

THE INFLUENCE OF PROFITABILITY, LEVERAGE, AND GOOD CORPORATE GOVERNANCE ON THE VALUE OF COMPANIES MANUFACTURING THE CONSUMPTION GOODS INDUSTRIAL SECTOR OF THE CIGARETTE SUB-SECTOR LISTED ON THE INDONESIAN STOCK EXCHANGE FOR THE 2017-2021 PERIOD.

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ABSTRACT

This study aims to determine the influence of each independent variable used which is profitability, leverage, and good corporate governance on company value. The type of research is quantitative research. The data used is secondary data with collection techniques, literature studies and documentation. The data analysis methods used are classical assumption test, multiple linear regression, coefficient of determination, and hypothesis test. The results of the study show that profitability doesn't have a partial effect on the value of the company. Leverage has no partial effect on a company's value. Meanwhile, good corporate governance has a partial and negative effect on company value.

Keywords: Profitability, leverage, and Good Corporate Governance

INTRODUCTION

Profitability, leverage, and good corporate governance have certain characteristics and relationships so it is necessary to prove them by obtaining empirical evidence. Profitability is important because companies generally have the main goal of making a profit, while leverage can have a good or bad influence on the company. This phenomenon is proven by the fact that on the one hand, the company must be able to produce to make a profit to cover its obligations to the company owner and be responsible for loans to creditors. GCG has company organs, namely an independent board of commissioners, a board of directors, and company owners. The implementation of GCG with proxied indicators will have an influence on company value or not, so empirical evidence needs to be obtained. Cigarette subsector companies were chosen because cigarette subsector companies are multinational companies that produce various types of cigarettes, while several cigarette subsector companies (www.idx.co.id) are as follows; PT. Gudang Garam Tbk, PT. HM Sampoerna Tbk. PT. Indonesian Tobacco Tbk. PT. Bentoel Internasional Investama PT. Wismilak Inti Makmur Cigarette subsector companies are companies that are growing rapidly and the products they produce are varied. The tobacco industry is often affected by changes in government policy regarding regulation, taxation, or restrictions on cigarette advertising. Thus, cigarette subsector companies must be able to manage and adjust financial strategies quickly to be able to overcome fluctuating conditions that affect company value during the 2017-2021 period where there are conditions that are not fixed and change from year to year between the variables profitability, leverage, and Good Corporate Governance. on company value in cigarette subsector companies. Profitability

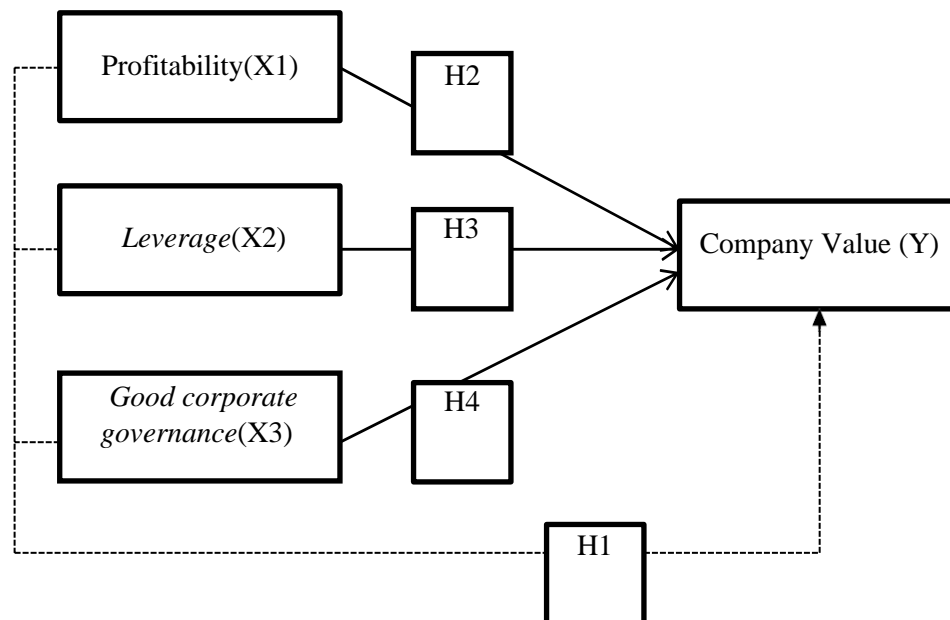
It is one measure of a company's success in managing the company in generating profits (Rahayu, 2020: 20). Profitability shows the company's ability to generate profits during a certain period. Then it was emphasized that a company's profitability is measured by the company's success in using its assets productively (Rahayu, 2020: 20). Leverage. Leverage is a double-edged sword, if a company's profits can be increased, then so can its losses. In other words, the use of leverage in a company can increase the company's profits, but if something goes wrong, the company can experience a loss equal to the percentage of expected profits, perhaps even greater (Van Horne, 2007 in Savitri, 2014: 77). Leverage is a ratio that shows the debt a company has, in the literal sense leverage means a lever or lever (Hayat, 2021: 85). Good corporate governance

