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The Impact of Liquidity, Solvency, Profitability and BI7DRR on Company Value

Empirical Study on the Mining Sub Sector Registered in IDX Period 2017-2021

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Abstract—The progress of economic, social, political, and technological advances is intimately tied to the business competitiveness of corporations today. To remain competitive, all businesses must be able to sustain and enhance their performance. The mining sector is one of the government's sources of income that promotes economic growth and can encourage foreign investors to make investments in Indonesia. The mining sector includes the production of nickel, bauxite, copper, gold, tin, and copper. This study looked at how PBV in mining businesses listed on the IDX was affected by the current ratio, debt-to-equity ratio, return on assets, and BI7DRR. On the IDX, 47 mining-related companies are listed. Financial statements from 65 companies were used as the sample for this study, using the purposive sampling technique. With the aid of Eviews 12 tools, panel data regression is the analytical technique performed. According to the study's findings, the independent factors in this analysis—the current ratio, the debt-to-equity ratio, the return on assets, and the BI7DRR—have a 6% impact on the dependent variable, or price to book value (PBV). Price to Book Value (PBV) is unaffected by the Current Ratio, the Debt Asset Ratio, the Return on Assets, and the BI7DRR. However, price-to-book value (PBV) is adversely affected by the BI7DRRThis electronic document is a "live" template and already defines the components of your paper [title, text, heads, etc.] in its style sheet.

Keywords—liquidity; solvency; current ratio; debt to equity ratio; return on asset ratio; B17DRR

I. INTRODUCTION

Business competition among companies today is closely related to the evolution of economic, socio-political and technical developments. All companies must be able to maintain and improve their performance in order to be able to compete. With the company's competitive ability, of course the company needs large capital to carry out corporate actions, which is one of the factors for the company to enter the Indonesia Stock Exchange (IDX). One industry with fierce competition is the mining sector listed on the IDX. One of the government's revenue streams that helps the nation's economy develop and can attract international investors to invest in Indonesia is the mining industry. Coal, copper, gold, tin, bauxite and nickel are part of the mining industry.

Various information that occurs in company activities results in economic conditions that continue to grow so that this can lead to intense competition between one company and another. Competition forces every business to increase its operational efficiency, to be able to achieve business goals. According to Harjito & Martono (2014) one of the goals of business is to reap maximum profits for the welfare of the business owner. Long-term and short-term goals are one of the first steps in establishing a company to carry out its operations. Short-term goals maximize the return on company assets, while long-term goals maximize the value of a company. The value of a company can usually be determined from the selling price of its shares, because investors can look at high share prices to determine whether the company is making significant profits. For this reason, the financial management function must be carried out correctly, including those related to financial decisions. Company value is the long-term result of the company's business operations and public trust in the organization (Noerirawan, 2012). The price to book ratio compares the share price with the book value of shares per share which can be called the PBV ratio. This ratio can be used to represent market appreciation reflected in a company's share price compared to its book value. The higher the PBV ratio, the better the market prospects for the company, thus implying that investors place a premium on the company's great performance and high market confidence, and as a result, investors are more likely to buy the company's shares. The value of a company can change at any time. This is of course inseparable from the influence of various factors, both within the company and outside the company, such as external macroeconomic factors in Indonesia. Inflation, interest rates and currency exchange rates are external aspects of the company in macroeconomics, for example the value of money is a major major contributor to the entity's business operations.

An increase in the cost of basic necessities in the market, resulting in a decrease in the value of the currency, is an economic indicator known as inflation. Muljono (2016) defines inflation as a condition of general and continuous growth in product prices, or when the value of the currency falls due to an increase in the money supply that is not accompanied by an increase in supplies. High inflation can reduce company profitability. This puts pressure on share prices, this is due to the decline in investors' interest in investing. In research (Purnomo & Widyawati, 2013) defines interest rates as fees paid on credit money expressed as a percentage. This is also in line with the opinion of (Noerirawan, 2012) that interest rates can be used to calculate the amount of income chosen or received by capital owners. As a result of having to pay higher interest costs, rising interest rates increase a company's cost of capital, which reduces the profitability it can achieve.

