ANALYSIS OF THE EFFECT OF COMPANY CHARACTERISTICS ON FIRM VALUE WITH PROFITABILITY AS INTERVENING VARIABLES IN PLANTATION COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE IN 2010-2017

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Abstract: Established companies generally aim to maximize the value of the company. High company value will attract investors to invest their capital in the company with the assumption that shareholders will prosper if the dividends obtained are large. The purpose of this study is to determine the direct influence of company characteristics on firm value and its indirect effect through profitability on plantation companies listed on the Indonesia Stock Exchange 2010-2017. This study uses correlational quantitative research. The population of this study is companies listed on the Stock Exchange in 2010-2017. The sampling technique uses the non probability sampling method that is saturated sampling (census). The dependent variable in this study is the firm value (Y) and the independent variable is the asset structure (X1), company growth (X2) and company size (X3) with the intervening variable is profitability (Z). Data analysis techniques using path analysis. The results of this study indicate that company growth and firm size have no effect on firm value. Asset structure has a positive and significant effect on firm value. Company growth affects the value of the company through ROE. The structure of assets and the size of the company does not affect the value of the company through ROE.

Keywords: Asset structure, company growth, company size, profitability and firm value

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1. INTRODUCTION

Established companies generally aim to maximize the value of the company. The higher the value of the company, the more prosperous the owner is. Investor's perception of the company concerns the value of the company, which is often associated with stock prices. Maximizing the value of the company for a company is very important, because it can increase the prosperity of shareholders and owners so that company goals can be achieved in accordance with what was previously expected. High company value will make investors interested in investing in these companies. Before investors make stock investments in a company, they will make stock valuations in advance based on information they get from the capital market.

2. LITERATURE REVIEW

The company's value can basically be measured through several measurements, one of the measures or proxies used is the price book value (PBV) or comparing the market price per share with the book value per share. Besides that, the prospect of the company's value in the future is also considered by the company. One of the industries that has good and promising prospects for the future is the plantation industry. With a promising business prospect, it will become an attraction for investors to invest their capital.

Some plantation industries are listed on the Indonesia Stock Exchange (IDX) so that the plantation industry is the main pillar of industrial development in a country. Thus, the development of the plantation industry can be used to see the development of the national economy. However, the number of plantation companies with current economic conditions has triggered intense competition between plantation companies. This competition is reflected in the efforts of plantation companies to improve company performance in order to achieve the company's goal of increasing company value. In other words they are racing to produce high company value and attract investors to invest their capital in the company.

Profitability is thought to mediate the relationship between asset structure, company growth and company size with firm value. The relationship of asset structure, company growth and company size to firm value is greater than its direct effect after mediated by profitability variables. Thus, profitability can be expressed as an intervening variable between asset structure, company growth and company size on firm value.

From this opinion it can be concluded that profitability is a measure used to assess the extent to which a company is able to generate profits during a certain period. Profitability is important in efforts to maintain its long-term survival, because profitability shows whether the business entity has good prospects in the future. Thus it can be said that a high level of profitability is related to the company's good prospects in the future so that it will be a signal for investors to increase demand for their shares. The company will try to increase its profitability, because the higher the level of profitability, the survival of the company will be more guaranteed.

The value of the company which is proxied by the price book value in 2010 - 2017 shows fluctuations up and down every year that is different and shows the same symptoms in all plantation companies listed on the Indonesia Stock Exchange.

There are many factors that can affect the value of a company, but in this study researchers will analyze the effect of asset structure, company growth, company size on firm value. Then the main problem of this research are :

1. Does the structure of assets affect the value of the company?
2. Does the company's growth affect the value of the company?
3. Does the size of the company affect the value of the company?
4. Does profitability affect the value of the company?
5. Does the structure of assets affect the value of the company through profitability?
6. Does the company's growth affect the value of the company through profitability?
7. Does the size of the company's company affect the value of the company through profitability?

