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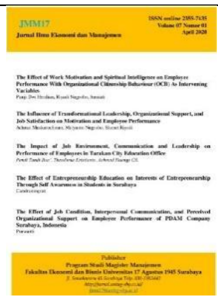

The Influence of Return on Assets and Debt to Equity Ratio on Company Value (Study of PT Samudera Indonesia, Tbk)

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ABSTRACT

This study's goal is to determine how debt-to-equity ratios and partial returns on assets affect the firm value of PT Samudera Indonesia enterprises that are listed on the Indonesia Stock Exchange (IDX) in 2020–2022. Multiple linear regression analysis research methodologies are used in this quantitative type of investigation. Your hypothesis should be tested using a partial test (T test). For this study, quantitative data were employed, as well as data sources in the form of yearly financial reports for the companies published by PT Samudera Indonesia, Tbk via the Indonesia Stock Exchange (IDX) website. The study's conclusions show that the debt equity ratio and return on assets have a considerable negative impact on PT Samudera Indonesia, Tbk's company value. The SPSS program was used to determine the level of significance for each hypothesis test, which was beneficial for this study.

1. Introduction

When making investments in the modal market, an investor must evaluate the saham that will be purchased. As a result, the investment in question is capable of producing a profit that is extremely profitable over the long term. Due to this, every time you create a new business proposal, the company's nilai must be adjusted.

Firm value is a source of information for investors about the level of performance of a particular company that is closely related to its stock price (Sujoko & Subiantoro: 2007). The valuation of a company can be measured using three valuations, namely market value, book value, and intrinsic value, which are related to stock-related valuations.

The market value is the market price of each share that is traded in the market. The balance sheet number is the number that indicates the number of numbers that were present in the company's records at the time a stock was traded. The intrinsic value of any traded security is represented by its intrinsic value or fundamental value. When making an investment decision, an investor must understand and comprehend the four aforementioned values because they serve as important background information and greatly assist in helping the investor identify trustworthy and affordable stocks.

Businesses with strong brand recognition encourage customers to understand their current work environment and future prospects. To maximize a company's stock price means to maximize the investor's current share of any future profits (Sudan, 2009: 8). Investors typically invest their money in businesses with the intention of earning dividends. In such cases, it is necessary to have the necessary resources to operate at an optimal level of efficiency in order to get the best possible results (Salemg, 2016).

Purbawangsa dkk. (2020) reduced the company's stock price using Price to Book Value (PBV) and Tobin's q. PBV is being used by the participants in this study as an indicator of company value. When PBV is rising, the value of the company in question is also rising. Financial leverage and profitability are two factors that might affect a company's valuation (Winarto, 2015; Khatab et al., 2011). Currently, management has the ability to resolve issues in order to create a company's foundation. This makes it possible to use ethical business practices to maximize revenue. Leverage on the company's financials. According to Sundjaja (2003:7), debt is defined as the requirement of money for people other than the owner. To increase their company's value and take advantage of the current business environment, businesses are approaching creditors for credit. By pulling data tabahan from debt, a company can benefit from the growth angle. According to the tax theory put out by Modigliani and Miller in 1963 and Chen and Chen in 2011, a debt's ability to reduce tax costs causes its value to increase.

The debt to equity ratio (DER) is the single most important financial indicator. Debt-equity ratio (DER) reduces a company's ability to control the amount of debt and equity in the business. Investors want high DER values since they signal a high risk to a company's financial health. Because of this debt risk, the company is unable to continue. According to research by Winarto (2015), leverage has a significant impact on company value. However, Parhusip (2016) found that the relationship between leverage and company valuation was not particularly significant.

Investors are very interested in businesses that promise high returns. Profitability is a managerial tool for producing lab products. The single most common metric used by investors to determine their ability to make a profit is called ROA (Return on Assets). Return On Assets (ROA) measures a company's capacity to generate profitable laba (ROA). This reduces the ability of the business to produce lab meat that is kosher from the assets being used. The more effective use of assets per company, the higher the return on assets. In their analysis, Khatab et al. (2011) state that return on equity (ROA) and return on equity (ROE) have a positive significant relationship with a company's valuation. In contrast, according to Widyaningrum (2014), ROA does not have a significant impact on firm valuation.

2. Method

In this study's data collection, documenting techniques were used. The data set used in this study is the second-level time series data covering the year 2020–2022. H. PT Samudera Indonesia, Tbk leverages money, is aggressive with investments, and respects company values. Information is provided from the Indonesia Stock Exchange (IDX) website. www.idx.co.id

	NET INCOME	TOTAL ASSET	CAPITAL	DEBT	ROA	DER	PBV
2020	-2.320.880	574.144.140	241.770.453	332.373.687	-0,00404233	1,374748994	0,25
2021	139.077.164	829.181.216	381.790.173	447.391.043	0,16772831	1,171824407	0,72
2022	326.997.591	1.153.416.013	646.482.645	506.933.368	0,283503599	0,784140722	0,7

Sumber : www.idx.co.id processed by researchers

The data used in this study were collected using the SPSS software. The data analysis method used in this study makes use of hypothesis and regress analysis of multiple layers. In this study, regression analysis of a multiple line is carried out to evaluate the impact of the debt to equity ratio and return on assets on company valuation, leading to the following associations:
Y = a + B1X1 + B2 X2
Where:
Y = fixed value
X1 = return on assets (ROA)
X2 = debt to equity ratio (DER)
a = Constant
B1,2 = regression coefficient

3. **Results and Discussion**

Coefficients (Firm Value)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	420.129	.000		.	.
	ROA	-.066	.000	-3.139	.	.
	DER	-.029	.000	-2.572	.	.

The regression equation formed in this regression test is:

$$Y = 420,129 - 0,066X_1 - 0,029X_2$$

Based on the regression equation above, it can be explained as follows:

a. The constant 420.129 indicates that if there are no independent variables (x1 and x2 = 0), then the firm value (Y) is 420.129.
b. The regression coefficient value for ROA (X1) is -0.066 indicating that each increase in ROA is 1 assuming the other variables are constant, it will reduce the firm value (Y) by 0.066.
c. The regression coefficient value for DER(X2) is -0.029, indicating that each increase in DER is 1 assuming the other variables are constant, it will reduce the firm value (Y) by 0.029.

The partial test or T test is a test to find out whether there is an effect of each independent variable on the dependent variable.
The conditions for determining the t test are as follows:

a. The value of sig. < 0.05
b. Value of t count > value of t table

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	420.129	.000		.	.
	ROA	-.066	.000	-3.139	.	.
	DER	-.029	.000	-2.572	.	.
b. . Dependent Variable: Firm Value						

Results :

a. Effect of ROA on firm value The test results show that the ROA variable value (X1) is 0.00. With a significance of 0.00 or <0.05. Which means that the regression model is significant.
b. The effect of DER on firm value The test results show that the DER variable (X2) is 0.00. With a significance of 0.00 or <0.05. Which means that the regression model is significant.

4. Conclusions

Based on the results of the research above, it can be concluded as follows:

a. The results of the partial test (T-test) for the Return On Assets (ROA) variable are -0.066 with a significance of 0.00 or <0.05. This means that ROA has a significant effect on the size of the company's value.
b. The results of the partial test (T-test) for the variable debt ratio (DER) are -0.029 with a significance of 0.00 or <0.05. This means that DER has a significant effect on firm value.

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