Ijaraa International Journal Of Integrated Accounting

Vol.1, No. 1 (Jun, 2024)
Page. 045-061
E-ISSN: XXXX-XXX

Liquidity, Profitability And Solvency Value Of Manufacturing Companies Registered In Jakarta Islamic Index 70

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ARTICLE INFO :

Keywords :

Liquidity; Profitability; Solvency and Company Value

Article History :
Received :2024-04-08
Revised : 2024-05-29
Accepted :2024-06-06
Online :2024-06-06

ABSTRACT

The purpose of this study is to determine the effect of liquidity on firm value. This research was conducted at manufacturing companies belonging to the Jakarta Islamic Index 70 (JII 70) period 2020 – 2022, totaling 14 companies. With the purposive sampling method, the sample in this study was determined as many as 12 companies. Data analysis using multiple linear regression. The results of the study explain that liquidity and solvency have a positive and significant influence, while profitability has a negative and insignificant effect on firm value in manufacturing companies that are classified as JII 70 for the 2020 – 2022 period.

INTRODUCTION

Sharia shares are shares whose implementing regulations are in the form of contracts, methods and business activities which form the basis for issuance in accordance with sharia principles in the capital market. The development of sharia finance in the Indonesian capital market is currently growing rapidly. This shows that the share of the sharia financial market in Indonesia is very large because Indonesia is the largest Muslim country in the world and encourages investors to make one of their choices a sharia-based online trading service (Darmadji and Fakhrudin, 2015).

Sharia investment in the capital market is part of the sharia financial industry which has an important role in increasing the market share of the financial industry in Indonesia. Even though the sharia financial industry is a relatively new development, it is hoped that sharia investment in the Indonesian capital market will experience rapid growth. Sharia shares are proof of ownership of

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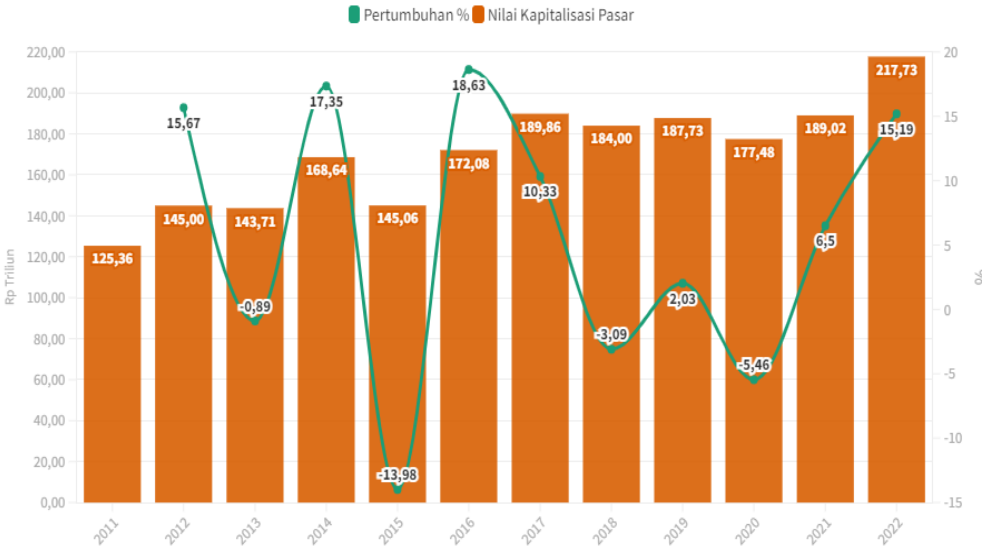
a company whose type of business, products, services provided and contracts and management methods do not conflict with sharia principles and do not include shares that have special rights (Darmadji and Fakhrudin, 2015).

The following image shows the growth rate of the Islamic stock index in Indonesia (ISSI) from 2011 to 2022, as follows:

Figure 1. Growth Rate of the Indonesian Sharia Stock Index (ISSI) from 2011 to 2022



Data source : [Indonesia.id data for 2023]

One of the aims of the sharia stock index is to make it easier for investors to find references for sharia investing in the capital market. The BEI continues to develop sharia stock indexes looking at the needs of capital market industry players. Currently, there are 5 (five) sharia stock indices in the Indonesian capital market, including the Indonesian Sharia Stock Index (ISSI), Jakarta Islamic Index (JII), Jakarta Islamic Index 70 (JII70 Index), an index that measures the price performance of 17 sharia stocks. which is a State-Owned Enterprise (BUMN) and DX Sharia Growth (IDXSHAGROW) is an index that measures the price performance of 30 sharia shares that have a growth trend in net profit and income relative to price with transaction liquidity and good financial performance.