Internal factors are the second element that may have an impact on company value. The company's financial performance report shows internal elements. Liquidity, solvency, and profitability are the three main measures that reveal the financial status of an organization. A company's capacity to meet its short-term financial commitments on time is referred to as liquidity. Where this is illustrated by the CR ratio (current ratio) which measures the company's total working capital and current liabilities, used in this research as a measure of liquidity because companies prefer to utilize internal resources before investing (Sartono, 2010:114; Kriwidianingsih and Nugroho, 2021). According to Subramanyam (2010: 46), (Oetomo and Firnanda, 2016) The corporation's capacity to fulfill its long-term obligations is shown by the entity's level of solvency. This ratio assesses the company's capacity to meet its long-term commitments. Profitability describes management's performance in running a business. According to Kriwidianingsih and Nugroho (2021) the rate of return is a measure of the success or failure of a company in generating profits. This increase in ROA is used as a parameter in measuring the overall level of operational efficiency as indicated by the company's profit level.

What is the influence of Liquidity by proxy *(Current Ratio)* on the Company Value *(Price to Book Value)* of the mining sector in IDX for the 2017-2021 period? How does solvency using a proxy *(Debt to Equity Ratio) affect* the company value *(Price to Book Value)* of the mining sector in IDX for the 2017-2021 period? How does profitability with a proxy *(Return on Assets)* affect the value of the mining subsector *(Price to Book Value)* in IDX for the 2017-2021 period? How does BI7DRR affect the company value *(Price to Book Value)* of the mining subsector on IDX in 2017-2021? How does the influence of all variables simultaneously influence the company value (*Price to Book Value)* of the mining sector on IDX in 2017-2021?

II. METHOD

This research uses quantitative research and includes confirmatory research. Data obtained in the form of value data *current ratio, debt to equity ratio, return on assets, bi7drr* and the company's *price to book value* sub sector mining with the aim of seeing the influence of *the current* ratio*, debt to equity ratio, return on assets, bi7drr* on *price to book value* of the company sub sector mining. This study based data concrete, And The data studied is in the form of numbers measured using statistics as calculation test tool, then it will be linked to the problem to be studied For reach a conclusion.

The research objects used in this research are *current ratio, debt to equity ratio, return on assets, bi7drr* was chosen as four independent research object for this research. Subject study Which used in this study is three mercy company Which used as subject on this study between other Elnusa Tbk, Energi Mega Persada Tbk, Vale Indonesia Tbk, Indo Tambangraya Megah Tbk, Merdeka Copper Gold Tbk, Medco Energi Internasional Tbk, Tambang Batubara Bukit Asam Tbk, Timah (Persero) Tbk Adaro Energy Tbk, Aneka Tambang (Persero) Tbk, Delta Dunia Makmur Tbk, Surya Esa Perkasa Tbk, and Harum Energy Tbk. and KDB Tifa Finance Tbk. Research time done since April 2023 until July 2023. Research This carried out at the company sub-sector institutions registered mining companies listed on the Indonesian Stock Exchange with collect the necessary data via the website www.idx.co.id. Determining the number of samples used in this research was *nonprobability sampling* by applying *purposive sampling. Purposive sampling* is a sampling technique with a certain assessment (Sugiyono, 2013).

The reason this research applies *purposive sampling* is because there are several samples that do not match the criteria determined by the researcher. So the sample used is a sample that meets the criteria determined by the researcher to obtain a *representative sample.* The sample criteria used include the following: Mining companies listed on *the Indonesia Stock Exchange* (IDX) between 2017 and 202, Companies that publish Annual Reports or complete annual reports that have been audited between 2017 and 2021. Entities that own shares are registered on Kompas 100.

Based on the criteria above, the number of samples to be studied is 13 companies namely, Elnusa Tbk, Energi Mega Persada Tbk, Vale Indonesia Tbk, Indo Tambangraya Megah Tbk, Merdeka Copper Gold Tbk, Medco Energi Internasional Tbk, Tambang Batubara Bukit Asam Tbk, Timah (Persero) Tbk Adaro Energy Tbk, Aneka Tambang (Persero) Tbk, Delta Dunia Makmur Tbk, Surya Esa Perkasa Tbk, and Harum Energy Tbk. and KDB Tifa Finance Tbk. This study use method documentary as method data collection. Documentary method is method collection documents carried out reviewing data or document company containing necessary information in study. Deep data collection this study done via the site www.idx.co.id, journals scientific related, as well document important like report finance sub- sector companies mining listed on the Indonesian Stock Exchange in 2017-2021.

The data analysis method in this research uses the panel data regression method, to test the influence of *the current ratio, debt to equity ratio, return on assets, bi7drr on price to book* value*,* in this research panel data is used and the data is tested using *eviews* 1 2 software. In the first stage, descriptive analysis was carried out, shown to describe and describe data from independent variables in the form of *current ratio, debt to equity ratio, return on assets,* and *bi7drr.* Descriptive statistical analysis is data analysis carried out to find out and explain the variables studied in the form of numbers as a basis for various decision making, where in this research the numbers are financial ratios in companies that show performance finance company.