3. METHOD

This research is quantitative research. This research is correlational, there is a relationship between two or more variables. Data needed in this research are asset structure, company growth, company size, profitability and firm value. This study chooses secondary data sources, namely audited financial statements of companies listed in 2010-2017. The secondary data was obtained by accessing the website www.idx.co.id. Quantitative research can be interpreted as a research method based on the philosophy of positivism, used to examine populations or certain samples, sampling techniques are generally carried out randomly, data collection using research instruments, quantitative / statistical data analysis with the aim to test hypotheses that have been set , where the data used are secondary data derived from annual reports of companies listed on the Indonesia Stock Exchange (BEI) in 2010 - 2017. In this study the population of this study are plantation companies listed on the Indonesia Stock Exchange in 2010 - 2017 where as many as 15 (fifteen) companies that will be examined. All populations were sampled, because the year of observation in the study from 2010 to 2017, the number of observations in this study was 120 observations. Data analysis methods in this research are descriptive statistics, classic assumption tests, hypothesis testing, path analysis for intervening variables using the help of Statistical Package for Social Science (SPSS) 24.

Variable Operations

1. Dependent Variable (Y): Company Value Company value is the investor's perception of the company, which is often associated with stock prices. High stock prices make the value of the company is also high. The value of the company will be measured using the Price to Book Value (PBV) Ratio
2. Independent Variable (X): Asset structure is a ratio Ratio that measures the ratio of fixed assets to total assets, company growth is the ratio of changes in total sales compared to the previous total sales, company size that is the size of the company based on total employees.
3. Moderating Variable (Z): Profitability is the company's success in generating net profits compared to total capital.

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4. RESULT AND DISCUSSION

Data analysis methods in this study are descriptive statistics, classic assumption tests, hypothesis testing, path analysis for intervening variables using the help of Statistical Package for Social Science (SPSS).

Simultaneous Significance Test (Statistical Test F)

Significance test of simultaneous influence is a test to test whether all independent variables and mediating variables simultaneously or simultaneously affect the dependent variable. The results of simultaneous testing (F test) showed that the calculated F value was 6.199 while the Sig. is 0.001. Because the calculated F value of 6.199> F table 2.70 and the value of Sig 0.000 <0.05, it is concluded that the asset structure, company growth and company size together or simultantly have a significant effect on ROE.

Partial Significance Test (t Test Statistics)

T test is used to determine the effect of partially independent variables on the dependent variable. The results of the regression analysis based on the t test are as follows:

Significance Test of Partial Effect of Substructure Equation I

$$Z = -236 + 0{,}361X_1 + 0{,}144X_2 - 0{,}122X_3$$

It is known that the regression coefficient of the asset structure is 0.361 which is positive. This means that the asset structure has a positive effect on ROE. It is known that Sig is 0.010 which is <0.05 significance level, so the composition of assets has a significant effect on ROE. The regression coefficient of the company growth variable is 0.144 which is positive. This means that the company's growth has a positive effect on ROE. It is known that the Sig value is 0.039, which is <a significance level of 0.05, so the company's growth has a significant effect on ROE. The regression coefficient value of the company size variable is -0.122 which is negative. This means that company size has a negative effect on ROE. It is known that the Sig value is 0.225 namely> 0.05 significance level, so the size of the company has no significant effect on ROE The results of regression analysis based on the t test are as follows.

Significance Test of Partial Effect of Substructure Equation II

$$Y = -1.905 + 0{,}222X_1 - 0{,}066X_2 + 0{,}023X_3 + 0{,}385Z$$

The regression coefficient value of the asset structure variable is 0.222 which is positive. This means that the asset structure has a positive effect on PBV. It is known that the Sig value is 0.034 which is <a significance level of 0.05, so the composition of assets has a significant effect on PBV. The regression coefficient of the company's growth variable is -0.66 which is negative. This means that the company's growth has a negative effect on PBV. It is known that the Sig value is 0.480, which is> a significance level of 0.05, so the company's growth has no significant effect on PBV. The regression coefficient value of the firm size variable is 0.23 which is positive. This means that company size has a positive effect on PBV. It is known that the Sig value is 0.811, which is> the 0.05 significance level, so the size of the company has no significant effect on PBV. The regression coefficient value of the Return On Equity variable is 0.385 which is positive. This means that Return On Equity has a positive effect on PBV. It is known that the Sig value is 0.000 which is <0.05 significance level, so Return On Equity has a significant effect on PBV