This research was conducted on companies that are included in the Jakarta Islamic Index (JII). According to Andriani (2015) The aim of establishing JII is to increase investor confidence in investing in sharia-based shares and provide benefits for investors in implementing Islamic sharia to invest on the stock exchange. JII is also expected to support the process of transparency and accountability for sharia-based shares in Indonesia. The following is the development of the growth rate of the Jakarta Islamic Index (JII) market capitalization:

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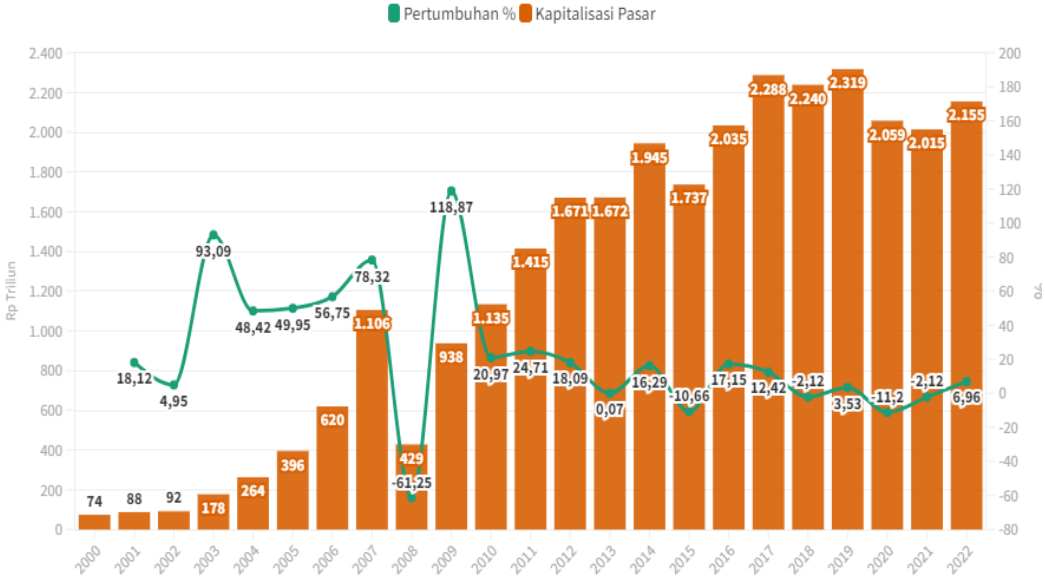
Figure 2. Jakarta Islamic Index (JII) Market Capitalization Growth Rate from 2000 to 2022



Data source :[Indonesia.id data for 2023]

According to Confident (2021) explains that the manufacturing industry is an industrial company that focuses on processing raw or semi-raw materials into materials suitable for use. This manufacturing is also a business or venture that allows you to sell a finished product at a higher cost. This happens because manufacturers process finished products from raw materials or raw materials.

Company value is very important for a company, because increasing company value is expected to attract shareholders to invest in the company. Increasing the value of the company will also affect the welfare of employees, therefore those in the company are required to utilize their capabilities as fully as possible so that the company is superior in competing compared to other companies (Timanan and Ratnawati, 2021).

According to Wati et al (2022) Company value is often linked to share prices, namely as investors' response to the company's level of success. The high growth of company value creates a desire for those who own the company, this shows the welfare of investors. There are several factors that can influence company value, namely financial ratios.

Financial Ratios are a company financial analysis tool in assessing the performance of a company based on comparisons of financial data contained in financial report items (Brigham and Houston, 2015). This can be done by comparing the financial ratios in a period with the previous period. Apart from that, analysis can also be carried out by comparing the financial ratios of a company with similar companies in the same industry in terms of liquidity, profitability and solvency factor (Irham, 2014)

According to Cashmere (2015) explains that the liquidity ratio is a ratio that shows the company's ability to fulfill its obligations or pay short-term debt. The liquidity ratio can be measured using the Current Ratio, which is too high and is not good for the company, because it indicates an accumulation of current assets

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or excess cash. Excessive cash that is not managed well will cause the company to lose investment opportunities from investors, which can affect the company's profits.

Apart from liquidity, when making investments, investors will consider profits from which companies will provide high returns. The selection of profitability ratios is based on the reason that profitability ratios show the company's effectiveness or performance in generating profit levels using the assets it owns. This ratio reflects how effectively the company is managed and reflects the net results of a series of company asset management policies. The profitability ratio used is return on assets (ROA), which is a ratio that compares profits to assets used to increase company value (Brigham and Houston, 2015).

