05$  means that the capital structure variable affects the company's financial performance.
- The variable of the board of commissioners shows that the value of  $0.023 < 0.05$  means that the variable of the board of commissioners affects the company's financial performance.
- The institutional ownership variable shows that the value of  $0.415 > 0.05$  means that the institutional ownership variable has no effect on the company's financial performance.
- The managerial ownership variable shows that the value of  $0.566 > 0.05$  means that the managerial ownership variable has no effect on the company's financial performance. significance value  $0.00 < 0.05$ .

## 6. Conclusion

Based on the research that has been done, several conclusions can be drawn, namely:

- The H1 test shows that the capital structure has an effect on the company's financial performance. This is evidenced by the results of the t-test with a significant value of  $0.001 < 0.05$ .
- The H2 test shows that the independent board of commissioners has an effect on the company's financial performance with a significance value of  $0.023 < 0.05$ .
- The H3 test shows that the significance value of institutional ownership is  $0.415 > 0.05$ , which means that institutional ownership has no effect on the company's financial performance.
- The H4 test shows that managerial ownership has no effect on the company's financial performance with a significance value of managerial ownership variable of  $0.566 > 0.05$ .
- The H5 test shows that the capital structure, independent board of commissioners, institutional ownership, and managerial ownership have a simultaneous effect on the company's financial performance with a significance value of  $0.00 < 0.05$ .
- The H6 test shows that the variables of capital structure, independent board of commissioners, institutional ownership, and managerial ownership affect the company's financial performance with agency cost as a control variable with a significance value of  $0.00 < 0.05$ .

## 7. Suggestion

- Further research is expected to add other variables outside of this study that can improve financial performance.
- Further research would be better if expanding the object of research such as all manufacturing companies and extending the observation period, so that the results obtained will be more valid which is closer to the truth.
- Further research should add control variables other than agency costs.

## 8. Limitations of the Research

- Some annual reports are not legible.
- In conducting the SPSS test there are data that must be outliers by the researcher. This outlier is done with the aim that the data becomes normal. Outliers are data that appear with extreme values. Extreme values are values that are far or very different from other values in the group. For example, in a series of data, the resulting value ranges from 70-100, but there is data that one or a small part of the data has a value of 20. This value of 20 is called extreme data, so it must be an outlier.

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# The Effect of Return on Equity, Net Profit Margin, and Cash Ratio on Tobin's Q at PT. Steel Pipe Industry of Indonesia, Tbk in 2014-2021

**Desi Berliantiana Pudji Lestari, Reswanda**

Department of Management, Narotama University.

Jl. Arif Rahman Hakim No 51, 60117, Surabaya, Indonesia

[berliantianadesi@gmail.com](mailto:berliantianadesi@gmail.com), [reswanda@gmail.com](mailto:reswanda@gmail.com)

## Abstract

This research aims to see the effect of Return on Equity, Net Profit Margin, and Cash Ratio on Tobin's Q. This research was conducted in one company, PT. Steel Pipe Industry of Indonesia, Tbk in 2014-2021. The independent variables in this research use the ratio of Return on Equity, Net Profit Margin, and Cash Ratio. And the dependent variable in this study is Tobin's Q. The results of this research indicate that the Return on Equity variable has a positive and significant influence on Tobin's Q, Net Profit Margin has a positive and significant effect on Tobin's Q. While the Cash Ratio variable has a negative influence on Tobin's Q.

## Keywords:

Cash Ratio, Net Profit Margin, Return on Equity, Tobin's Q.

## 1. Introduction

In the current era of globalization, industrial companies are always expected to keep abreast of developments in the business world. This is due to competition in the business world, especially between large companies in the manufacturing industry. Therefore, every company is expected to be able to improve its performance to be able to compete in the business world and achieve its goals.

Business competition in this era of globalization requires companies to continue to grow to increase the company value, which is seen from the company's stock price level. The higher the company's stock price, the higher the company's value. Company value is the shareholder's assessment of the company's success concerning stock prices (Lestari et al., 2020). The company aims to generate revenue and high sales so that the company's value is perceived positively by investors.

One of the industrial companies that survive amid intense competition is PT. SPINDO (Indonesian Steel Pipe Industry), Tbk. The company was founded in 1971 and is an industrial company engaged in producing various kinds of steel pipes or tubes; and is one of the largest steel pipe manufacturers in Indonesia. In addition, the company is experienced in exporting different types of steel pipes or tubes and other products. The products produced by this company consist of various products such as custom products (made to order), standard carbon products, and stainless-steel pipes that have been widely used for various industrial construction, infrastructure, utilities, oil and gas, and furniture and automotive industries.

Achieving the goal of corporate value can be seen from the position of financial performance in the company. Financial performance is an analysis to determine what a company is doing with the correct and appropriate financial performance rules (Tikawati, 2016). Financial reports are considered important because they can provide transparency to stakeholders, where this financial performance report can increase public confidence in the company so that it can improve its performance and the company (Jonnius & Setya Marsudi, 2021)

The company's value can be seen from the investor's view of its performance in managing its resources. The more investors buy the company's shares, the stock price will rise, and the company will increase. The rise and fall of the company's stock price determine the company's value in investors' eyes. One indicator that can be used to measure a company is using Tobin's Q ratio. Tobin's Q accurately measures how effectively management utilizes its economic resources (Aldino & Nurlaila, 2021).

The factors that can affect financial performance are financial ratios. Investors use profitability ratios such as Return on Equity (ROE) and Net Profit Margin (NPM) to assess financial performance. Return On Equity (ROE) is a ratio that describes equity and the ratio of net income to the equity that measures the level of investment of common stockholders (Nasir et al., 2022) And Net Profit Margin (NPM) is the ratio between net profit and sales. As well as the Cash Ratio this ratio is the ratio used to determine whether the company can pay its short term compared to the company's total cash and cash equivalents (Alvian & Munandar, 2022)

Based on the financial statements at PT. SPINDO (Steel Pipe Industry of Indonesia), Tbk, recorded net sales of Rp. 3.77 trillion in 2020. This sales revenue decreased by 23% from sales in 2019. With this decline in sales, the profit of PT. SPINDO fell 5% to 175.83 billion as steel prices continued to increase in 2020 due to the

steel supply shortage in steel-producing countries due to Covid-19. However, sales profit fell in previous years, PT. SPINDO, in 2021, scored a net profit of Rp. 445.54 billion as of the end of the third quarter (Kontan.com). This development in financial position is important for companies to assess financial performance. Therefore, with the above phenomenon, the researchers are interested in conducting research titled "The Effect of Return on Equity, Net Profit Margin, and Cash Rasio on Tobin's Q At PT. Indonesian Steel Pipe Industry, Tbk in 2014-2021".

## 1.1. Literature Review and Hypothesis

### 1.1.1. Financial performance

Financial performance is an effort made by the company for the efficiency and effectiveness of the company's activities carried out in a particular time (Aldino & Nurlaila, 2021). The purpose of the Financial performance is to account for the tasks assigned to him by the owner of the company and to provide relevant information used by:

- a. Manager in running the company's operations.

Interested parties (donors, organizational members, creditors, and other parties who provide resources for non-profit organizations (non-profit) to find out the performance and condition of the company. Financial statements are reports containing all information that can describe a company's financial condition. Company within a certain time. The information in the financial statements is useful for management and company stakeholders in assessing the company and determining appropriate policies. Therefore, companies are expected to present financial statements accurately so that the information provided can facilitate the company's assessment.

### 1.1.2. Financial Report

Financial report or financial documents are information produced by the management of a company that aims to provide information relating to the financial position, performance, and changes in the company's financial position (Ulfa & Asyik, 2018)

#### 1. Return On Equity

ROE is a ratio used to compare net income after tax with the amount of own capital. ROE can be calculated using the formula:

$$\text{ROE} = \frac{\text{Net Profit for Common Stockholders}}{\text{Common Stock Equity}} \times 100\%$$

#### 2. Net Profit Margin

Net Profit Margin (NPM) is a ratio of the company's ability to generate net profits (Suwardjono, 2016). Net Profit Margin is the ratio between net profit and sales. The NPM formula is :

$$\text{NPM} = \frac{\text{Net Profit}}{\text{Selling}} \times 100\%$$

#### 3. Cash Ratio

This ratio measures the company's ability to pay debts immediately filled with cash available and securities that can be immediately cashed out (Agus & Riyanto, 2015). Mathematically, the cash ratio can be formula:

$$\text{Cash Ratio} = \frac{\text{Cash}}{\text{Current Liabilities}} \times 100\%$$

#### 4. Tobin's Q

The company's value in this study is proxied using Tobin's Q ratio. A high company value is the desire of the company owners because a high value indicates the prosperity of shareholders is also high. Shareholders' and companies' wealth is represented by the market price of shares, which reflects investment decisions, funding, and asset management. The following formula can calculate the value of the company (Tobin's Q):

$$\text{Q Tobin} = \frac{\text{Market Capitalization Value} + \text{Total Debt}}{\text{Total Amount of debt}} \times 100\%$$

Description :

Market Capitalization Value = Share price x shares outstanding

### 1.1.3. Framework of Thinking

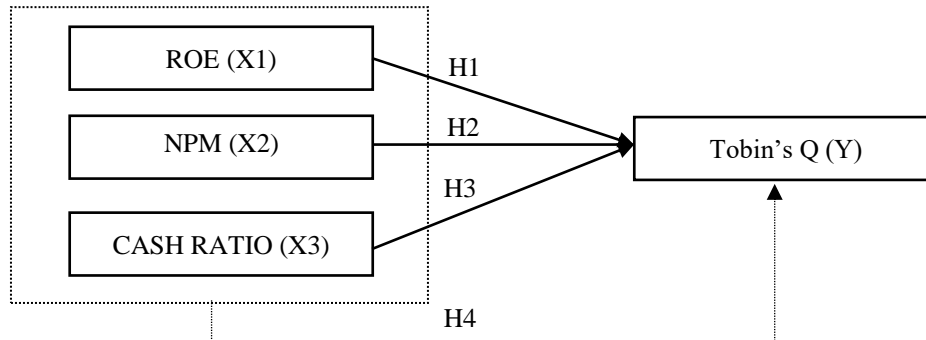


Figure 1 Framework of Thinking

Description :

Partially : 

Simultaneously : 

Hypothesis

H1: Return on Equity (ROE) partially positive and significant effect on Tobin's Q

H2: Net Profit Margin (NPM) partially positive and significant effect on Tobin's Q

H3 : Cash Ratio partially positive and significant effect on Tobin's Q

H4: Return on Equity (ROE), Net Profit Margin (NPM), and Cash Ratio simultaneously have a significant effect on Tobin's Q

## 2. Methodology

### 2.1. Object of Research

The object of concern in a study because the thing from this research is the target to be achieved to get answers and solutions to the problems that occur. The object of this research is the manufacturing industry company PT. SPINDO (Indonesian Steel Pipe Industry), Tbk from 2014 to 2021.

### 2.2. Data Set Technique

The data collection in this study was carried out by collecting the annual financial statements of the company PT. SPINDO (Steel Pipe Industry of Indonesia), Tbk in 2014-2021 which can be found at [www.idx.co.id](http://www.idx.co.id) or on the company website PT. SPINDO.

### 2.3. Data Analysis Technique

In managing the data, using a statistical analysis method that is useful in describing the distribution of data in research using the statistical program (Statistical Program and Service Solution) Version 25. The data analysis used to test the variables is a descriptive test, classical assumption test, regression analysis test, and hypothesis.