Table 1. Direct Influence Indirect Influence *(Path Analysis)*

Direct Effect	Indirect Effect
X1 ---- > Y 0.222	**X1 -- > Z -- > Y 0.139**
X2 ---- > Y -0.066	**X2 -- > Z -- > Y 0.055**
X3 ---- > Y 0.023	**X3 -- > Z -- > Y -0.047**
Z ---- > Y 0.385	

The indirect effect of asset structure on PBV through ROE of 0.139 which is smaller than the direct effect of 0.222, this means that profitability does not function as an intervening. The indirect effect of company growth on PBV through ROE of 0.055 which is greater than the direct influence with a value of -0.066, this means that profitability functions as an intervening. The indirect effect of company size on PBV through ROE of -0.047 which is smaller than the direct effect of 0.023, this means that profitability does not function as an intervening.

Coefficient of Determination

The coefficient of determination R ^ 2 is 0.248. This value can be interpreted as asset structure, company growth, company size and Return On Equity variables that can influence PBV by 24.8%, the rest (100% - 24.8% = 75.2%) are influenced by other factors.

The Direct Effect of Asset Structure on Company Value

Based on the results of hypothesis testing it is concluded that the asset structure has a positive effect on firm value with a significance level of 0.034 (<5%) meaning that the higher the asset structure of the company will increase the value of the company. The structure of assets determines the value of a particular company. Most companies with stable finance have a high investment value in terms of fixed assets. When these assets are utilized optimally, this will increase the company's return and ultimately affect the company's value growth. Low asset structure reflects the current assets owned by the company is greater than its fixed assets or in other words fewer fixed assets. Conversely, a high asset structure reflects the company's fixed assets which are greater than its current assets. The structure of low assets owned by the company will affect the use of less debt because the fixed assets owned by the company are less so that the fixed assets cannot be used as collateral for the company when the company is borrowing debt. So the lower the structure of assets owned by the company, the use of debt will be reduced. Thus H1 is accepted where the asset structure has a positive effect on firm value

The Direct Effect of Company Growth on Company Value

Based on the results of hypothesis testing it was concluded that company growth had no significant effect on firm value (0.480) and had a negative effect (-.066), meaning that the higher the company's growth was directly unable to influence firm value. Based on descriptive statistics of company growth there is a decrease in growth as measured by the value of sales. There was the lowest minus growth of -43% and in fact all 15 sample companies had experienced minus 2010-2017 growth periods with an average growth of only 11.11%. These results indicate that sales growth is not the main focus of investors making decisions to invest in plantation companies. Investors view sales growth as a result that is not final because revenue is still reduced by operating costs and other costs. Sales have a strategic influence on a company, because sales must be supported by assets or assets and if sales are increased, assets must be added (Weston and Brigham, 1998). Sales from the previous year, the company can optimize its resources. Sales growth has an important role in working capital management. By knowing how much sales growth, companies can predict how much profit they get. Thus H2 is rejected where company growth negatively influences company value