The next factor is solvency. According to Cashmere (2015) explains that the solvency ratio is a ratio that describes a company's ability to pay its long-term obligations/obligations if the company is liquidated. Solvency can show the extent to which a company's assets or capital can cover its liabilities. If a company does not have sufficient assets or capital to meet its obligations, then this company is an insolvent company, meaning the company has too much debt but the company does not have many assets to cover its obligations.

Based on the background of the problem that has been explained, the aim of this research is to determine the effect of liquidity, profitability and solvency on company value in manufacturing companies classified as JII 70 for the 2020 - 2022 period.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

A. Literature Review

1. Trade Off Theory

Trade off theorybased on the profits obtained from the use of debt, namely profits from taxes and bankruptcy expenses. Trade-off theory states that when the capital structure position is below the specified limit, the company increasing its debt will be followed by an increase in company value. However, when the capital structure is above the specified limit, the company increasing its debt will be followed by a decrease in company value. The company will increase debt to a certain level of debt, where agency costs cause a company's credibility to decrease. The decline in company credibility occurs due to tax deductions from additional debt costs or financial distress costs (Mayangsari, 2018).

2. Signal Theory (Signaling Theory)

Signaling Theory or signal theory developed by Ross which states that company executives who have better information about their company will be encouraged to convey this information to potential investors so that their company's share price increases. Signal theory explains how a company should provide signals to users of financial statements. Company managers will provide information through financial reports that they apply conservatism accounting policies which produce higher quality profits. If the profit reported by the company increases then this information can be categorized as a good signal because it indicates the company's condition is good. On the other hand, if reported profits decrease, the company is in bad condition so it is considered a bad signal (Marianti and Suryana, 2018).

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According to Zahro (2020) Signaling theory is one of the factors that can influence company value based on financial performance, which is work performance reflected in the financial condition of a company which is used to measure the level of success in generating profits or benefits by relying on the resources owned by the company so that it has potential in the future.

3. Agency Theory (Agency Theory)

Agency theory is a relationship or contract between the owner or shareholder (principal) and management (agent). As a manager (agent), the manager is responsible for maximizing shareholder profits (Mayangsari, 2018).

According to Zahro (2020) Agency theory states that an agency relationship is formed when one or more principal parties employ another party as an agent to provide work and then hand over the authority to make decisions to the agent. One of the company's main goals is to maximize shareholder profits. Meanwhile, investors are not happy with this interest because it will incur agency costs which can reduce company profits and have an impact on share prices and can reduce company value. One option that can be used to reduce agency costs is by increasing institutional ownership.

4. The value of the company

Company value is investors' perception of the company, which is often linked to share prices. According toBrigham and Houston (2015),Company value is very important because high company value will be followed by high shareholder prosperity. The higher the share price, the higher the company value. A high company value is the desire of company owners, because a high value shows that shareholder prosperity is also high. An increasing company value can be indicated by the company's total assets increasing and being greater than the company's total debt (Irham, 2014).

An increasing company value can be indicated by the company's total assets increasing and being greater than the company's total debt. According to Suryadin and Purnama (2022), PBV is calculated using the following formula:

$$\textit{Price to book value} = \frac{\text{Harga Per Lembar Saham}}{\text{Nilai Buku Per Lembar Saham}}$$

5. Liquidity

Liquidity ratios can be defined as ratios that show a company's capability to cover its short-term obligations. Liquidity ratios are also known as ratios that can be used to measure the extent of a company's capability to pay off its short-term obligations that are due (Irham, 2014). In this research, the liquidity ratio is proxied by the current ratio. The current ratio is a liquidity ratio that shows the company's ability to pay off its short-term obligations. The current ratio is the result of a comparison between total current assets and total current liabilities. The higher the current ratio, the better the company's ability to pay its various short-term obligations. The company's good financial condition is indicated by a high CR (Siregar and Eduard (2022). Current Ratio (CR) can be calculated using the formula: (Hendra, 2019).

$$\text{Current Ratio} : \frac{Aktiva\ Lancar}{Utang\ Lancar}$$

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6. Profitability

Profitability is the company's ability to earn profits through its business operations using asset funds owned by the company. Another definition also states that profitability shows the company's ability to generate profits and measures the level of operational efficiency and efficiency in using the assets it owns (Brigham and Houston, 2015).