## 3. Result and Discussion

### 3.1. Multiple Linear Regression Analysis

Table 1 Multiple Linear Regression Analysis  
Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	74,803	12,024		6,221	,003
ROE	2,194	1,561	8,178	4,345	,004
NPM	1,242	2,172	5,291	2,872	,000
Cash Ratio	-,997	1,264	-,361	-,789	,474

a. Dependent Variable: Tobin's Q

Based on the table above, the regression equation model formed is as follows:

$$Y = 74.803 + 8.178X_1 + 5.291X_2 - 0.361X_3$$

Information :

- a. The constant value of 74,803 means that if the regression coefficient of the Return On Equity, Net Profit Margin, and Cash Ratio regression coefficients is constant or zero. So, Tobin's Q will increase by 74,803.
- b. The regression coefficient of Return On Equity is 8.178, which means that if Return On Equity increases by one unit, it increases the company's Tobin's Q by 8.178 with a note that the Net Profit Margin and Cash Ratio variables are considered constants.
- c. Net Profit Margin regression coefficient is positive at 5.291, which means that if the Net Profit Margin increases one unit, it will increase Tobin's Q by 5.291 with a note that the Return On Equity and Cash Ratio variables are considered constants.
- d. Cash Ratio regression coefficient is negative at -0.361, meaning that if the Cash Ratio increases one unit, it will decrease Tobin's Q by 0.361 with a note that Return On Equity and Net Profit Margin is considered constant.
- e. The value of e (error) is 0.503, obtained from the magnitude of the influence of other variables outside the regression model. This means that the magnitude of the influence of other variables outside the regression model is 0.503.

### 3.2. T Test

Table 2 T Test  
Coefficients<sup>a</sup>

Model		Unstandardized		Standardized		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	74,803	12,024		6,221	,003
	ROE	2,194	1,561	8,178	4,345	,004
	NPM	1,242	2,172	5,291	2,872	,000
	Cash Ratio	-,997	1,264	-,361	-,789	,474

a. Dependent Variable: Tobin's Q

$$t \text{ table} = t (\alpha/2; n-k-1) = t (0,05/2; 8-3-1) = (0,025;4) = 2,77645$$

Based on the results of the t-test in the table above shows that:

1. Effect of Return on Equity on Tobin's Q H1  
The effect of ROE on Tobin's Q is  $04 < 0.05$ , and the t count is  $4.345 >$  while the t table is 2.77645, which means that there is an influence of the ROE variable of 8.178, which is indicated by the magnitude of the value of this study if ROE increases by one unit, then Tobin's Q increases by 8.178.
2. Effect of Net Profit Margin on Tobin's Q H2  
The effect of NPM on Tobin's Q is  $0.000 < 0.05$ , and the t value is  $2.872 >$  while the t table is 2.77645, which means that there is an influence of the NPM variable of 5.291, which is indicated by the magnitude of the value of this study if the NPM increases by one unit then Tobin's Q increases by 5.291.
3. Effect of Cash Ratio on Tobin's Q H3  
The effect of the Cash Ratio on Tobin's Q is  $0.474 > 0.05$ , and the t value is  $-0.789$  while the t table is 2.77645, which means that there is no influence of the Cash Ratio variable of -0.361, which is indicated by the magnitude of the value of this study if the Cash Ratio increases by one unit. Then Tobin's Q fell 0.361.

### 3.3. F Test

3. F test  
ANOVA<sup>a</sup>

Model	Sum of Squares	Df	Mean Square	F	Sig.	
1	Regression	126,386	3	42,129	8,312	,001 <sup>b</sup>
	Residual	539,676	4	134,919		
	Total	666,061	7			

a. Dependent Variable: Tobin's Q

b. Predictors: (Constant), Cash Ratio, NPM, ROE

$$F \text{ table} = F (k; n-k) = (3;5) = 5,41$$

Based on the results above, it is known that the value of sig. The effect of ROE, NPM, and Cash Ratio simultaneously on Tobin's Q is  $0.001 < 0.05$ . And the calculated F value is  $8.312 >$  F table 5.4. So it can be concluded that H4 can be accepted simultaneously.

#### 4. Conclusion

1. Return on Equity positively and significantly affects Tobin's Q at the company PT. SPINDO in 2014-2021. A positive ROE value means that the company can increase its net profit to provide a high investment level to investors. Therefore, the higher the ROE ratio, the better the company from the investor's point of view.
2. Net Profit Margin positively and significantly affects Tobin's Q at the company PT. SPINDO in 2014-2021. PT.SPINDO's NPM value in this company was high in 2014 and 2020. This shows that the net profit achieved by the company is increasing. In addition, PT. SPINDO contributed to developing the New Capital of Indonesia (IKN), affecting the company's net profit. Therefore, the development of the IKN can increase the company's profitability.
3. Cash Ratio has no significant effect on Tobin's Q at PT. SPINDO in 2014-2021. The cash ratio has no effect because the company cannot maintain and improve its ability to pay short-term obligations when they fall due, which must be fulfilled immediately. With the company's ability to fulfil these obligations, it can make the creditors of the company trust. The higher the cash ratio, the more trust the creditors have in the company in fulfilling obligations that are immediately fulfilled.

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# The Effect of Measuring Return on Assets, Return on Equity, and Operating Income Operating Expense on the Stock Price of Private Mini Bank Companies in 2017-2021

**Nainul Amani, Reswanda**

Narotama Univerity Surabaya

[nainulamani14@gmail.com](mailto:nainulamani14@gmail.com), [reswanda@gmail.com](mailto:reswanda@gmail.com)

## Abstract

The purpose of this study is to determine the profitability ratio of private mini bank companies in book 2 bank for the 2017-2021 period. This research was conducted on 27 private mini-bank companies listed on the Indonesian Stock Exchange for the 2017-2021 period. The data used is secondary data in the form of financial statements. The analysis technique uses multiple linear regression with three independent variables, Return on Asset, Return on Equity and Operating Income Operating Expense, against the dependent variable of the stock price to test the variable influencing the company's share price. The research results on private mini bank companies show that stock price movements are not affected and are negative and not significant by Return on Equity in private mini bank companies. This study found that private mini bank companies increasing or decreasing the value of Return on Asset and Operating Income Operating Expenses had a significant and significant effect on the share price of private mini bank companies.

## Keywords:

Operating Expenses, Operating Income, Return on Asset, Return on Equity, Stock price.

## 1. Introduction

In the modern era of 4.0, there are many companies that do their business globally, due to sharp competition in the banking industry that continues to grow, especially in bank companies that have gone public. So that each of these companies must have a market share on local exchanges or world exchanges. A good financial performance, a banking company must be considered in its Profitability, Solvency and Liquidity. Almost all banks in Indonesia carry out digital banks, both persero and private commercial bank companies, which are designed to make it easier for customers and investors to make transactions. In this study using BUKU 2, it is a bank that has a core capital of 1 trillion to 5 trillion and carries out activities in rupiah or foreign exchange.

The stock price can rise or fall due to internal factors as well as external factors, the stock price must be re-examined by investors who are going to buy shares because stock prices tend to fluctuate. The profitability ratio is used by companies to measure, assess profit developments and compare from previous and present profit results where the profit was obtained by the company from a certain time (Kasmir, 2020). The greater the Return on Assets, the more efficient the use of company assets or in other words, the amount of assets generated by a greater profit. Return On Equity The higher this ratio means that the more efficient the use of own capital carried out by the company's management. If Operating Income Operating Expense increase, it shows that the company cannot process the operating income of the company, investors and banking institutions as creditors will assess financial performance through financial ratios (Dr.Harmono, S.E., 2020).

So, to measure good financial performance, you can use the return on asset (ROA) as an indicator of the company's decision to invest in the capital market because this ratio considers assets and profitability in sales in a company. Return On Equity (ROE) is a rate of return on investment, this ratio can attract shareholders because it is an important indicator because the higher the ROE the better the value of the company. Operating Income Operating Expenses (BOPO) are used in the calculation of stock prices to measure the efficiency and ability of private mini-banks to carry out their operations.

## 2. Literature Review and Hypotheses

### 2.1. Return on Asset (X1)

Shows the company's ability to use all assets owned to make a profit after tax. This ratio is important for management to evaluate the effectiveness and efficiency of company management in managing all company assets. The greater the ROA, the more efficient the use of company assets (Hantono, 2017).

$$\text{Formula: } ROA = \frac{\text{Earning After Interest and Tax}}{\text{Asset}}$$

## 2.2. Return on Equity (X2)

ROE is a return on equity used to measure net profit after tax with equity. This ratio is important for shareholders to find out the effectiveness and efficiency of own capital management carried out by the company's management, the higher this ratio means that the more efficient the use of own capital carried out by the company's management (Hantono, 2017).

$$\text{Formula: } ROE = \frac{\text{Earning After Interest and Tax}}{\text{Equity}}$$

## 2.3. Operating Income Operating Expense (X3)

Operating Income Operating Expenses (BOPO) compare operating expenses with the company's operating income. Also often called the efficiency ratio is used to measure the ability of bank management to control operating income compared to operating profit. If the value of BOPO increases, it shows that the company cannot process the company's operational costs (Rivai, 2013).

$$\text{Formula: } BOPO = \frac{\text{Operating Expenses}}{\text{Operating Income}}$$

## 2.4. Stock Price (Y)

The stock price cannot be fixed, but always moving where every second and minute always moves according to economic conditions. Which is influenced by internal and external factors (Dr. Musdalifah Azis, S.E., 2017).

$$\text{Formula: } \text{Stock Price} = \frac{\text{current stock price} - \text{previous stock price}}{\text{previous stock price}}$$

## 3. Framework of Thinking

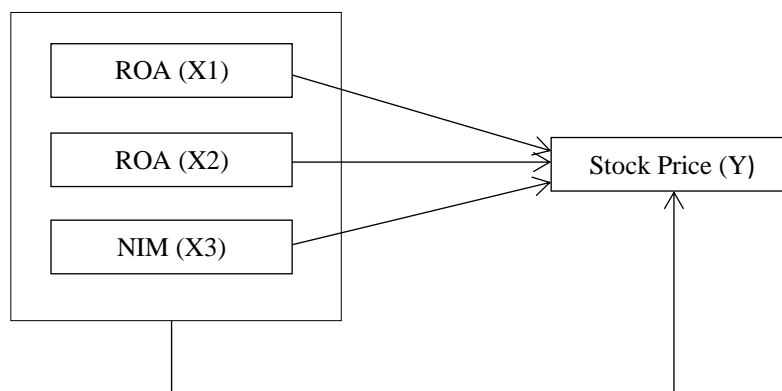
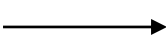


Figure 1. Framework of Thinking

Description:

Partially : 

Simultan : 

## 4. Hypothesis

Based on the background and formulation of the problem that has been put forward, the hypothesis can be formulated as follows:

1. H1 = Return on Asset (ROA) has a partial positive and significant effect on the share price of a private mini-bank.
2. H2 = Return on Equity (ROE) as if it has a partial positive and significant effect on the share price of a private mini-bank.
3. H3 = Operating Income Operating Expenses (BOPO) partially affect the share price of private mini-banks.
4. H4 = Return on Asset (ROA), Return on Equity (ROE), and Operating Income Operating Expenses (BOPO) simultaneously affect the share price of private mini-banks.

## 5. Methods

Based on the type, it is grouped into two, namely qualitative research and quantitative research (Sugiyono, 2015). In this study, researchers used quantitative research where quantitative data produced figures and facts taken from the collection of interpretation data on the data were used so that the answer results from the data would not deviate. This research uses a population of 27 national private banking companies in 2027-2021, which are recorded in book 2 with a capital of 1 trillion to 5 trillion. Which is registered with the Financial Services

Authority (OJK) [www.ojk.co.id](http://www.ojk.co.id) and the Indonesia Stock Exchange [www.idx.co.id](http://www.idx.co.id). In this study, the following criteria are used:

1. The companies used in this research are private mini-bank companies listed on the Indonesia Stock Exchange (IDX) and the Financial Services Authority (OJK) from 2017-2021.
2. Banking companies that experienced an increase in stock prices in 2021.
3. Registered private banking companies publish or report annual financial statements during the period 2017-2021.

Table 1. Methods

No.	Stock Code	Bank Name
1	BABP	MNC Bank International Tbk.
2	BINA	Bank Ina Perdana Tbk.
3	BGTG	Bank Ganesha Tbk.
4	BNBA	Bank Bumi Artha Tbk.
5	BMAS	Bank Maspion Indonesian Tbk.
6	DNAR	Bank Oke Indonesian Tbk.

Researchers use secondary data that is not taken directly, So, based on these criteria, there are 6 companies that are eligible to be sampled. So that the data from the sample amounted to  $6 \times 5$  years = 30 samples. The source of this research data is sourced from the acquisition of the company's annual financial statements or annual reports listed on the Indonesia Stock Exchange [www.idx.co.id](http://www.idx.co.id) and the official website of each bank in 2017-2021. Stock price data is taken from the closing price. The analysis method used in this study is a multiple linear regression analysis with a t-test and an F test.