After the descriptive statistical test, a test was carried out to determine the panel data regression method using the Chow Test which was used to determine which test between the two methods, namely the *common effect method* and the *fixed effect method,* should be used in panel data modeling, as well as the Hausman Test which was used to determine which test between the two *random effect models* and *fixed effect models* which should be used in panel data modeling. For Chow test, Hausman test, test were carried out Langrange multiplier, in this study *the common effect model was chosen.*

This research also uses the classic assumption test, which consists of a normality test with the aim of testing whether in the regression model, the confounding or residual variables have a normal distribution or not. Next, the multicollinearity test was carried out with the aim of testing whether there was a deviation from the classical assumptions, with the correlation between the independent variables in a regression model. The heteroscedasticity test is carried out to find out whether in the regression model there is an inequality of variance from the residuals of one observation to another. To find out whether there are symptoms of heteroscedasticity in the research, the *white test can be carried out.* And finally, in the classical assumption test, an autocorrelation test is carried out to test whether in the linear regression model there is a correlation between confounding errors in a certain period and errors in the previous period. The method used to detect the presence or absence of autocorrelation can be done with the Durbin-Watson test (DW test).

Data testing for panel data regression analysis is also shown through the panel data regression equation. In hypothesis testing, a partial test or t test is carried out with the aim of finding out how much influence the independent variable has on the dependent variable. Then the simultaneous test or F test is used to find out how much influence the independent variable has on the dependent variable, and finally testing the coefficient of determination or R2 with the aim of measuring the extent to which variations in the value of the independent variable influence variations in the dependent variable.

III. RESULTS AND DISCUSSION

A. Data Analysis Results

The variables used in this research are *intellectual capital, growth ratio, cash ratio, net profit margin, total asset turnover,* as well *debt to asset ratio* as variable independent And *return on invested capital* (ROIC) as well variable dependent, This research has thirty-five data to examine, which consists of from seven company data for each variable during five years. Model which chosen in testing data on this study is *fixed effectmodel.*

TABLE I. PANEL DATA REGRESSION ANALYSIS RESULT

Dependent Variable: PBV
Method: Panel Least Squares
Date: 07/01/23 Time: 20:43
Sample: 2017 2021
Periods included: 5
Cross-sections included: 13
Total panel (balanced) observations: 65

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	6.895857	1.425492	4.837528	0.0000
CR	0.027165	0.111216	0.244254	0.8079
DER	0.097381	0.124790	0.780356	0.4382
ROA	6.592452	3.916285	1.683343	0.0975
BI7DRR	-0.688518	0.293920	-2.342531	0.0225

R-squared	0.120793	Mean dependent var	4.385369
Adjusted R-squared	0.062179	S.D. dependent var	2.196185
S.E. of regression	2.126810	Akaike info criterion	4.420927
Sum squared resid	271.3993	Schwarz criterion	4.588188
Log likelihood	-138.6801	Hannan-Quinn criter.	4.486922
F-statistic	2.060833	Durbin-Watson stat	1.219304
Prob(F-statistic)	0.097214		

Source : Data processed by *eviews* 12

PBV = 6.89585654183 + 0.0271650002568 CR + 0.0973808682519 DER + 6.59245234747 ROA - 0.688517589558 BI7DRR

From this equation it can be explained as follows: Constant (c) of 6.895857 shows mark constant, where If mark all over variable independent The same with zero, then variable mark company (Y) is the same with 6.895857. Coefficient regression variable *Current Ratio* (X1) of 0.027165 shows that If other variables' values still *Current Ratio* experience enhancement of 1 (one) unit so variable *Price to Book Value* (Y) will experience increase 0.027165 with provision other variables are constant. Coefficient regression variable *Debt to* Equity *Ratio* (X2) of 0.097381 shows that If other variables' values fixed and *Debt to Equity Ratio* experience decline of 1 (one) unit so variable mark company will experience decrease 0.097381 with provision other variables are constant. Coefficient regression variable *Return on Assets* (X3) of 6.592452 shows that If other variables' values fixed and *Return on Assets* experience decline of 1 (one) unit so variable mark company will experience decline 6.592452 with provision other variables are constant. Coefficient regression variable BI7DRR (X4) is correlated negative of -0.688518 meaning if BI7DRR increases by 1% with presumption that variable free constant so will potential lower mark company of -0.688518.