Return On Equity (ROE) as follows: the return on equity or return on equity or profitability of own capital is a ratio to measure net profit after tax with own capital. ROE can be calculated using a formula (Hendra, 2019):

$$\text{Return On Equity} : \frac{Laba\ Bersih\ Setelah\ Pajak}{Ekuitas}$$

7. Solvency

The solvency ratio or leverage is the use of assets or funds where for this use you must cover or pay fixed expenses. Solvency shows the proportion of debt used to finance investments. This ratio measures the company's ability to fulfill its long-term obligations. This ratio also measures the long-term solvency of the company and thus focuses on the right side of the balance sheet (Cashmere, 2015).

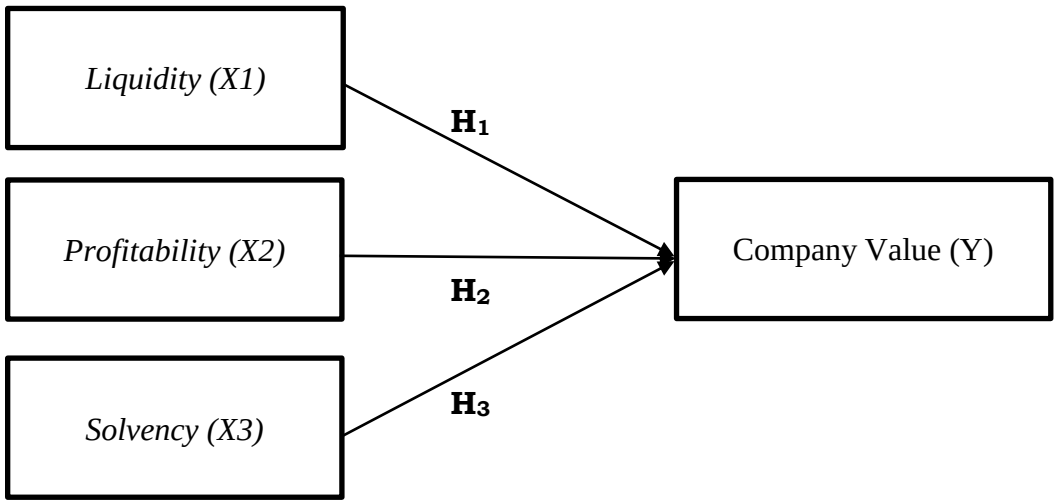
DER is a ratio used to assess debt versus equity. This ratio is found by comparing all debt, including current debt, with all equity. This ratio is used to determine the amount of funds provided by the borrower (creditor) and the company owner. In other words, this ratio functions to find out every rupiah of own capital used as collateral for debt. DER can be calculated using the formula: (Hendra, 2019)

$$\text{Debt Equity Ratio}: \frac{Total\ Utang}{Ekuitas}$$

B. Hypothesis Development

Based on the relationships and research hypotheses that have been explained, the framework for this research is as follows:

Figure 3. Framework of Thought



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HYPOTHESIS

H1: Liquidity has an influence on company value.
H2: Profitability Affects Company Value.
H3: Solvency Affects Company Value.

RESEARCH METHOD

The objects of this research are manufacturing companies that are classified as JII 70 for the 2020 - 2022 period. This research starts from December 2022 - June 2023.

Population and Sample

Population is a group of research elements where the element is the smallest element that is the required data source (Sugiyono, 2012). The population in this research is manufacturing companies belonging to JII 70, totaling 14 companies. The criteria for determining the sample are as follows (1) Manufacturing companies registered in JII 70 during 2020 – 2022, (2) Manufacturing companies that submit financial reports for 2020–2022 consecutively and (3) Companies that make a profit every year

Based on the criteria that have been determined, the samples in this research are companies that are classified as manufacturing companies registered with JII 70 in the 2020 - 2022 period, totaling 12 companies.

Data Types and Sources

This research uses secondary data. Secondary data is data that has been collected by an institutioncollectordata and published to the data user community (Sugiyono, 2016)**.** Secondary data in this research are company financial reports downloaded via the official website on the Indonesia Stock Exchange and the companies concerned in the 2020 - 2022 period.

Method of collecting data

Data collection is a process to obtain research data that is valid, accurate and can be accounted for. This data will be processed into information that is used to accept or reject the hypothesis (Sugiyono, 2016). The data in this research was collected by collecting empirical data and literature study. Empirical data collection is carried out by collecting data sources created by companies such as company annual reports. Literature study uses several literatures such as journals, articles and other literature related to the discussion in this research.

Data analysis method

Descriptive Statistical Analysis

In analyzing the data obtained, the author uses a quantitative descriptive method, which is a method that can explain existing research results by using mathematical formula equations and connecting them with existing theories, then drawing conclusions. In this research, Eviews Version 10 software was used (Ghozali, 2016).