## 6. Results and Discussion

### 6.1. Multiple Linear Regression

Multiple linear regression is the forecasting of the value of the influence between two or more free variables on bound variables, which is used to prove the presence or absence of a functional relationship or claustrophobic relationship (cause and effect) between two or more free variables.

Table 2. Multiple Linear Regression Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
(Constant)	103.182	176.209		.586	.563	
1	ROA	1245.407	288.602	1.967	4.315	.000
	ROE	-95.880	71.910	-1.163	-1.333	.194
	BOPO	-423.193	103.520	-8.158	-4.088	.000

- a. Dependent Variable: Stock Price

Equation:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

$$Y = 103,182 + 1,967X_1 - 1,163X_2 - 8,158X_3$$

Information:

- a. A constant value ( $\alpha$ ) of 103,182 means that if the regression coefficients of the variables Return on Asset, Return on Equity, and Operating Income Operating Expenses are constant or zero, then the share price will increase by 103,182.
- b. The regression coefficient of Return on Asset with a positive value of 1.967 means that if the value of Return on Asset increases by 1 unit, it will increase the stock price of the banking company by 1.967 units, provided that the variable Return on Equity and Operating Income Operating Expenses are considered constant.
- c. The Regression coefficient of Return on Equity is negative by -1.163, meaning that if the Return on Equity increases by 1 unit, it will reduce the Share Price of the banking company by 1.163 units, provided that the variable Return on Assets and Operating Income Operating Expenses are considered constants.

- d. The regression coefficient of Operating Income Operating Expenses is negative by -8,158, meaning that if the Operating Income Operating Expenses (BOPO) increase by 1 unit, it will reduce the share price of the banking company by 8,158 units, provided that the variable Return on Asset and Return On Equity are considered constants.
- e. An e (Error) value of 0.671 is derived from the magnitude of the influence of other variables outside the regression model. This means that the influence of other variables outside the regression model is 0.671.

### 6.2. Simultaneous Test (F Test)

The F test is used to determine the presence or absence of free variables (ROA, ROE, BOPO) against bound variables (Stock price) together.

Table 3. Simultaneous Test (F Test)  
ANOVA<sup>a</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	8972287.601	3	2990762.534	5.745	.004b
1 Residual	13535498.060	26	520596.079		
Total	22507785.661	29			

- a. Dependent Variable: Stock Price
- b. Predictors: (Constant), BOPO, ROE, ROA

Based on the output above, it is known that the significance value for the simultaneous influence of X1, X2, and X3 on Y is  $0.004 < 0.05$ , and the calculated F value is  $5.745 > F$  table 2.96, so it can be concluded that H4 is accepted which means that there is a simultaneous influence of X1, X2 and X3 on Y.

### 6.3. Partial Test (t-test)

The t-test is used to test whether or not there is an effect of the variables Return on Asset, Return On Equity, and Operating Income Operating Expenses on the stock price.

Table 4. Partial Test (t-test)  
Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	103.182	176.209		.586	.563
1 ROA	1245.407	288.602	1.967	4.315	.000
ROE	-95.880	71.910	-1.163	-1.333	.194
BOPO	-423.193	103.520	-8.158	-4.088	.000

- a. Dependent Variable: Stock Price
  1. Effect of Return on Asset on stock price (H1)  
It is known that the Sig value for the effect of X1 on Y is  $0.000 < 0.05$ , and the calculated value of t is 4.315  $> t$  table is 2.056, which means that there is a significant positive influence on the Variable Return on Asset on the share price, so H0 is rejected and Ha is accepted. The magnitude of the influence of the Return On Asset variable of 1,967, which is indicated by the magnitude of the  $\beta$  value of the study, means that if the Variable Return on Asset increases by one unit, the stock price increases by 1,967.
  2. Effect of Return on Equity on stock price (H2)  
It is known that the Sig value for the effect of X2 on Y is  $0.194 > 0.05$  and t count  $-1.333 < t$  table 2.056, which means that there is an insignificant negative influence on the Return on Equity variable on the stock price. So that H0 is accepted, and Ha is rejected. The magnitude of the influence of the Variable Return On Equity on the stock price of -1,163, which is indicated by the magnitude of the  $\beta$  value of the study, is considered if the variable Return On Equity increases by one unit, then the stock price decreases by 1,163.
  3. Effect of Operating Income Operating Expenses on share price (H3)  
It is known that the Sig value for the effect of X3 on Y is  $0.000 < 0.05$  and t counts  $-4.088 > t$  table 2.056, which means that there is a significant negative influence on the variable Operating Income Operating Expenses on the stock price. So H0 was rejected and Ha was accepted.

### 6.4. Coefficient of Determination (R2)

This determination test is used to determine how much the independent variable changes to the dependent variable.

Table 5. Coefficient of Determination (R<sup>2</sup>)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.631a	.399	.329	721.52344

a. Predictors: (Constant), BOPO, ROE, ROA

From the SPSS data process above, it can be seen that the magnitude of the Adjusted R<sup>2</sup> number is 0.329. The figure is used to determine the extent to which the contribution of free variables in the regression model as well as explain variations of bound variables. From these results, the change in 32.9% of the changes that occurred in the dependent variables was able to explain 32.9% of the independent variables. While the remaining 67.1% was influenced by other factors, or in other words, the variables of Return On Asset, Return On Equity, and Operating Income Operating Expanses of 32.9% and the remaining 67.1% was caused by other variables outside this model.

## 7. Conclusion

Based on the results of data analysis using SPSS 20 which was discussed in the previous chapter regarding the effect of Return on Assets, Return on Equity and Operating Income Operating Expenses on the share price of private mini bank companies listed on the Indonesia Stock Exchange (IDX), the following conclusions were obtained:

1. Return on Asset has a positive and significant effect on the share price of private mini bank companies in 2017-2021. From the results of this study, it reflects that private mini-banks are increasingly effective in the performance of their companies. Return on Assets in this private mini bank company has been able to attract investors to invest in private mini bank companies because it has succeeded in generating high profits that have an impact on dividends that will be received by investors. Therefore, more and more interested people will have an impact on the rising stock price.
2. Return on Equity has no significant effect on the share price of private mini-bank companies in 2017-2021. Return on Equity has no effect because private mini-banks are not able to generate their profits with their own capital that can benefit shareholders. Mnc International bank companies in 2017 and Bank Oke Indonesia in 2019 had negative ROE results. This indicates that the company is not able to generate its income.
3. Operating Income Operating expenses negatively and significantly affects the share price of private mini-bank companies in 2017-2021. The BOPO result is negative because this private mini bank has led to digitization so that private mini banks have begun to reduce reserve costs, therefore operational costs have fallen and negatively affect the stock price, so private mini bank companies have been efficient in the company's financial performance.
4. Return On Asset, Return on Equity, and Operating Income Operating Expanses Together or simultaneously have a significant effect on the share price. The results of the F test showed the significance value of  $0.004 < 0.05$  and the calculated F value of  $5.745 > F$  table of 2.96.

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# The Effect of Return on Assets, Return on Equity, Current Ratio, and Debt to Equity Ratio on Stock Return on Coal Sub-Sector Companies Listed on the Indonesia Stock Exchange, 2017-2021

**Seldiah Rega Yhumita, Reswanda**

Department of Accounting, Narotama University  
Jl. Arief Rachman Hakim No. 51, 60117, Surabaya, Indonesia  
[seldiahyhumita@gmail.com](mailto:seldiahyhumita@gmail.com), [reswanda@gmail.com](mailto:reswanda@gmail.com)

## Abstract

Indonesia's economic growth requires substantial funding and investment to compete in the regional and global economy. Stock return is the level of profit obtained from stock investment. Stock return is significant for investors because it is one indicator to determine the success of an investment. Although several factors affect stock returns, this study only examined four variables: Return on Assets, Return on Equity, Current Ratio, and Debt to Equity Ratio. This study aimed to determine the effect of Return on Assets, Return on Equity, Current Ratio, and Debt to Equity Ratio on stock returns. The research population is 22 coal sub-sector companies on the Indonesian stock exchange in 2017-2021, and the chosen sample is 8 companies using the purposive sampling technique. The data analysis method used multiple linear regression with SPSS 20. The results showed that Return on Assets significantly negatively affected stock returns. Return On Equity has a significant positive effect on stock returns, the Current Ratio has no significant effect on stock returns, and the Debt-to-Equity Ratio has a significant negative effect on stock returns.

## Keywords:

Current Ratio (CR), Debt to equity ratio (DER), Return on assets (ROA), Return on Equity (ROE), Stock Return

## 1. Introduction

The Covid-19 pandemic has caused many companies in various sectors to be badly affected, one of which is the capital market sector. Reduced income during the pandemic affects investors' interest in investing in the capital market. The capital market plays an essential role in the economy of a country because the capital market is one of the means of effectively channelling funds from investors to companies to companies efficiently and functions to allocate funds optimally.

Indonesia's economic growth requires substantial funding and investment to compete in the regional and global economy. Indonesia is the fourth largest coal producer in the world. According to Pitoko, 2021, based on [idn.times.com](http://idn.times.com), it was recorded that Indonesia produced 616 million tons of coal in 2019. However, the Covid-19 pandemic also affected Indonesia's coal production due to the lack of market demand. As a result, Indonesia's coal production in 2020 decreased to 563 million tons. The decline in coal production was the driving force for selecting the research object, namely the coal sub-sector company. Stock return is the level of profit obtained from stock investment. Stock return is significant for investors because it is one indicator to determine the success of an investment. (Hanafi, 2020).

The company's profitability growth is an important indicator to see the company's prospects in the future. The two main profitability ratios commonly used in the analysis are Return on Assets (ROA) and Return on Equity (ROE). ROA is a ratio describing the extent to which the company's assets can generate profits. As for what is meant by ROE is a ratio that describes the extent to which shareholders can obtain the company's ability to generate profits. (Adnyana, 2020b)

The solvency of the company describes the ability of a company to meet its long-term obligations or debts. Debt to Equity Ratio (DER) is one of the solvency ratios. DER can be used as a comparison between external party funds and the owner of company funds. Meanwhile, corporate liquidity describes the ability of a company to overcome its short-term debt to short-term creditors. The current Ratio is beneficial for measuring the company's liquidity. (Kariyoto, 2017)

Several factors affect stock returns. This study only examined four variables: Return on Assets, Return on Equity, Current Ratio, and Debt to Equity Ratio. Research rona Tumiur Mauli Carolin Simorangkir (2019) shows that Return on Assets has a negative and significant effect on Stock Return. While in research Jaunanda & Fransesca (2015), Return on Assets has a positive and significant effect on Stock Return. Research Devi & Artini

(2019) shows that Return on Equity has a significant positive effect on Stock Return. However, research W.Hadiningrat et al. (2017) has a negative and significant effect on Stock returns.

Research Lestari & Cahyono (2020) shows that the Current Ratio has a significant effect on Stock Return, while research Allozi & Obeidat (2016) shows that the Current Ratio has no significant effect on Stock Return. Then research Devi & Artini (2019) shows that DER has a negative and significant effect on Stock Return. Previous empirical studies regarding differences in research results regarding their effect on returns.

So, this study aims to determine the effect of Return on Assets, Return on Equity, Current Ratio, and Debt to Equity Ratio on stock returns in coal sub-sector companies on the Indonesia Stock Exchange.

## 2. Literature Review & Hypothesis

### 2.1. Return on Assets (ROA)

Return on Assets is a ratio that describes the extent to which the company's assets can generate profits. (Adnyana, 2020)

$$\text{Return on Assets} = \frac{\text{Net Profit}}{\text{Asset}}$$

### 2.2. Return on Equity (ROE)

Return on Equity is a ratio that shows the results (Return) on the use of company equity in creating net income. In other words, this Ratio measures how much net profit will be generated from each rupiah of funds embedded in total Equity. (Hery, 2021)

$$\text{Return On Equity} = \frac{\text{Earning After Interest and tax}}{\text{Equity}}$$

### 2.3. Debt to Equity Ratio (DER)

Debt to Equity Ratio is a ratio that shows the extent to which own capital guarantees all debts. This Ratio can also be read as a comparison between external party funds and company owner funds. (Hantono, 2018)

$$\text{Debt to Equity} = \frac{\text{Total debt}}{\text{Total equity}}$$

### 2.4. Current Ratio

The current Ratio is beneficial for measuring the company's liquidity. According to Hantono, 2018, the current Ratio shows the number of current liabilities guaranteed payment by current assets.