TABLE II. T TEST RESULT

Dependent Variable: PBV
Method: Panel Least Squares
Date: 07/01/23 Time: 20:43
Sample: 2017 2021
Periods included: 5
Cross-sections included: 13
Total panel (balanced) observations: 65

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	6.895857	1.425492	4.837528	0.0000
CR	0.027165	0.111216	0.244254	0.8079
DER	0.097381	0.124790	0.780356	0.4382
ROA	6.592452	3.916285	1.683343	0.0975
BI7DRR	-0.688518	0.293920	-2.342531	0.0225

Source : Data processed by *eviews* 12

Based on the partial testing in the table above, conclusions can be given to each variable as follows: T test results with analysis panel data regression shows that results from T count For variable Current Ratio is 0.244254, meanwhile table T values of 1.998341, which means (0.244254<1.998341) t count more small from t table. On value Current Ratio probability is 0.8079. With thereby then H1 is rejected and Ho is accepted, p This show that *Current Ratio* No influential to *Price to Book Value* (PBV).

T test results with analysis panel data regression shows that results from T count For the Debt to Equity variable is 0.780356, whereas table T values equal to 1.998341, which means 0.780356<1.998341) t count more big from t table. On value Debt to Equity probability is 0.4382. With thereby then H2 is rejected and Ho is accepted matter This show that *Debt to Equity* No influential to *Price to Book Value (PBV).*

T test results with analysis panel data regression shows that results from T count For the Return on Assets variable is 1.683343, meanwhile table T values of 1.998341, which means (1.683343<1.998341) t count more small from t table. On value the probability of Return on Assets is 0.0975. With thereby then H3 is rejected and Ho is accepted, p This show that *Return on Assets* No influential to *Price to Book Value (PBV).*

T test results with analysis panel data regression shows that results from T count For the BI7DRR variable is -2.342531, meanwhile table T values of 1.998341, which means (-2.342531>1.998341) t count more big from t table. On value BI7DRR probability is 0.0225. With thereby then H4 is accepted, and Ho is rejected, p This show that BI7DRR is correlated negative and significant to *Price to Book Value (PBV).*

TABLE III. F TEST RESULT

R-squared	0.120793
Adjusted R-squared	0.062179
S.E. of regression	2.126810
Sum squared resid	271.3993
Log likelihood	-138.6801
F-statistic	2.060833
Prob(F-statistic)	0.097214

Source : Data processed by *eviews* 12

From the results table 3 above, you can is known that calculated F value of 2.060833 while F table with level a = 0.05 ie amounting to 2.75548. With so F count > F table (2.060833 > 2.75548), you can also seen that mark probability amounting to 0.097214 more big from level significance of 0.05 so H0 is accepted can show that Current Ratio, Debt to Equity Ratio, Return on Assets and BI7DRR variables are not influential in a way simultaneous to Price to Book Value (PBV).

TABLE IV. DETERMINANTION COEFFICIENT TEST RESULT

R-squared	0.120793
Adjusted R-squared	0.062179
S.E. of regression	2.126810
Sum squared resid	271.3993
Log likelihood	-138.6801
F-statistic	2.060833
Prob(F-statistic)	0.097214

Source : Data processed by *eviews* 12

From table 4 above so obtained Adjusted R-square value is 0.062179 or 6%. So you can interpreted that variable independent (Current Ratio, Debt to Equity Ratio, Return on Assets, BI7DRR) in this study own influence to variable dependent (Price to Book Value (PBV)) of 6%, meanwhile For the rest 94 % is influenced by other variables outside the panel data regression model which is not enter in this study.

IV. DISCUSSION

Based on results process the data that has been done done with using eviews 12 software, which shows that t count < t table equal to 0.244254 < 1.998341 with mark probability 0.8079 > 0.05 so data analysis and testing hypothesis that has been done, then can is known that *Current Ratio* No influential to *Price to Book Value* (PBV). no effect *Current Ratio* to PBV is estimated caused Because The *Current Ratio* becomes size ability company guard its liquidity If No followed with ability other like ability managing fixed assets, managing total assets, carrying out efficiency so good liquidity No will give benefit to productivity, sales and profits company so that ability company give dividends to investors also became very low so that matter the No impact to investor interest in do investment in the end price share company No will experience enhancement. With the results stated that the current ratio does not influential to *Price to Book Value* (PBV) provides signal or give information to investors that in sub- sector companies mining companies listed on the Stock Exchange Indonesia investors can see that happen decrease in assets so smoothly matter the also reduces *the current ratio* company the.