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Classical Assumption Test

The classical assumption test is a statistical requirement that must be met in multiple linear regression analysis. Classical assumption testing is testing statistical assumptions that must be met in multiple linear regression analysis. The classical assumption tests that are often used are the normality test, multicollinearity test, heteroscedasticity test, autocorrelation test.

Research Data Model

The data used in this research is panel data. Panel data is a type of data that is a combination of time series and cross section data. One of the advantages of using panel data is that it can provide more informative data and is better at detecting and managing unobservable effects in time series and cross section data. This research was created using multiple regression, the testing of which will be carried out with the help of the EViews version 10 program

Eviews was chosen because of its ability to process panel data, with various models such as random effects and fixed effects models. As well as choosing which model is most relevant through the Chow Test and Hausman Test. Eviews is very good at supporting its users, in terms of statistical tests related to time series data.

Hypothesis testing

Simultaneous F Test

To carry out hypothesis testing simultaneously, the F Test is used. The F Test aims to determine the effect of all independent variables on the dependent variable, and to find out whether the independent variable has a significant relationship or not with the dependent variable simultaneously for each variable.

Coefficient of Determination

According toGhozali (2016)The coefficient of determination (adjust R2) essentially measures how far the model's ability is to explain variations in the dependent variable. The coefficient of determination value is between zero and one. A small R2 value means that the ability of the independent variables to explain variations in the dependent variable is very limited.

Multiple Linear Regression Analysis

According to Ghozali (2016) Hypothesis testing in this study used multiple linear regression analysis tools. Multiple linear analysis is a regression analysis technique used to test the influence of several independent variables on one dependent variable. To determine the relationship between independent and dependent variables, the author uses multiple linear regression.

Partial Hypothesis Testing

The partial test aims to find out how much influence the independent variable has on the dependent variable with the assumption that the other variables are constant. The calculated t value is used to test the partial influence (per variable) of the independent variable on the dependent variable.

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RESULTS AND DISCUSSION

A. Results

Research Data Analysis

Descriptive Analysis of Research Data

The following are the results of descriptive analysis of each variable used in this research:

Table 2. Descriptive Analysis of Research Data

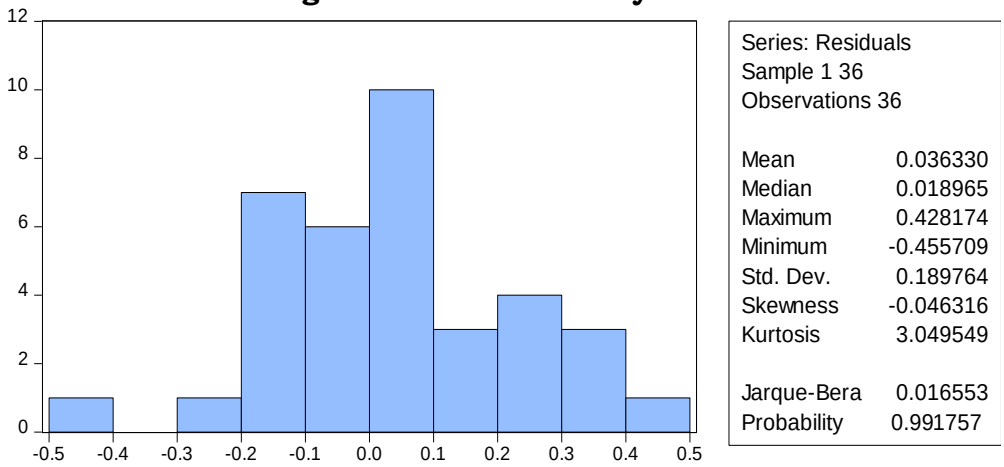
	N.P	CR	ROE	DER
Mean	11234.27	251.0125	25.15917	1.026389
Median	1941.425	229.2900	14.31500	0.900000
Maximum	79150.33	444.5200	145.0900	3.580000
Minimum	2.990000	60.82000	-5.300000	0.160000
Std. Dev.	18239.59	113.6878	36.18387	0.820763
Skewness	2.158809	-0.004459	2.555481	1.876641
Kurtosis	7.391025	1.779113	8.369069	6.425932
Jarque-Bera	56.88438	2.235968	82.42323	38.73620
Probability	0.000000	0.326938	0.000000	0.000000
Observations	36	36	36	36

Source: Eviews Processed Data, 2023

Classic assumption test

The following are the results of the normality test used in this research. The results of the normality test are explained in the table below:

Figure 4. Data Normality Test



Eviews 10 Processed Data Source

The results of the normality test above, where the resulting probability value is 0.991757 > 0.05, can be concluded to explain that the data used in this research has a normal distribution.