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

### 2.5. Return Saham

Stock Return, according to Hanafi, (2020), is the level of profit obtained from stock investments. Returns can be in the form of capital gains and dividends. Capital gain is a positive rate of profit.

$$\text{Return (t)} = \frac{\text{Pt} - (\text{Pt} - 1) + \text{Dt}}{\text{Pt} - 1} \times 100\%$$

Description:

Return (t) = return in period t

Pt = price at the end of period (t)

Pt = price at the beginning of period (t-1)

Dt = dividends during period t

### 2.6. Thinking Framework

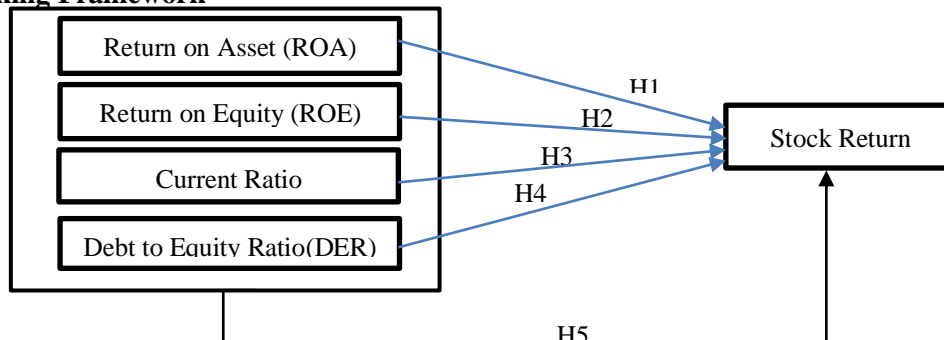


Figure 1. Thinking Framework

Description:

X1: ROA

X2: ROE

X3: DER

X4: CR

Y: Stock Return

## 2.7. Hypothesis

By the description of the problem and objectives above, the formulation of the hypothesis in this study is:

H1: Return on Assets partially has an effect positive and significant to stock return.

H2: Return on Equity partially positive and significant effect on stock return.

H3: Current Ratio partially positive and significant effect on stock return.

H4: Debt to Equity Ratio partially negative and significant effect on stock return.

H5: ROA, ROE, DER, and CR simultaneously have a significant effect on stock return.

## 3. Methodology

This type of research uses a quantitative approach. Quantitative research is basically about collecting numerical data to explain a particular phenomenon. Explain this phenomenon using questions that can be answered with the data presented and already available in the form of numbers. (Duli, 2019)

The source of data in this study is external secondary data obtained indirectly from the company but obtained in the form of collected data published by other parties. First, the data is obtained through the company's website that has been selected as the sample. Then the data was also obtained through the websites [IDX.co.id](http://IDX.co.id) and [finance.yahoo.com](http://finance.yahoo.com).

The population in this study are all coal sub-sector companies listed on the Indonesia Stock Exchange during the 2017-2021 period with the following characteristics: 1) Publish financial statements every year during 2017-2021 and have gone through an audit process. 2) Its shares are actively listed on the Indonesia Stock Exchange. 3) Have financial data by the variables needed in this study.

Table 1. List of sample coal sub-sector companies

No.	Share Code	Company Name
1.	ADRO	PT Adaro Energy Tbk
2.	BSSR	PT Baramulti Suksessarana Tbk
3.	BYAN	PT Bayan Resources Tbk
4.	GEMS	Golden Energy Mines Tbk
5.	ITMG	PT Indo Tambangraya Megah Tbk
6.	MBAP	PT Mitrabara Adiperdana Tbk
7.	MYOH	Samindo Resources Tbk
8.	PTBA	Bukit Asam Tbk

The data analysis technique of this research uses multiple linear regression with classical assumption test, t-test, F test, and coefficient of determination ( $R^2$ ) test. Moreover, using SPSS software version 20.

## 4. Results and Discussion

### 4.1. Multiple Linear Regression

Test Multiple linear regression tests aim to test the effect of two or more independent variables on the dependent variable. Multiple regression test results can be seen in the following table:

Table 2. Multiple Linear Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	,317	,057		5,554	,000
ROA	-5,276	1,421	-.35212	-3,714	,001
ROE	4,827	,914	.47972	5,280	,000
CR	,000	,037	,022	,008	,994
DER	-,864	,176	-.12868	-4,915	,000

a. Dependent Variable: RETURN SAHAM

Based on the SPSS output above, the multiple linear regression analysis models between the X variable and the Y variable can be transformed into an equation model as follows:

$$Y = 0.317 - 5.276 \text{ ROA} + 4.827 \text{ ROE} + 0.000 \text{ CR} - 0.864 \text{ DER}$$

From the results of the linear regression equation with these multiple variables, each independent variable can be interpreted as its influence on stock returns as follows:

1. The constant value (0.317) means that if the regression coefficient value of the Return on Assets, Return on Equity, Current Ratio, and Debt to Equity Ratio is constant or zero (0), then the coefficient of Stock Return (Y) will increase by 0.317.
2. The regression coefficient of Return on Assets (X1) is negative, and its magnitude is -5.276, meaning that if on Assets has increased by 1 unit (assuming other variables remain), then the coefficient of Stock Return (Y) has decreased by 5.276 units.
3. Return on Equity (X2) is positive, and the magnitude is 4.827, meaning that if on Equity has increased by 1 unit (assuming other variables are fixed), then the Stock Return (Y) has increased by 4.827 units.
4. The Current Ratio (X3) is positive, and the magnitude is 0.000, meaning that if the Current Ratio has increased by 1 unit (assuming other variables remain), then the Stock Return (Y) has increased by 0.000 units.
5. The Debt-to-Equity Ratio (X4) is negative and the magnitude -0.864, meaning that if the Debt-to-Equity Ratio has increased by 1 unit (assuming other variables are fixed), then the Stock Return (Y) has decreased by 0.864 units.

#### 4.2. Statistical Test t

A partial test is used to see the effect of each independent variable individually on the dependent variable. The test is carried out with 1 side or One-Tailed test and 2 Two-Tailed tests with  $0.05 \text{ df} = n - k - 1$ . The following are the output results of the SPSS t-test:

Table 3. t Test  
Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	,317	,057		5,554	,000
ROA	-5,276	1,421	-.352	-3,714	,001
ROE	4,827	,914	.479	5,280	,000
CR	,000	,037	,022	,008	,994
DER	-.864	,176	-.129	-4,915	,000

Results of the t-test in the table above with a one-sided and two-sided assessment, where to look for a t table ( $\alpha = 5\%$  with one-sided research,  $\text{df} = n - k - 1 = 40 - 4 - 1 = 35$  then the obtained value 1,689 as t table) And look for the t table ( $\alpha = 5\%$  with two-sided research  $\text{df} = 35$  then the value is 2.030 as t table). So that the following results are obtained:

1. Return on Assets (X1) to Return (Y)  
As seen in the Coefficients, there is a sig value of 0.001, and then the sig value is smaller than the probability value of 0.05, namely  $0.001 < 0.05$ . Variable X1 has t count -3.714 using one-sided assessment, then t count becomes 3.714 and t table 1.689 So, t count  $3.714 > t \text{ table } 1.689$ . Then  $H_1$  is rejected, and  $H_0$  is accepted. Moreover, it can be concluded that the X1 variable has a partially significant adverse effect on the Y variable.
2. Return on Equity (X2) on Return (Y)  
As seen in the Coefficients, there is a sig value of 0.000. The sig value is smaller than the probability value of 0.05, which is  $0.000 < 0.05$ , then  $H_2$  is accepted and  $H_0$  is rejected Variable X2 has a t count of 5.280 using a two-sided assessment. The value of the t table is 2.030. So, t arithmetic  $5.280 > t \text{ table } 2.030$ , it can be concluded that the X2 variable has a partially significant effect on the Y variable.
3. Current Ratio (X3) on Return (Y)  
As seen in the Coefficients, there is a sig value of 0.994. If the sig value is greater than the probability value of 0.05, namely  $0.994 > 0.05$ , then  $H_3$  is rejected and  $H_0$  is accepted. Variable X3 has a t-count of 0.008 using a two-sided assessment, so the t-table value is 2.030. So, t arithmetic  $0.008 < t \text{ table } 2.030$ , it can be concluded that the X3 variable does not have a partially significant effect on the Y variable.
4. Debt to Equity Ratio (X4) on Return (Y)  
As seen in the Coefficients, there is a sig value of 0.000. The sig value is smaller than the probability value of 0.05 is  $0.000 < 0.05$ , then  $H_4$  is Accepted and  $H_0$  is rejected Variable X4 has t count -4.915 using one-sided assessment, then t count becomes 4.915 and t table 1.689. So, t count  $4,915 > t \text{ table } 1,689$ , it can be concluded that the X4 variable has a partially significant effect on the Y variable.

### 4.3. Simultaneous Significant Test (Statistical Test F)

The F test was conducted to see whether the independent variables significantly affected the dependent variable. If the results of the simultaneous test are significant, it can be said that the relationship that occurs can apply to the population.

Table 4. F test

ANOVA					
Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	6,431	4	1,608	14,512	,000 <sup>b</sup>
Residual	3,878	35	,111		
Total	10,309	39			

a. Dependent Variable: RETURN SAHAM

b. Predictors: (Constant), DER, CR, ROE, ROA

$1 = 40 - 4 - 1 = 35$  So that the F results are obtained count is 14,512 with a significance value of 0.000. While the F table is 2.64 with a probability value of 0.05. So, it can be concluded that ROA, ROE, CR and DER have a simultaneous (together) effect on the Stock Return variable because F count > F table, namely  $14,512 > 2.64$ . And significant research  $< 0.05$  that is  $0.000 < 0.05$ . This research model is acceptable because these variables can be used as a tool to predict returns.

## 5. Conclusion

1. Return on Assets has a negative and significant effect on Stock return. The results show that the value of t count is negative, which is -3.714. The results obtained a significance value of 0.001 and less than 0.05. The Covid-19 pandemic had caused coal prices to drop drastically. The strict regional quarantine policy (lockdown) was the main trigger for the fall in coal prices. Therefore, ROA increases due to declining coal prices are more dominant in influencing it. In addition, the company distributes high dividends to keep attracting investors, as in PT. Bukit Asam Tbk and Indo Tambangraya Megah Tbk which increased their dividends in 2019-2020. If the dividend is high, the rate of stock return or returns will also be high.
2. Return on Equity has a positive and significant effect on stock return. The results show that the value of t count is positive, which is 5.280. The results obtained a significance value of 0.00 and less than 0.05. ROE always increases from year to year. Therefore, the company can be said to be able to maximize the Return on Equity to generate net income.
3. The Current Ratio does not affect the stock return. The results show that the value of the t count is positive, which is 0.008. In addition, the results obtained a significance value of 0.994 and were more significant than 0.05. ratio means that high liquidity also indicates that the company can less manage its current debt by using its current assets. As a result, causes investors tend not to pay more attention to the company's shares. So Current Ratio does not affect stock returns.
4. Debt to Equity Ratio has a negative and significant effect on stock return. The results show that the value of the t count is negative, which is -4.915. In addition, the results obtained a significance value of 0.00 and less than 0.05. A high DER illustrates that the company uses more debt than Equity in carrying out its operations and reflects the company's higher risk level, so that the company's shares are no longer attractive to investors, so investors will decide to sell company shares.
5. Return on Assets, Return on Equity, Current Ratio and Debt to Equity Ratio simultaneously have a significant effect on returns stock. The results show that the calculated F value is 14,512, and the F table is 2.64. Then F count > F table that is  $14,512 > 2.64$ . And significant research  $< 0.05$  that is  $0.000 < 0.05$ .