Direct Effect of Company Size on Company Value

Based on the results of hypothesis testing, it was concluded that company size had no significant effect on firm value (0.811) and had a positive effect (0.023), meaning that the greater the size of the company was directly unable to influence firm value. The size of a large company can reflect if the company has reached establishment and has a high commitment to continue to improve its performance, so that many investors who want to own shares and the market will be willing to pay more to get their shares. Company size is one of the variables considered in determining the value of a company based on total company assets because it can better reflect the size of the company. Organizational theory emphasizes transaction costs, agency costs and span of control costs that are able to influence the value of the company through the corporate organizational hierarchy. The theory does not look at the value and amount of physical assets. Therefore the added value and the number of workers may be more appropriate to be used as a company measure in organizational theory. The complexity is related to the need for workers' ability and higher coordination costs and control costs. In addition, coordination and control costs have a close relationship with the added value of each worker and the number of workers. Critical resources theory predicts that the company will maintain the confidentiality of its competencies. Therefore, according to this theory, the greater the number of workers, the leakage of secrets will be faster. Thus H3 is accepted where company size has a positive effect on firm value

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Direct Effect of Profitability on Company Value

Based on the results of hypothesis testing it was concluded that profitability has a significant effect on firm value (0.002) and a positive effect of 0.385, meaning that the greater the value of profitability can directly affect the value of the company. Profitability in this study is proxied by ROE. Investors invest their funds in a company in the hope of getting a return, either in the form of dividends or capital gains. The higher the company's ability to generate profits, the greater the rate of return received by shareholders so that the company's value is also getting better. The company's profit is not only an indicator of the company's ability to meet the obligations of its funders, it is also an element in the creation of corporate value that shows the company's future prospects. Thus H4 is accepted where profitability has a positive effect on firm value.

Indirect Effect of Asset Structure on Company Value Through Profitability

Based on the results of this study it was concluded that ROE profitability had no effect on being a variable intervening relationship of asset structure with firm value. An asset structure can determine the value of a particular company. Companies with stable finance have a high investment value in terms of fixed assets. When these assets are used optimally this will increase the company's return and ultimately affect the company's value growth. This means that if the asset structure increases, the value of the company will also increase. Asset structure describes the amount of assets that can be guaranteed by the company when the company makes loans to creditors. Asset structure is the proportion of fixed assets owned by a company. Increased profitability will be a positive signal to interested parties that the value of the company has increased. Companies with large asset structures tend to raise funds from external parties. So that it will improve the company's capital structure that comes from debt. Thus H5 is rejected where the asset structure affects the value of the company through profitability.

The indirect effect of company growth on corporate value through profitability

Based on the results of this study it was concluded that ROE profitability has an effect on being a variable intervening relationship of company growth with firm value.

The realization of company growth is measured by the value of the company's growth which includes sales growth. Sales growth is one proof that a company is really growing. Sales growth is used by many parties both company owners, investors, creditors, and other parties to see the prospects of a company. By looking at sales data in the past, a company can optimize existing resources to develop the company's existing value. Even investors can use sales growth data to project profits that the company will achieve in the future. For creditors, monitoring sales growth is done as one of the evidence of resource utilization activities carried out by the company. The relationship of company growth and company value is supported by the signaling theory. Company growth affects profitability. Total sales are chosen as a measure of growth. Companies that face high growth opportunities then the debt ratio is negatively related to the value of the company. Therefore, the effect of debt on firm value is highly dependent on the existence of growth opportunities. Information about the company's growth will be responded positively by investors, so that it will increase stock prices and company value. The Pecking Order Theory states that the better the profitability of the company, the higher the proportion of debt held compared to the proportion of its equity. Profitability is a factor that should be considered in choosing an external funding source. Profitability measures the ability of company management to generate profits through operational activities in a certain period. Thus H6 is accepted where the company's growth affects the value of the company through profitability

Indirect Effects of Company Size on Firm Value through Profitability

Based on the results of this study it was concluded that ROE profitability had no effect on being a variable intervening relationship of firm size with firm value. Assets are used for company operational activities. The maximum utilization of these assets will have implications for profitability. The greater the assets are expected the greater operational results produced by the company which have an impact on the value of the company. The increase in assets followed by an increase in operating results will further increase investor confidence in the company and the company's value will also increase. This is based on the creditor's confidence in the funds invested into the company guaranteed by the amount of assets owned by the company. Thus H7 is rejected where the size of the company affects the value of the company through profitability.

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