Research result This in line with research conducted by Simorangkir and Nurhasanah (2021) stated that *Current Ratio* No influential to *Price to Book Value* (PBV).Based on results process the data that has been done done with using eviews 12 software, which shows that t count more big from t table equal to 0.780356< 1.998341 with mark probability 0.4382 > 0.05 so data analysis and testing hypothesis that has been done, then can is known that *Debt to Equity Ratio* No influential to *Price to Book Value (PBV).*

This matter show that debt is one of source risky financing tall too DER ratio tall can bring up doubt in the eyes of investors because worried company potential experience fail pay even bankruptcy, so matter the can detrimental to investors. Solvency No influential to mark company because investors tend to more pay attention to performance related companies with level return its equity than ratio ability fulfil obligation period long manaka company liquidated and they are very confident possibility liquidated company sector mining is very small Because level liquidity company sector This Enough Good. With results stating that *the Debt to Equity Ratio* No influential to *Price to Book Value (PBV)* identifies the value of capital that is greater than debt in a company and cannot yet show the company's ability to optimize the use of debt to increase company value, because in the Indonesian capital market, share price movements and the creation of added value for the company are caused by market conditions.

Research result This in line with research conducted by Sudjiman siregar Lorina (2022) stated that *Debt to Equity Ratio* No influential to *Price to Book Value (PBV).* Based on results process the data that has been done done with use *software eviews*

12, which shows that t count more small from t table amounting to 1.683343< 1.998341. with mark probability 0.0975 > 0.05 so data analysis and testing hypothesis that has been done, then can is known that *Return on Assets* No influential to *Price to Book Value (PBV).* No effect *Return on Assets* to *Price to Book Value (PBV)* is believed to be *Return on Assets* No size level related returns direct with investors, because *Return on Assets* is size level no return only involve equity but also level debt used company For create profit, because assets are summation from debt and equity. Besides that *Return on Assets (ROA)* is also used level return clean (EAT) deep measure profitability company temporary *Price to Book Value* does not involve profit clean in measure mark his company as as is PER. With thereby No There is linkages direct between *Return on Assets* with *Price to Book Value.* So that can We conclude that company the No capable manage the total funds invested in assets used for company operations with Good in make a profit. Research result This supported research conducted by Idris Ahmad (2021) stated that *Return on Assets* No influential to *Price to Book Value.* Based on results process the data that has been done done with using eviews 12 software, which shows that t count more big from t table -2.342531 > 1.998341. with mark probability 0.0225 < 0.05 so data analysis and testing hypothesis that has been done, then can is known that B7DRR is correlated negative and significant to *Price to Book Value* (PBV).

The correlation between B17DRR negative to *Price to Book Value* (PBV) shows that the more tall mark *BI rate* then investors tend to will divert investment in money market instruments (deposits or certificate deposits) and other relative money market instruments more safe than capital market instruments. Vice versa if B17DRR shows investors tend to decline will divert the investment to capital markets sector that can give more profits big rather than money market instruments. Such thing happen because investors will always try get level highest return between second various investment instruments the. This matter shows where interest rates will encourage people to save and be reluctant to invest in the real sector. People do not want to take risks by making investments that have high costs, as a result the investment does not develop. This causes the company's performance to decline, thereby causing the company's value to also decrease. Research result This No aligned with research conducted by Hendayana and Riyanti (2019) stated that BI7DRR has an effect Positive and significant to Price to Book Value (PBV).

V. Conclusion And Recommendation

A. Conclusion

Based on results study with estimation panel data regression regarding Analysis Liquidity, Profitability, Solvency and BI7DRR on Company Value (Study on the Mining Sub Sector listed on the Indonesian Stock Exchange for the 2017-2021 Period, then in the research This can withdrawn conclusion as following : 1) Variable *Current Ratio* does not influential to to *Price to Book Value (PBV),* 2) Variable *Debt Asset Ratio* does not influential to *Price to Book Value (PBV),* 3) Variable *Return on Assets* does not influential to *Price to Book Value (PBV),* 4) Variable *BI7DRR is correlated negative and significant to Price to Book Value (PBV).*

B. Recommendation

Based on results study company where will come, then expected capable consider suggestions as following : The sample used in the research only has one sector, namely the mining sector which is listed on the Indonesia Stock Exchange. For future research, other sectors can be added to the research, so that the sample population is not only the mining sector but also involves other sectors. This research only uses four independent variables to assess factors that can influence *Price to Book Value* (PBV). It is hoped that future research can add new variables or add moderating variables to be developed with other factors that can influence *Price to Book Value* (PBV).

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