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# The Effect of Corporate Social Responsibility and Good Corporate Governance on Tax Avoidance (Mining Companies Listed on Idx in 2018-2020)

**Riza Safitri, Putri Zanufa Sari**

Department of Accounting, Narotama University  
Jl. Arief Rachman Hakim, No 51, 60117, Surabaya, Indonesia  
[putri.s.riza@gmail.com](mailto:putri.s.riza@gmail.com)

## Abstract

This study aims to partially and simultaneously examine and analyze the effect of corporate social responsibility, managerial ownership, independent board of commissioners, audit committee, and institutional ownership on tax avoidance in mining companies listed on the IDX in 2018-2020. This research was conducted on mining companies listed on the Indonesia Stock Exchange in 2018-2020 with purposive sampling technique. The method used in this study uses quantitative methods where the data taken is secondary data. The variables used include the dependent variable, namely tax avoidance, while the independent variables include CSR, managerial ownership, independent board of commissioners, audit committee, and institutional ownership. The results of this study indicate that CSR The significance value is 0.926 and the regression coefficient is -0.028, meaning that there is no significant effect between Corporate Social Responsibility (CSR) on Tax Avoidance. Managerial ownership the significance value is 0.722 and the regression coefficient value is -0.052, it means. There is no significant effect between Managerial Ownership on Tax Avoidance. Independent board of commissioners. The significance value is 0.000 and the regression coefficient is +0.647, meaning that there is a significant influence between the Independent Board of Commissioners on Tax Avoidance. Audit Committee the significance value is 0.572 and the regression coefficient is -0.078, meaning that there is no significant effect between the Audit Committee on Tax Avoidance. Institutional ownership the significance value is 0.535 and the regression coefficient is +0.006, meaning that there is a significant effect between institutional ownership and tax avoidance. Simultaneously CSR, managerial ownership, independent board of commissioners, audit committee and institutional ownership values significance of 0.000, meaning that there is a positive influence on Tax Avoidance.

## Keywords:

Corporate Social Responsibility, Good Corporate Governance and Tax Avoidance.

## 1. Introduction

Taxes are the main source of state income. Given that taxes have a large role, the Government of Indonesia intends to increase revenue generation in the tax sector. However, the efforts made by the government are not easy to do because there are still many companies that commit fraud (Jusman & Nosita, 2020).

In Indonesia, the tax avoidance figure is estimated to lose up to US\$ 4.86 billion per year. In the Tax Justice network report entitled The State of Tax Justice 2020: Tax Justice in the time of Covid-19, it is stated that from this figure, as much as US\$ 4.78 billion or equivalent to Rp. 67.6 trillion is the result of tax avoidance. carried out by companies that are legal entities in Indonesia. While the remaining US\$ 78.83 million or equivalent to Rp 1.1 trillion of income generated by taxes comes from the payment of individual taxpayers (Selvi, 2020).

Currently, the Directorate General of Taxes monitors these special transactions based on financial information data available abroad. The findings on the Tax Justice network state that in practice multinational companies transfer their profits to countries that are considered tax havens. Companies carry out such activities so that the profits generated by the company are not all reported in the country where they do business.

PT Adaro TBK in Jakarta is a company engaged in the coal mining sector. This company is said to have transferred a lot of profits to the offshore network, so there are allegations that there are practices to avoid and minimize tax payments to the Indonesian authorities. In a report released entitled Taxing Times for Adaro, global witness revealed that from 2009-2017, Adaro, using its Singapore subsidiary, Coaltrade Services International, paid US\$ 125 million less than it should have paid to the Indonesian government.

Tax avoidance by this company can occur because of the influence of several factors, namely Corporate Social Responsibility (CSR) and Good Corporate Governance (GCG). Corporate social responsibility is a form of corporate responsibility economically, socially, and environmentally to the environment, society and stakeholders (stakeholders). This CSR can be called a company's commitment to the community for business continuity in running infrastructure well in the long term so as to create a good relationship between the company and the surrounding community. Good corporate governance is a system or mechanism that regulates and controls the company to create added value and effective protection for all stakeholders.

Based on the background that tHaving described above, the formulation of the problem can be drawn as follows:

1. Does corporate social responsibility affect tax avoidance?
2. Does managerial ownership affect tax avoidance?
3. Does the independent board of commissioners affect tax avoidance?
4. Does the audit committee affect tax avoidance?
5. Does institutional ownership affect tax avoidance?
6. Do corporate social responsibility, managerial ownership, the proportion of independent commissioners, audit committees, and institutional ownership simultaneously affect tax avoidance?

## 2. Literatur Review

Legitimacy theory according to (Dowling & Pfeffer, 1975) is a theory that explains that a company or organization will create harmony between the rules that apply to the social environment around the organization with the values that exist in the organizational performance environment. If there are unequal events in creating goals, there will be a threat to the legitimacy of the company. This legitimacy theory aims to gain recognition of good companies in society. For this reason, the company will carry out good or positive activities so that the company is considered to have a positive image. When the company's positive image has been built, the company will not carry out activities that result in a decline in the company's reputation.

Agency theory (Agency Theory) according to Jensen & Meckling (1976) is a theory that explains that there is an agreement made by the principal and agent. The principal is the owner of the company, while the agent is a person who is hired or employed by the company in accordance with the needs of the principal and is trusted or authorized to make decisions. The granting of authority to management aims to obtain more information than the principal. However, the principal must also monitor the activities carried out by management so that the granting of authority is not used for personal gain (Lestari & Putri, 2017).

### 2.1. Frame of Mind

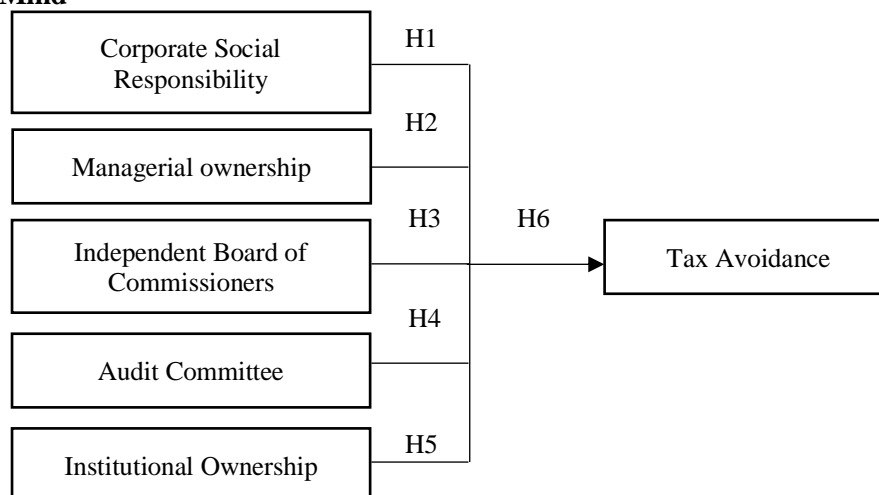


Figure 1. Framework

Based on the framework of thinking above, the following hypotheses can be drawn:

H1: Corporate Social Responsibility (CSR) has a negative effect on tax avoidance or tax evasion.

H2: Managerial Ownership has a negative effect on tax avoidance.

H3: Independent commissioners have a positive effect on tax avoidance.

H4: The audit committee has a negative effect on tax avoidance

H5: Institutional ownership has a positive effect on tax avoidance

H6: Simultaneously CSR, managerial ownership, independent board of commissioners, audit committee dan institutional ownership has a negative effect on tax avoidance.

## 3. Methods

This type of research is associative research which has the aim of testing the relationship between two or more variables using known hypotheses (Lestari & Putri, 2017). This study also uses quantitative data, meaning that the data is expressed in the form of numbers and can be measured or calculated directly. The population used in this study uses mining companies for the 2018-2020 period listed on the Indonesia Stock Exchange (IDX). The

sampling technique used purposive sampling method, namely the selection of samples in accordance with predetermined criteria by taking into account. This study uses secondary data obtained from the annual reports of mining companies listed on the Indonesia Stock Exchange for the 2018-2020 period. [www.idx.co.id](http://www.idx.co.id).

The variables used in this study are as follows:

### 3.1. Tax Avoidance

Tax avoidance is an effort made by a company that aims to minimize the tax burden so that it is lower by taking advantage of the weaknesses of the rules that have been set in taxation so that it can be called a legal action because it is contrary to the rules in taxation (Avianita). According to Pasaribu & Siahaan (2020) this tax avoidance can be calculated using the Cash Effective Tax Rate (CETR), namely the tax payments made by the company divided by the company's profit before paying taxes or as follows:

$$\text{CETR} = \frac{\text{Tax Payment}}{\text{Profit Before Tax}}$$

### 3.2. Corporate Social Responsibility (CSR)

CSR is the use of companies in managing their resources so that they can provide benefits to the community, by becoming part of community members (Herdi & Nr, 2020). In general, the measurement used in CSR uses the sustainability report standard created by the Global Reporting Initiative (GRI). In a study conducted by Rohyati & Surtoto (2021) using the GRI standard. The number of indicators in the GRI standard includes 77 disclosure indicators. Then, after getting the total value of disclosure, it can be measured using the following formula:

$$\text{CSRI}_j = \frac{X_{yi}}{N_i}$$

### 3.3. Managerial Ownership

Managerial ownership is someone who is in a position as a manager where that person is also an agent or manager of a shareholder and owns shares in the company and is a shareholder. The person referred to by the manager is the director, commissioner and other organs that can participate in making decisions that are important for the company. The following formula is used in managerial ownership:

$$\text{Managerial Ownership} = \frac{\text{Number of Shares Owned by Management}}{\text{Number of Shares Outstanding}} \times 100\%$$

### 3.4. Independent Board of Commissioners

An independent board of commissioners is a person who provides general or specific supervision related to the articles of association and provides input to the board of directors. In addition, this independent board of commissioners is tasked with protecting management from activities carried out by companies that violate predetermined regulations (Afifah & Prastiwi, 2019). The following formula is used to calculate the independent board of commissioners:

$$\text{Independent Commissioners} = \frac{\text{Number of Independent Commissioners}}{\text{The Total Number of the Board of Commissioners}}$$

### 3.5. Audit Committee

The audit committee is one of the components that must exist in companies listed on the IDX chaired by an independent commissioner. The task of the audit committee is to connect the company with external auditors to assess the risks that exist in the company and the company's compliance with regulations (Ardianti, 2019). The following formula is used in the audit committee

$$\text{Audit Committee} = \text{Audit committee member}$$

### 3.6. Institutional Ownership

Institutional ownership is a person who has share ownership in a company whose institutional ownership occurs at the end of the year. This institutional ownership is usually owned by governments, insurance companies, foreign investors, banks except for individual investors, legal entities, and other institutional ownership Amin et al. (2020). The following formula is used to calculate institutional ownership:

$$\text{Institutional Ownership} = \frac{\text{Institutional Shares} \times 100\%}{\text{Number of Shares Outstanding}}$$

## 4. Data Analysis Technique

### 4.1. Descriptive Statistics

This descriptive provides an explanation of the sample data conducted by the researcher. This explanation includes the mean or mean, standard deviation, maximum value and minimum value.

### 4.2. Classic Assumption Test

#### 4.2.1. Normality test

Research conducted by Avianita & Fitria (2020) explains the purpose of analyzing this regression model with the dependent variable and the independent variable whether normally distributed or not. This test uses a non-parametric Kolmogorov-Smirnov statistical test or a normal probability plot graph approach.

#### 4.2.2. Multicollinearity Test

This test aims to test whether in this regression model there is a correlation between the independent variables. A good test on this test should have no correlation between the independent variables. A regression model that is free from the multicollinearity test which has a VIF value of not more than 10 and a tolerance value of not less than 0.10 (Avianita & Fitria, 2020).

#### 4.2.3. Autocorrelation Test

In the research, Avianita & Fitria (2020) explain the purpose of this test to analyze whether in the regression model there is a confounding error or autocorrelation in period  $t$  with period  $t-1$ . Autocorrelation can be detected by looking at Durbin-Watson.

#### 4.2.4. Heteroscedasticity Test

Heteroscedasticity test aims to explain whether in the regression model there is an inequality of variance from one observation to another observation. If the variance of observations from one observation to another is fixed and there is no difference, then it can be said to be good and can be called homoscedasticity (Avianita & Fitria, 2020).