The following are the results of the multicollinearity test used in this research. The results of the multicollinearity test are explained in the table below:

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Table 3. Multicollinearity Test

Variables	Uncentered VIF	Centered VIF
C	22.00689	NA
CR	11.67221	1.940791
ROE	3.454067	2.306902
DER	9.202356	3.527827

Source: Eviews Processed Data, 2023

The results of the data above, where the variance influence factor (VIF) value of each variable used in this study is smaller than 10. So the data used in this study does not contain symptoms of multicollinearity.

The following are the results of the heteroscedasticity test used in this research. The results of the heteroscedasticity test are explained in the table below:

Table 4. Heteroscedasticity Test

Heteroskedasticity Test: Glejser

F-statistic	1.722701Prob. F(3.32)	0.1820
Obs*R-squared	5.005683Prob. Chi-Square(3)	0.1714
Scaled explained SS	7.507420Prob. Chi-Square(3)	0.0574

Source: Eviews Processed Data, 2023

The results of the data above, where is the probability value ofObs*R-squared inThe variables used in this research are greater than 0.05. So the data used in research is heteroscedasticity.

Table 5. Autocorrelation Test

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	1.850333Prob. F(8.24)	0.1164
Obs*R-squared	13.73349Prob. Chi-Square(8)	0.0890

Source: Eviews Processed Data, 2023

The results of the data above, where is the probability value ofObs*R-squaredin the variables used in this research is greater than 0.05. Thus, the data used in this study does not contain symptoms of autocorrelation.

Research Model Selection Test

1. Test Chow Test

The Chow test is used to choose between the Common Effect method and the Fixed Effect method, with the following decision making conditions:

H0: Common effect method

H1: Fixed effect method

If the p-value of the Chi Square cross section < α = 5%, or the probability value (p-value) of the F test < α = 5% then H0 is rejected or it can be said that the

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method used is the fixed effect method. If the p-value of the Chi Square cross section ≥ α = 5% or the probability value (p-value) of the F test ≥ α = 5% then H0 is accepted, or it can be said that the method used is the common effect method.

Table 6. Selection Test Using the Chow Test Model

Effects Test	Statistics	df	Prob.
Cross-section F	2.192788	(11.21)	0.0587
Chi-square cross-section	27.533443	11	0.0038

Source: Eviews Processed Data, 2023

Based on the criteria using the chow test where the resulting corss – section f value is 0.0587 > 0.05, the data used is the common model which is better than the fixed model.

2. Hausmant Test

The Hausman test is used to determine whether the Random Effect method or the Fixed Effect method is appropriate, with the following decision making conditions:
H0: Random effect method
H1: Fixed effect method

If the random cross section p-value < α = 5% then H0 is rejected or the method used is the Fixed Effect method. On the other hand, if the random cross section p-value ≥ α = 5% then H0 is accepted or the method used is the Random Effect method.

Table 7. Selection Test with the Hausmant Model

Test Summary	Chi-Sq. Statistics	Chi-Sq. df	Prob.
Random cross-section	2.617074	3	0.4545

Source: Eviews Processed Data, 2023

The resulting random corss – section probability value is 0.4545 > 0.05, so random effects are better used in research than fixed models.

3. Test LM Test

If the p-value of the Chi Square cross section < α = 5%, or the probability value (p-value) of the F test < α = 5% then H0 is rejected or it can be said that the method used is the common effect method. If the p-value of the Chi Square cross section ≥ α = 5% or the probability value (p-value) of the F test ≥ α = 5% then H0 is accepted, or it can be said that the method used is the random effect method.

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Table 8. Selection Test Using the LM Test Model

Null (no rand. effect) Alternatives	Cross-section One-sided	Period One-sided	Both
Breusch-Pagan	1.642709 (0.2000)	1.387611 (0.2388)	3.030320 (0.0817)

Source: Eviews Processed Data, 2023

The output results where the resulting probability value of Breusch - pagan is 0.2000 is more than 0.05, it can be concluded that the common model is better than the random model.

Based on the model selection tests that have been carried out, the data used in this research is common effect model data.