### 4.3. Multiple linear regression analysis

Multiple linear regression analysis is a test carried out to determine the effect of several independent variables and one dependent variable (Pasaribu, 2020). Multiple linear regression equation as follows:

$$\text{Tax Avoidance} = a + b_1 \text{ CSR} + b_2 \text{ KM} + b_3 \text{ KN} + b_4 \text{ KA} + b_5 \text{ KI} + e$$

Information:

a	: Koinstant
b	: coefficienten
e	: Error
CSR	: PCSR Disclosure
KM	: Ownership Management
KN	: godn Independent Commissioner
KA	: Audit Committee
KI	: KeInstitutional ownership

## 5. Results and Discussion

### 5.1. Descriptive Variable Statistics

Statistical descriptive analysis is used to provide a description of the research variables statistically in the form of minimum-maximum values, average values (means), and standard deviations (standard deviation). The results of the descriptive analysis can be seen in the SPSS output results as follows:

Table 1. Descriptive Statistics

	N	Minimum	Maximum	mean	Std. Deviation
CSR	54	.0882	.6029	.276143	.1351850
Managerial Ownership	54	.0000	.9800	.218546	.3358254
Independent Board of Commissioners	54	.0000	.5000	.407226	.1012474
Audit Committee	54	.3333	1.0000	.716052	.2552053
Institutional Ownership	54	.0300	26.7894	.805406	3.6072809
Tax Avoidance	54	.0045	6.1560	.455920	.8314799
Valid N (listwise)	54				

Based on the results of Descriptive Statistics, it can be seen that the minimum CSR value is 0.0882; the maximum value is 0.6029; the average is 0.276143; and the standard deviation is 0.1351850. MANAGERIAL OWNERSHIP the minimum value is 0.0000; the maximum value is 0.9800; the average is 0.218546; and the standard deviation is 0.3358254. INDEPENDENT BOARD OF COMMISSIONERS the minimum value is 0.0000; the maximum value is 0.5000; an average of 0.407226; and the standard deviation is 0.1012474. AUDIT COMMITTEE minimum score is 0.3333; the maximum value is 1.0000; an average of 0.716052; and the standard deviation is 0.2552053. INSTITUTIONAL OWNERSHIP the minimum value is 0.0300; the maximum value is 26.7894; the average is 0.805406; and standard deviation 3.6072809. Finally, TAX AVOIDANCE minimum value is 0.0045; maximum value 6.1560; the average is 0.455920; and standard deviation 0.8314799.

## 5.2. Classic Assumption Test Results

### 5.2.1. Normality test

The normality test was conducted to determine whether the data distribution of the research variables was normally distributed or not. Normality test using Kolmogorov-Smirnov analysis technique. The results of the normality test in this study are presented as follows:

 Table 2. Normality Test  
 One-Sample Kolmogorov-Smirnov Test

	N	Unstandardized Residual	
		Mean	Std. Deviation
	54	.0000000	.31982327
Normal Parameters		Absolute	.358
		Positive	.239
Most Extreme Differences		Negative	-.358
Kolmogrov-Smirnov Z			2,631
asympt. Sig. (2-tailed)			.294

The results of the normality test of the research variables showed that all research variables had a significance value greater than or equal to 0.05, so it could be concluded that the residuals were normally distributed.

### 5.2.2. Multicollinearity Test

Multicollinearity test was conducted to determine whether there is a correlation between the independent variables (independent). For this test, the Variance Inflation Factor (VIF) test facility is used. Multiple regression analysis can be continued if the VIF value is less than 10 and the Tolerance value is above 0.1. The results of the multicollinearity test are presented as follows:

Table 3. Multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
CSR	.872	1.146
Managerial Ownership	.835	1.197
Independent Board of Commissioners	.915	1.092
Audit Committee	.961	1.040
Institutional Ownership	.953	1.049

Based on the output results above, all independent variables have tolerance values above 0.1 and VIF values below 10, so it can be concluded that the regression model in this study does not occur multicollinearity.

### 5.2.3. Heteroscedasticity Test

Heteroscedasticity test aims to test whether in the regression model there is no similarity of variance from the residuals of one observation to another observation. If the variance of the residual from one observation to another observation remains, it is called homoscedasticity and if it is different, it is called heteroscedasticity. A good regression model is one with homoscedasticity or no heteroscedasticity. The results of the heteroscedasticity test can be seen through the graph plot between the predictive analysis of the dependent (dependent) variable, namely ZPRED and the residual SRESID, which is presented below:

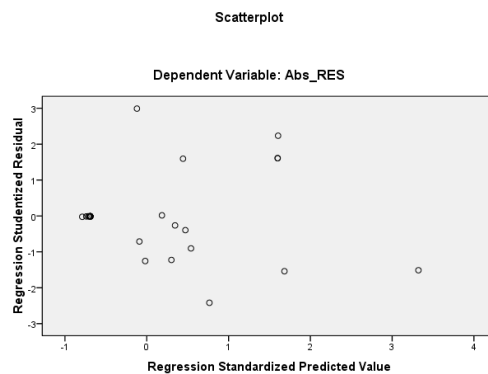


Figure 2. Heteroscedasticity Scatterplot Graph

The figure shows that there is no clear pattern and the dots spread above and below the number 0 on the Y axis, so there is no heteroscedasticity (Ghozali, 2011).

### 5.2.4. Autocorrelation Test

The autocorrelation test aims to test whether in the linear regression model there is a correlation between the confounding error in period t and the confounding error in period t – 1 (previous) (Ghozali, 2011). If there is a correlation, it is called an autocorrelation problem. Autocorrelation arises because successive observations over time are related to each other. A good regression model is one that is free from autocorrelation. The measuring instrument used to detect the presence of autocorrelation in this study used the Durbin-Watson (DW) test. The Durbin-Watson test is only used for level one autocorrelation and requires an intercept (constant) in the regression model and no more variables among the independent variables.

Table 4. Autocorrelation Test  
 Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.277 <sup>a</sup>	.074	-.022	.3306682	2.223

1. Predictors: (Constant), Institutional Ownership, Csr, Audit Committee, Independent Board Of Commissioners, Managerial Ownership
2. Dependent Variable: Tax Avoidance

Based on the output results above, it can be seen that the calculation result of the Durbin-Watson value is 2.223, which means the value is  $1.7684 < 2.223 < (4 - 1.7684 = 2.2316)$ . This shows that there is no positive autocorrelation.

### 5.3. Estimation Results and Proofing Hypotheses

Table 5. Estimation Results and Proofing Hypotheses

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.380	.173		13,733	.000
CSR	-.028	.303	-.013	-.094	.926

- a. Dependent Variable: Tax Avoidance

### 5.3.1. First Hypothesis Testing

Based on the output results above, it can be seen that the value of t count is -0.094. The significance value of 0.926 is greater than 0.05 and the value of the regression coefficient with a negative direction is 0.028 which indicates a negative effect. Based on the results of testing the hypothesis, it can be concluded that there is no significant effect between Corporate Social Responsibility (CSR) on Tax Avoidance, it can be concluded that the first hypothesis which states Corporate Social Responsibility (CSR) has a negative effect on tax avoidance or tax avoidance, is accepted.

Table 6. First Hypothesis Testing  
Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.407	.128		18,860	.000
Managerial Ownership	-.052	.146	-.050	-.358	.722

a. Dependent Variable: Tax Avoidance

### 5.3.2. Second Hypothesis Testing

Based on the output results above, it can be seen that the value of t count is -0.358. The significance value of 0.722 is greater than 0.05 and the value of the regression coefficient with a negative direction is 0.052 which indicates a negative effect. Based on the results of testing the hypothesis, it can be concluded that there is no significant effect between Managerial Ownership on Tax Avoidance, it can be concluded that the second hypothesis which states Managerial Ownership has a negative effect on tax avoidance, accepted.

Table 7. Second Hypothesis Testing  
Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	.029	.022		1.303	.202
Independent Board of Commissioners	.647	.089	.795	7.302	.000

b. Dependent Variable: Tax Avoidance

### 5.3.3. Third Hypothesis Testing

Based on the output results above, it can be seen that the value of t count is 7.302. The significance value of 0.000 is smaller than 0.01 and the regression coefficient value with a positive direction is 0.647 which indicates a positive influence. Based on the results of testing the hypothesis, it can be concluded that there is a significant influence between the board of Independent Commissioners on Tax Avoidance, it can be concluded that the third hypothesis which states Independent commissioners have a positive effect on tax avoidance, accepted.

### 5.3.4. Fourth Hypothesis Testing

Table 8. Fourth Hypothesis Testing  
Coefficients<sup>a</sup>

Unstandardized Coefficients		Standardized Coefficients		t	Sig.
B	Std. Error	Beta			
2,397	.073			32.890	.000
-.078	.137	-.079		-.569	.572

a. Dependent Variable: Tax Avoidance

Based on the results of the output above, it can be seen that the value of t count is -0.569. The significance value of 0.572 is greater than 0.05 and the value of the regression coefficient with a negative direction is 0.078 which indicates a negative effect. Based on the results of testing the hypothesis, it can be concluded that there is no significant effect between the AUDIT COMMITTEE on Tax Avoidance, it can be concluded that the fourth hypothesis which states the audit committee has a negative effect on tax avoidance, accepted.

### 5.3.5. Fifth Hypothesis Testing

Table 9. Fifth Hypothesis Testing Coefficients<sup>a</sup>

	Model	Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	.137	.028		4.926	.000
	Institutional Ownership	.006	.010	.112	.627	.535

a. Dependent Variable: Tax Avoidance

Based on the output results above, it can be seen that the value of t count is 0.627. The significance value of 0.535 is greater than 0.05 and the value of the regression coefficient with a positive direction of 0.006 which indicates a positive influence. Based on the results of testing the hypothesis, it can be concluded that there is a significant effect between Institutional Ownership on Tax Avoidance, it can be concluded that the fifth hypothesis which states that Institutional ownership has a positive effect on tax avoidance, accepted.

### 5.3.6. Sixth Hypothesis Testing

#### 1. Multiple linear regression testing

Table 10. Multiple linear regression testing Coefficients<sup>a</sup>

	Model	Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	2,384	.384		6.211	.000
	CSR	-.060	.325	-.027	-.185	.854
	Managerial Ownership	-.113	.160	-.107	-.706	.484
	Independent Board of Commissioners	.473	.256	.268	1.849	.071
	Audit Committee	-.090	.140	-.091	-.643	.523
	Institutional Ownership	.006	.068	.013	.089	.930

a. Dependent Variable: Tax Avoidance

Based on the output results above, the multiple linear regression equation can be expressed in the following equation:

$$Y = 0,005 + 0,585X_1 + 0,284X_2 + 0,105X_3 + 0,086X_4 + 0,001X_5$$

#### 2. Multiple Regression Significance Test (F Test)

Table 11. Multiple Regression Significance Test (F Test) ANOVA<sup>b</sup>

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.611	5	.122	33,631	.000a
	Residual	.098	27	.004		
	Total	.709	32			

a. Predictors: (Constant), Institutional Ownership, Csr, Managerial Ownership, Independent Board of Commissioners, Audit Committee

b. Dependent Variable: Tax Avoidance

Based on the test results, the calculated F value is 33,631 which indicates that there is a positive effect with a significance of  $0.000 < 0.01$ . This means that the sixth hypothesis which states simultaneously CSR, managerial ownership, independent board of commissioners, audit committee and institutional ownership have a negative effect on tax avoidance, are rejected.

## 6. Interpretation of Results and Discussion

### 6.1. The Effect of CSR on Tax Avoidance

The statistical results of the t-test for the Corporate Social Responsibility (CSR) variable obtained a t-count value of -0.094 with a significance value of  $0.926 > 0.05$  and a regression coefficient value in a negative direction

of 0.028 which indicates that there is a negative effect. It is supported by research conducted by Dharma & Noviani (2017), Dewanti & Sujana (2019), and Reinaldo et al. (2016) shows the results that CSR has a negative effect on tax avoidance. If the CSR disclosure made by the company is higher than the possibility of taking tax avoidance actions is getting smaller. CSR is a form of social responsibility to the community, when companies issue CSR disclosures, the company gets a positive image and trust among the government and society.