Multiple Linear Regression Analysis

The following are the results of multiple linear regression used in this research. The results of multiple linear regression are explained in the table below:

Table 9. Multiple Linear Regression

Variables	Coefficient	Std. Error	t-Statistics	Prob.
C	-30785.38	10867.53	-2.832785	0.0079
X1	82.30548	28.79017	2.858805	0.0074
X2	-18.84040	98.62075	-0.191039	0.8497
X3	21272.59	5376.559	3.956544	0.0004

R-squared	0.469045	Mean dependent var	11234.27
Adjusted R-squared	0.419268	SD dependent var	18239.59
SE of regression	13899.61	Akaike info criterion	22.02155
Sum squared resid	6.18E+09	Schwarz criterion	22.19750
Log likelihood	-392.3879	Hannan-Quinn Criter.	22.08296
F-statistic	9.422935	Durbin-Watson stat	1.198844
Prob(F-statistic)	0.000130		

Source: Eviews Processed Data, 2023

Based on the results of data processing, the regression equation produced in this research is:

Y = -30,785.38 + 82.30548X1 – 18.84040X2 + 21,272.59X3

The meaning of the resulting regression equation is:

1. The constant value is -30,785.38. Explains that if liquidity (current ratio), profitability (return on equity) and solvency (debt to equity ratio) are assumed to be 0, the resulting company value (price book value) will be -30,785.38.
2. The coefficient value of 82.30548 explains that liquidity (current ratio) has a positive influence. This means that the better the liquidity (current ratio) produced, the higher the company value (price book value) produced.

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3. The coefficient value of 18.84040 explains that profitability (return on equity) has a negative influence. This means that poor profitability (return on equity) can have an impact on the resulting decrease in company value (price book value).
4. The coefficient value of 21,272.59 explains that solvency (debt to equity ratio) has a positive influence. This means that the better the solvency (debt to equity ratio) produced, the higher the company value (price book value) produced.

Simultaneous F Test

From table 9above, it is known that F is calculated as9.422935with a significance of 0.000000. The F table can be obtained from the F statistical table of 2.90. Thus it is known that F count (9.422935) > F table (2.90) with Sig. (0.000000) < 0.05. This means simultaneously liquidity (current ratio), profitability (return on equity) and solvency (debt to equity ratio)has an influence on the company value of manufacturing companies registered in JII 70 for the 2020 – 2022 period.

Coefficient of Determination

Based on table 9, the Adjust R Square value is0.419268explainliquidity (current ratio), profitability (return on equity) and solvency (debt to equity ratio)Companies can have an influence on the company value of manufacturing companies registered in JII 70 for the 2020 - 2022 period by 41.9% while the remaining 58.1% is influenced by other variables.

Partial T Test

Based on table 9, the results of simple linear regression testing in this study obtained the following t-statistics:

1. Calculated t value (2.858805) > table t value (2.03693) with a probability value of (0.0074) < 0.05. Where Ha is accepted and Ho is rejected, it shows thatliquidity (current ratio) has a significant influence on the company value of manufacturing companies registered in JII 70 for the 2020 – 2022 period.
2. Calculated t value (-0.191039) > table t value (-2.03693) with a probability value (0.8497) > 0.05. Where Ha is rejected and Ho is accepted, it shows that profitability (return on equity) Nohas a significant influence on the company value of manufacturing companies registered in JII 70 for the 2020 – 2022 period.
3. Calculated t value (3.956544) > table t value (2.03693) with a probability value (0.0004) < 0.05. Where Ha is accepted and Ho is rejected, it shows thatsolvency (debt to equity ratio) has a significant influence on the company value of manufacturing companies registered in JII 70 for the 2020 – 2022 period.

B. Discussion

The Effect of Liquidity on Company Value in Manufacturing Companies Registered in JII 70 for the 2020 - 2022 Period.

Liquidity (current ratio) has a significant influence on company value in manufacturing companies registered in JII 70 for the 2020 - 2022 period. The results of this research are in line with research Permana and Rahyuda (2019) explains how liquidity affects company value and researchTimanan and Ratnawati

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(2021)explains how liquidity affects company value. Meanwhile in research Anggraeni and Suwitho (2018) also explains that liquidity has no effect on company value, as well as in research Komala et al (2022) explains that liquidity has no effect on company value, the same results are also explained in the researchSudiani and Darmayanti (2016) where liquidity has an insignificant influence on company value.

According to Brigham and Joel (2014), if a company experiences financial difficulties, the company starts to be slow in paying bills (business debts), bank loans, and other obligations which will increase current liabilities. When the current ratio decreases, this indicates that there is a problem with the company, so it can be interpreted that the company's liquidity ratio is in a bad condition and will likely reduce the company's value.