### **6.2. Effect of managerial ownership on tax avoidance**

The statistical results of the t-test for the managerial ownership variable obtained a t-count value of -0.358 with a significance value of  $0.722 > 0.05$  and a regression coefficient value in a negative direction of 0.052 which indicates that there is a negative effect. It is supported by research conducted by Amin et al., (2020), Fajarani (2021), and Kussanti & Leliana (2018) shows that managerial ownership has a negative effect on tax avoidance. In this case, it means that the higher managerial ownership, the lower the tax avoidance, while if the managerial ownership is low, then the possibility of tax avoidance action. This managerial ownership proportion motivates managers to improve and monitor performance within the company so that it can influence management not to do tax avoidance.

### **6.3. Effect of independent board of commissioners on tax avoidance**

The statistical results of the t-test for the board of commissioners variable obtained a t-count value of 7.302 with a significance value of  $0.000 < 0.05$  and a regression coefficient value with a positive direction of 0.647 which indicates that there is a positive influence. The results of this study are supported Research conducted by (Sari & Devi, 2018), and Nurhuda et al. (2019) shows that the results of the independent board of commissioners have a positive effect on tax avoidance. This is because the more the number of independent commissioners, the more difficult the coordination and communication relationship will be. Thus, it will lead to a lack of responsibility in making decisions and will result in tax avoidance.

### **6.4. The effect of the audit committee on tax avoidance**

The statistical results of the t-test for the audit committee variable obtained a t-count value of -0.569 with a significance value of  $0.572 > 0.01$  and a regression coefficient value with a negative direction of 0.078 which indicates that there is a negative effect. It is supported by research conducted by Adzimah (2017), Pujilestari & Winedar (2019), and Saraswaty (2018) shows the results that the audit committee has a negative effect on tax avoidance. The audit committee can supervise and evaluate the company's performance so that it can run well. In corporate governance, the audit committee plays an active role in determining tax obligations which in this case is closely related to tax avoidance. In addition, the audit committee also guarantees the company to do tax avoidance regardless of the large or small number of audit committees in the company.

### **6.5. The Influence of Institutional Ownership has an Effect on Tax Avoidance**

The statistical results of the t-test for the institutional ownership variable obtained a t-count value of 0.627 with a significance value of  $0.535 > 0.05$  and a regression coefficient value with a positive direction of 0.006 which indicates that there is a positive influence. It is supported by Research conducted by Putri et al. (2019) Noorica & Asalam (2021) and Setiawan et al. (2021) found that institutional ownership has a positive effect on tax avoidance. This is because if a person's institutional ownership is higher, then the possibility of tax evasion is possible. Such people will usually carry out profitable activities for the company by putting pressure on management to minimize tax payments and get optimal profits.

### **6.6. Simultaneous Influence Between Independent Variables on the Dependent Variable**

The results of the F test statistic for the independent variable obtained a calculated F value of 33.631 with a significance value of  $0.000 < 0.05$  which indicates that there is a positive effect.

## **7. Closing**

### **7.1. Conclusion**

1. Partially Corporate Social Responsibility (CSR) has a negative effect on tax avoidance, managerial ownership has a negative effect on tax avoidance, independent commissioners have a positive effect on tax avoidance, the audit committee has a negative effect on tax avoidance, and institutional ownership has a positive effect on tax avoidance.
2. Simultaneously CSR, managerial ownership, independent commissioners, audit committees, and institutional ownership have a positive effect on tax avoidance.

### **7.2. Suggestion**

For further researchers who use the same research, it is recommended to add variables that have not been included in this study, such as company size and profitability. In addition, it is also expected to increase the number

of years of observation, so that a better picture of the company's condition will be obtained and the extent to which the company's development is in carrying out tax obligations.

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# Effect of Profitability Ratio, Solvency Ratio, and Liquidity Ratio to Price Book Value (Pbv) on Food and Beverage Sub-Sector Companies Listed on the Idx in 2017-2021

**Anugrah Niken Pertiwi, Agus Sukoco**

Department of Accounting, Narotama University  
Jl. Arief Rachman Hakim, No. 51, 60117, Surabaya, Indonesia  
[anuggrahpertiwi889@gmail.com](mailto:anuggrahpertiwi889@gmail.com), [agus.sukoco@narotama.ac.id](mailto:agus.sukoco@narotama.ac.id)

## Abstrack

This study aims to determine and analyze the effect of profitability ratio (ROA), solvency ratio (DER), and Liquidity Ratio (CR) to Price Book Value (PBV) in food and beverage sub-sector companies listed on the Indonesia Stock Exchange in 2017-2021. The type of data in this study is secondary data in the form of financial statements of the company. The research method used is quantitative method. Samples in this study were determined using purposive sampling method based on certain criteria, obtained samples of 13 companies in the food and beverage sub-sector companies listed on the Indonesia Stock Exchange in 2017-2021. The dependent variable in this study is the Price Book Value (PBV) and the independent variables are profitability (ROA), solvency (DER), and liquidity (CR). The data analysis method used is multiple linear regression analysis in though using SPSS 25. Partial test results showed that profitability (ROA) has a significant effect on Price Book Value (PBV), solvency (DER) has a significant effect on Price Book Value (PBV), and liquidity (CR) has a significant effect on Price Book Value (PBV). While the simultaneous test shows that profitability (ROA), solvency (DER), and liquidity (CR) together significantly affect the Price Book Value (PBV).

## Keywords:

Liquidity (CR), Price Book Value (PBV), Profitability (ROA), Solvency (DER)

## 1. Introduction

The development of an increasingly tight business world creates intense competition between companies. One of these industries is a company engaged in the food and beverage industry. The food and beverage sector is the sector most resistant to the economic crisis. In times of crisis, food and beverage companies will still be in demand because they are the most basic needs. So that investment in food and beverage is a promising investment in line with the scale of population growth in Indonesia and the needs of the people of food and beverage. Food and beverage companies in Indonesia are growing day by day, as evidenced by the increasing number of food and beverage companies listed on the Indonesia Stock Exchange. Competition requires all companies to improve their performance to achieve their goals. The main purpose of a company is to increase the wealth of its owners or shareholders by increasing the value of the company. The higher the value of a company, the higher the price will be received by the owner of the company (Palestina & Djawoto, 2020)

The phenomenon experienced by issuers in the food and beverage sub-sector is the decline in company revenues in the 2019 period. Companies in the food and beverage sub-sector recorded a decrease in income or profit in several large-cap food and beverage issuers. Unilever Indonesia Tbk (UNVR), Mayora Indah Tbk (MYOR), Garudafood Putra Putri Jaya Tbk (GOOD). The net profits of the three listed companies each fell 4.37% at Unilever Indonesia Tbk (UNVR), down 0.51% at Mayora Indah Tbk (MYOR), and the biggest decline was 19.9% at Garudafood Putra Jaya Tbk (GOOD). Looking at the data further, the decline in UNVR's profit was also caused by a decrease in sales in the food and beverage segment. Sales in this segment reached Rp 3.1 trillion, down about 8.8 percent from last year's Rp 3.4 trillion. The food and beverage segment contributed 29% of UNVR's total sales. Meanwhile, the UNVR household equipment segment still showed a slight year-on-year growth of 2.7%. In the first quarter of 2019, revenue in this segment reached Rp 7.4 trillion or contributed 71% of total revenue. Two other companies experienced different things, namely MYOR and GOOD. It is also experiencing a decline in revenue due to various factors. The increase in operating expenses that exceeded sales growth, ultimately eroded the profits or profits of both companies. The decline in financial performance that occurs in food and beverage companies will certainly have an impact on the decline in company value.

The value of a company is one of the key concepts that investors consider when valuing an investment. The value of a company is reflected in the market price of the company's shares. The higher the share price of a company, the more investors are interested in investing in the company (Suroto, 2015).

Price Book Value is one of the indicators in assessing the company. PBV is a ratio that describes how much the market appreciates the book value of a company's stock. PBV is a ratio that measures the ratio of the price of a stock to its book value.

The policy that must be considered in optimizing the value of the company is profitability, because the profitability ratio indicates the success of the company in making a profit. According to Luis & Moncayo, (2019, p. 197). Improved performance of the company will increase the ROA which is a proxy example of profitability ratio. ROA is used to see the ability of an entity to generate profits from each asset owned. Asset returns also indicate the efficiency of an entity's asset utilization in delivering the entity's primary purpose of existence (Luis & Moncayo, 2019)

Another factor that can also affect the value of a company is solvency. Solvency (leverage) is described to see the extent to which a company's assets are financed by debt compared to its own capital. Liquidity ratios in this study in proaksikan with debt-to-equity ratio (DER). debt to equity ratio (DER) is the ratio of total debt held to total equity. Through the ratio, users can compare the source of funding obtained from shareholders. As with debt ratios, the higher the debt-to-equity ratio indicates a lower leverage utilization as well as a stronger equity capability of an entity (Luis & Moncayo, 2019).

Another variable that affects the value of the company is the liquidity ratio liquidity ratio is used to describe how liquid a company is and the company's ability to settle its short-term liabilities using current assets so that this ratio is used to measure the company's ability to pay obligations that will soon be due. Liquidity ratios in this study in proaksikan with current ratio (CR). The current ratio (CR) is used to compare the total of all current assets owned by an entity with all current liabilities owned. The higher the current ratio, the more an entity is considered to have the ability to meet its current liabilities.

Based on the background of the problems described above, the author is interested in conducting a study entitled "The effect of Profitability Ratios, solvency ratios, and Liquidity Ratios on Price Book Value (PBV) in food and beverage Sub-sector companies listed on the IDX in 2017-2021".

## **2. Literatur Review and Hypothesis Development**

Profitability has a significant effect on the value of the company (Awulle, Murni, & Rondonuwu, 2018). Profitability has a significant positive effect on the value of the company (Ndruru, Silaban, Sihalohe, Manurung, & Sipahutar, 2020). profitability has a positive and significant effect on company value (Palestina & Djawoto, 2020). Profitability has a positive effect on company value (Kepramareni, Ayu, Yuliasuti, Wayan, & Suarningsih, 2020). Profitability variables have a significant positive effect on company value (Riswanto, Redhono, & Nurhayatun, 2021). Profitability has a significant effect on the value of the company (Jihadi et al., 2021). Profitability variables significantly influence the variable value of the company (PBV) (Markonah, Salim, & Franciska, 2020). Profitability affects the value of the company. (Ningsih & Sari, 2019). Thus, the hypothesis is

### **2.1. H1: return on Assets partially significant effect on Price Book Value**

#### **2.1.1. Effect of Debt to Equity on Book Value**

Solvency against PBV, several studies on the effect of solvency on the value of the company that researchers have conducted and resulted in different conclusions. Solvency has a significant effect on the value of the company (Awulle et al., 2018). Leverage / solvency has no significant negative effect on the value of the company (Ndruru et al., 2020). Leverage has a positive and insignificant effect on the value of the company (Palestina & Djawoto, 2020). That leverage has a positive effect on company value (Kepramareni et al., 2020). Solvency has a significant positive effect on company value (Riswanto et al., 2021). Leverage has a significant effect on company value (Jihadi et al., 2021). The variable debt to equity ratio has a significance value of  $0.070 > 0.05$  this means that the debt to equity ratio has no significant effect on the value of the company (Supriadi, 2019). Leverage (DER) has a significant effect on the variable value of the company (PBV) (Markonah et al., 2020). Solvency (DAR) has no effect on the value of the company. (Ningsih & Sari, 2019). Thus, the hypothesis is

### **2.2. H2: Debt Equity ratio partially significant effect on Price Book Value**

#### **2.2.1. Effect of Current Ratio on Price Book Value**

Liquidity to PBV, several studies on the effect of liquidity on the value of the company have been conducted by researchers and resulted in different conclusions. Liquidity has no significant effect on company value (Awulle et al., 2018). Liquidity has a significant positive effect on the value of the company (Ndruru et al., 2020). Liquidity has a positive and insignificant effect on company value (Palestina & Djawoto, 2020). Liquidity has a positive effect on the value of the company. (Kepramareni et al., 2020). liquidity ratios have a significant effect on company value (Jihadi et al., 2021). Variable liquidity (CR) has no significant effect on the company's variable value (PBV) (Markonah et al., 2020). Liquidity (CR) has no effect on the value of the company. (Ningsih & Sari, 2019). Thus, the hypothesis is:

### 2.3. H3: Current Ratio partially significant effect on Price Book Value

Based on research conducted by (Awulle et al., 2018), the results of simultaneous test studies show that profitability, liquidity, solvency, simultaneously have a significant effect on the value of the company (Awulle et al., 2018).