The liquidity ratio is related to the company's ability to fulfill its obligations in the short term or which must be fulfilled immediately. The importance of liquidity can be seen from the company's consideration of the impact on the company's ability to meet its short-term obligations (debt). Company liquidity describes a company's ability to fulfill its short-term obligations to creditors. The high or low of this ratio will influence investors' interest in investing their funds. The greater this ratio, the more efficient the company is in using the company's current assets to meet its current obligations.(Angraeni and Suwitho, 2018).

The Influence of Profitability on Company Value in Manufacturing Companies Registered in JII 70 for the 2020 - 2022 Period.

Profitability (return on equity) Nohas a significant influence on company value in manufacturing companies registered in JII 70 for the 2020 - 2022 period. The results of this research are in line with researchLumentut and Mangantar (2016) explains that profitability has no effect on company value, the same results are also explained in researchHidayat and Khotimah (2022) which explains that profitability has no significant effect on company value. Meanwhile in research Komala et al (2022) explains that profitability has a significant effect on company value, the same results are explained in the researchAnggraeni and Suwitho (2018)also explains that profitability affects company value.

According to Wiagustini inPermana and Rahyuda (2019) states that profitability shows the success of a company in gaining profits. Profitability is one thing that can influence company value. The company has profitability that is not high enough so that the company can improve its performance which results in a decrease in the level of company value. Companies that succeed in increasing profitability every year will attract the interest of many investors. Investors will trust companies that are able to generate large profits because the returns obtained are low, so this is a negative signal for investors from the company. This situation will be used by company managers to obtain sources of capital in the form of shares (Hidayat and Khotimah, 2022).

The Effect of Solvency on Company Value in Manufacturing Companies Registered in JII 70 for the 2020 - 2022 Period.

Solvency (debt to equity ratio) has a significant influence on company value in manufacturing companies registered in JII 70 for the 2020 - 2022 period. The results of this research are in line with researchKomala et al (2022) explains that solvency has a significant effect on company value and researchLumentut and

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Mangantar (2016) explains that solvency affects company value. TemporaryAnggraeni and Suwitho (2018) also explains that solvency has no effect on company value, the same results are also explained in the research Sianipar (2020) where solvency does not have a significant effect on company value.

The solvency ratio measures how much a company uses its activities or assets funded by debt. This solvency ratio also shows the company's ability to pay its obligations, both short-term and long-term obligations if the company is liquidated or dissolved. The higher the solvency ratio, the higher the risk of loss and this loss can cause the company value to decrease. If the company value decreases, the company's share price also decreasesAnggraeni and Suwitho (2018).

The Influence of Liquidity, Profitability and Solvency on Company Value in Manufacturing Companies Registered in JII 70 for the 2020 - 2022 Period.

Simultaneously liquidity (current ratio), profitability (return on equity) and solvency (debt to equity ratio) has an influence on the company value of manufacturing companies registered in JII 70 for the 2020 – 2022 period. Meanwhile, the Adjust R Square value is0.419268 explainliquidity (current ratio), profitability (return on equity) and solvency (debt to equity ratio) Companies can have an influence on the company value of manufacturing companies registered in JII 70 for the 2020 - 2022 period by 41.9% while the remaining 58.1% is influenced by other variables.

CONCLUSION

Based on the results of research that has been carried out, the conclusions in this study are:

a. Liquidity (current ratio)has a significant influence on the company value of manufacturing companies registered in JII 70 for the 2020 – 2022 period.
b. Profitability (return on equity) Nohas a significant influence on the company value of manufacturing companies registered in JII 70 for the 2020 – 2022 period.
c. Solvency (debt to equity ratio)has a significant influence on the company value of manufacturing companies registered in JII 70 for the 2020 – 2022 period.
d. Simultaneously liquidity (current ratio), profitability (return on equity) and solvency (debt to equity ratio) has an influence on the company value of manufacturing companies registered in JII 70 for the 2020 – 2022 period. Meanwhile, the Adjust R Square value is0.419268 explain liquidity (current ratio), profitability (return on equity) and solvency (debt to equity ratio) Companies can have an influence on the company value of manufacturing companies registered in JII 70 for the 2020 - 2022 period by 41.9% while the remaining 58.1% is influenced by other variables.

The suggestions that the author can convey based on the research results are as follows:

1. The company should be able to manage each debt optimally, so that the company is not burdened with debt which can affect the company's liquidity.
2. Companies are also advised to manage each asset and capital optimally to obtain a level of profit that is in line with expectations so that it can have an impact on increasing company value.
3. Investors are expected to be able to choose good issuers as a place to invest so they can get the expected profits.

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4. It is hoped that future research can develop this research by adding other variables that can influence company value.

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