### 2.4. H4: profitability, solvency, liquidity, simultaneously significant effect on Price Book Value (PBV)

### 2.5. Conceptual framework and hypothesis building

Based on the introduce above, the research framework is described as follows:

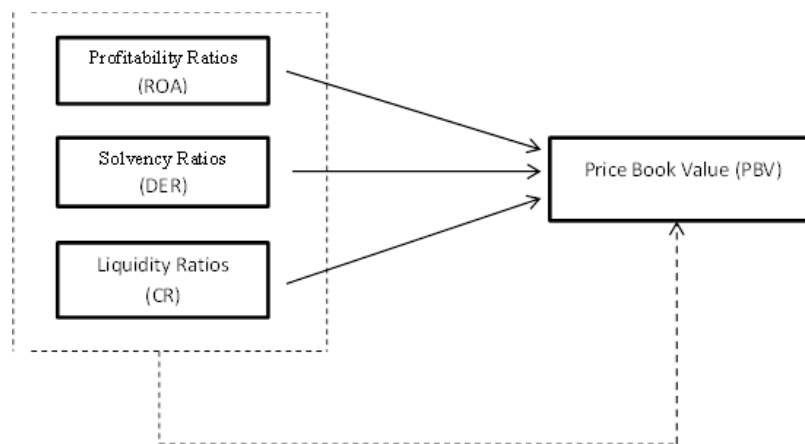


Figure 1 Conceptual framework and hypothesis building

## 3. Methods

### 3.1. Research Object

The object of this research is mkananan and beverage companies listed on the Indonesia Stock Exchange in 2017-2021. Source of data used in this study is the secondary data obtained from the annual financial statements through the site [www.idx.com](http://www.idx.com) and [www.idnfinancial.com](http://www.idnfinancial.com) during the period 2017-2021. The population of this study were all food and beverage companies listed on the Indonesia Stock Exchange in 2017-2021. Samples in this study were determined using purposive sampling method based on criteria. The samples taken in this study were as many as 13 food and beverage companies listed on the Indonesia Stock Exchange in 2016-2020. Of the total population of all food and beverage companies registered on the IDX as many as 26 companies. In this study diporeleh 13 companies from 26 companies because 13 companies are meeting the criteria in this study. These 13 companies have completed financial statement data and are needed by this study compared to other companies that do not have complete data in the form of incomplete financial statements in the year that has been determined.

### 3.2. Types, Sources and Thechniues of Data Collection

Based on the nature of the data used in this study are quantitative data besifat. Quantitative Data is data in the form of numbers. Quantitative Data in this study is in the form of annual financial statements on food and beverage companies for the period 2017-2021 listed on the Indonesia Stock Exchange. The source of data used in this study is secondary data. Secondary Data in this study were obtained from the annual financial statements of food and beverage companies listed on the Indonesia Stock Exchange in 2017-2021 which were published on the official website of the IDX, namely [www.idx.co.id](http://www.idx.co.id) and [www.idnfinancials.com](http://www.idnfinancials.com).

Data collection techniques used in this study is a documentation technique that is by collecting data on the annual financial statements of food and beverage companies. Testing the hypothesis of this study using multiple linear regression analysis. Multiple linear regression equation can be formulated as follow: This study was conducted using multiple linear regression method. In this study using tools such as statistical software that is SPSS. Multiple linear regression analysis was used to study the influence by using dependent variables (bound) and independent variables (free) (Yanti & Darmayanti, 2019).. The multiple regression equation in this study are as follows:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + e.....$$

Description:

- Y = book value price (PBV)
- X1 = return on assets (ROA)
- X2 = debt to equity ratio (DER)
- X3 = current ratio (CR)

## 4. Result and Discussion

### 4.1. Research Descriptive Statistic

Table 1. Deskripsi Data Penelitian  
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
ROA	45	-,03	,53	,1148	,11048
DER	45	,16	3,02	,8342	,63478
CR	45	,58	8,64	2,8944	2,06564
PBV	45	,81	28874484,38	3636677,721 0	7749115,73252
Valid N (listwise)	45				

Based on Table 1. during 2017-2021, it can be shown that the profitability / Return on Assets (ROA) variable has a minimum value of -0.03 percent owned by food and beverage sector companies on the IDX in 2017-2021, with a maximum value of ROA of 0.53 percent, a mean value of 0.1148 percent, with a standard deviation of 0.11048 percent which means a difference from the value of the ROA variable with an average of 0.11048 percent.

The solvency / Debt Equity Ratio (DER) variable has a minimum value of 0.16 percent owned by food and beverage sector companies on the IDX in 2017-2021, with a maximum value of DER of 3.02 percent, a mean value of 0.8342 percent, with a standard deviation of 0.63478 percent which means a difference from the value of the DER variable with an average of 0.63478 percent.

The liquidity / Current Ratio (CR) variable has a minimum value of 0.58 percent owned by food and beverage sector companies on the IDX in 2017-2021, with a maximum value of CR of 8.64 percent, a mean value of 2.8944 percent, with a standard deviation of 2.06564 percent which means a difference from the value of the CR variable with an average of 2.06564 percent.

The Price Book Value (PBV) variable has a minimum value of 0.81 percent owned by food and beverage sector companies on the IDX in 2017-2021, with a maximum value of PBV of 28874484.38 percent, a mean value of 3636677.7210 percent, with a standard deviation of 7749115.73252 percent which means a difference from the value of the PBV variable with an average of 7749115.73252 percent.

### 4.2. Result of Multiple Linear Regression Analysis

Tabel 2. Multiple Linear Regression Analysis

Model		Unstandardized Coefficients	
		B	Std. Error
1	(Constant)	-3320687,470	1799701,536
	ROA	5775547,452	4210246,161
	DER	3874053,346	1060308,701
	CR	-1002630,053	327654,250

Results of linear equations:

$$Y = -33320687,470 + 5775547,452 X_1 + 3874053,346 X_2 - 1002630,053 X_3$$

From the results of the multiple linear regression equation, each independent variable can be interpreted influence terhadap Price Book Value/ value of the company as follows:

1. Constant of -33320687,470 the value of the coefficient indicates that if there is no independent variable in the independent variable (ROA, DER, CR) then the variable Price Book Value (PBV) has a value of -33320687,470.
2. Regression coefficient Return on Assets (ROA) (X<sub>1</sub>) is positive and the magnitude is 5775547.452 means that if the Return on Assets increased by 1%, then the coefficient of Price Book Value /company value (Y) will increase by 5775547.452.
3. Regression coefficient Debt Equity Ratio (DER) (X<sub>1</sub>) is positive and the magnitude is 3874053.346 means that if the Debt Equity Ratio has increased by 1%, then the coefficient of Price Book Value /company value (Y) will increase by 3874053.346
4. Regression coefficient Current Ratio (CR) (X<sub>1</sub>) marked negative and the magnitude is 1002630.053 means that if the Current Ratio has increased by 1%, then the coefficient of Price Book Value /company value (Y) will decrease by 1002630.053.

#### 4.2.1. Result of the model feasibility test (F – test)

Simultaneous hypothesis testing (F-test) is used to show whether all the independent variables included in the model have a simultaneous (simultaneous) influence on the dependent variable. Can be said to affect simultaneously if the value of F count > Ftable and significance value < 0.05. The result of the simultaneous significance test of this study can be seen in table 3.

Table 3. Result of the model fe

Model	F	Sig.
1 Regression	80,887	,000b
Residual		
Total		

Based on the results of SPSS data processing above that obtained the value of F. GIs of 0.000 which is smaller than 0.05 or (0.000 < 0.05) which means that the variable profitability (ROA), solvency (DER), and liquidity (CR) simultaneously affect the dependent variable company value (PBV) in food and beverage companies listed on the IDX. This suggests that this study deserves to be continued in the next analysis.

#### 4.2.2. Coefficient of Determination

Tabel 4. The coefficient determination R<sup>2</sup>

Model	R	R Square	Adjusted R Square
1	,925a	,855	,845

R<sup>2</sup> value of 0.855 (85.5%) indicates the independent variable can explain the dependent variable is equal to 85.5% while 14.5% is explained by other variables outside this study. While the remaining 14.5% (100% - 85.5%) is described by other variables that are not included in the equation.

#### 4.2.3. Partial Test Result (t- test)

Tabel 5. Partial Test Result (t-test)  
Coefficients<sup>a</sup>

Model	t	Sig.	
1 (Constant)	-1,845	,072	
ROA	13,718	,000	
DER	3,654	,001	
CR	-3,060	,004	

Based on partial test results in Table 4.10 it can be concluded as follows:

1. Test the effect of profitability (ROA) on company value (PBV). Based on the table above is known t value of 13.718 and a significant value of 0.000 less than the value of the Test level or 0.000 < 0.05, so it can be concluded that the partial profitability (ROA) positive and significant effect on the value of the company (PBV). Thus, the first hypothesis (H1) which states that profitability (ROA) has a positive and significant influence on the value of the company (PBV), accepted.
2. Test the effect of Solvency (DER) on the value of the company (PBV). Based on the table above is known t value of 3.654 and a significant value of 0.001 is smaller than the value of the Test level or 0.001 < 0.05, so it can be concluded that partial solvency (DER) positive and significant effect on the value of the company (PBV). Thus, the second hypothesis (H2) which states that solvency (DER) has a positive and significant influence on the value of the company (PBV), accepted.
3. Test the effect of liquidity (CR) on company value (PBV). Based on the table above, it is known that the value of t is -3.060 and the significant value is 0.004 less than the value of the Test level or 0.004 < 0.05, so it can be concluded that partial liquidity (CR) has a positive and significant effect on the value of the company (PBV). Thus, the third hypothesis (H3) which states that liquidity (CR) has a positive and significant influence on the value of the company (PBV), accepted.

The results showed that the Return on Assets (X1), Debt Equity Ratio (X2) and Current Ratio (X3) significantly affect the book value of the price (PBV) (Y). from the results of multiple linear analysis obtained F count (80.887) is greater than f table with a significant level of 5% and significant (0.000) < (0.05), so it can be

concluded that the hypothesis states return on assets (ROA) (X1), debt equity ratio (DER) (X2), and current ratio (CR) (X3) significantly affect the book value price (PBV).

## 5. Conclusion

1. Profitability ratio (X1) provides significant to the Price Book Value of food and beverage companies listed on the IDX in 2017 to 2021. The results of statistical tests get the regression coefficient value of 5775547.452, t-calculate ROA of 13.718 greater than T-table 2.01410 and the significance value of  $0.000 < 0.05$ . So, it can be concluded that the partial profitability ratio as measured by return on assets (ROA) has a positive and significant influence on the value of the company (PBV).
2. The solvency ratio (X2) provides a significant impact on the Price Book Value of food and beverage companies listed on the IDX in 2017 to 2021. The results of statistical tests get the regression coefficient value of 3874053.346, t-count DER of 3.564 greater than T-table 2.01410 and the significance value of  $0.001 < 0.05$ . So, it can be concluded that partially solvency ratio measured by debt equity ratio (DER) has a positive and significant influence on the value of the company (PBV).
3. Liquidity ratio (X3) provides significant to the Price Book Value of food and beverage companies listed on the IDX in 2017 to 2021. Statistical test results get the value of regression coefficient -1002630.053, der significance value  $0.004 < 0.05$ . So, it can be concluded that the partial liquidity ratio as measured by the current ratio (CR) gives a positive and significant influence on the value of the company (PBV).
4. The results simultaneously showed that the value of F. GIs of 0.000 which is smaller than 0.05 or ( $0.000 < 0.05$ ) which means that the variable profitability (ROA), solvency (DER), and liquidity (CR) simultaneously affect the dependent variable company value (PBV) in food and beverage companies listed on the IDX.

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