According to Kusmayadi et al (2015:11), Good corporate governance can be interpreted as a set of systems that regulate and control a company to create added value for stakeholders. Good corporate governance can encourage the formation of clean, transparent, and professional management work patterns. Implementing GCG in companies will attract investors, both domestic and foreign. This is very important for companies that want to develop their business, such as making new investments. Good corporate governance is a company management system designed to improve company performance, protect the interests of stakeholders, and increase compliance with generally accepted ethical and legal values. This research aims to determine the

influence of profitability, leverage, and good corporate governance on company value, either partially or simultaneously. The relationship between variables can be described as follows :

RESEARCH METHODS

This research uses a quantitative approach using secondary data obtained from annual financial reports which have been published through the official publication media of the Indonesia Stock Exchange. The population in this study are cigarette sub-sector companies listed on the IDX for the 2017-2021 period. This research uses a sampling technique purposive sampling which has the following criteria; (1) Cigarette sub-sector manufacturing companies that are not listed on the Indonesia Stock Exchange (BEI), (2) Companies that do not publish financial report data for the 2017-2021 period, (3) Companies that are not delisted during the observation period, namely 2017-2021. This research uses literature study and documentation in data collection. The data analysis techniques used were classical assumption tests (normality test, multicollinearity test, autocorrelation test, heteroscedasticity test), multiple linear regression models, coefficient of determination (R^2) tests, and hypothesis testing using the IBM SPSS 22 program.



RESULTS AND DISCUSSION
Classic Assumption Test Results
Normality Test Results

Table 4.5
One-Sample Kolmogorov-Smirnov Test

			Unstandardized Residuals
N			20
Normal Parameters, b	Mean		.0000000
	Std. Deviation		2.31933344
	Most Extreme Absolute Differences		,160
Statistical Tests	Positive		,160
	Negative		-.096
Asymp. Sig. (2-tailed)			,160
			.192c

- a. Test distribution is Normal.
b. Calculated from data.

Based on table 4.5 One Sample Kolmogrov-Smirnov, the Asymp value is obtained. Sig. (2-tailed) 0.192 (> 0.05) which means the significance value of 0.192 is more than 0.05, so the data is normally distributed because the significance value obtained is greater than 0.05.

Multicollinearity Test Results

Table 4.6
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	Collinearity Statistics	
	B	Std. Error	Beta	Tolerance	VIF
1 (Constant)	47,765	12,323			
Profitability	-11,826	10,560	-.263	,598	1,672
Leverage	-.363	2,785	-.030	,622	1,607
GCG	-35,207	9,600	-.755	,774	1,291

a. Dependent Variable: Company Value

Based on Table 4.6, the results of the multicollinearity test show the following results:

1. The profitability variable has a tolerance value of 0.598 (>0.10) and a VIF value of 1.672 (<10)
2. The leverage variable has a tolerance value of 0.622 (>0.10) and a VIF value of 1.607 (<10)
3. The good corporate governance variable has a tolerance value of 0.774 (>0.10) and a VIF value of 1.291 (<10)

Based on the explanation above, it can be interpreted that all independent variables in this study have tolerance values > 0.10 and VIF < 10, which indicates that the regression model in this study does not contain symptoms of multicollinearity.

Autocorrelation Test Results

Table 4.7
Model Summary b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.689a	.474	.376	2.52744	1.445

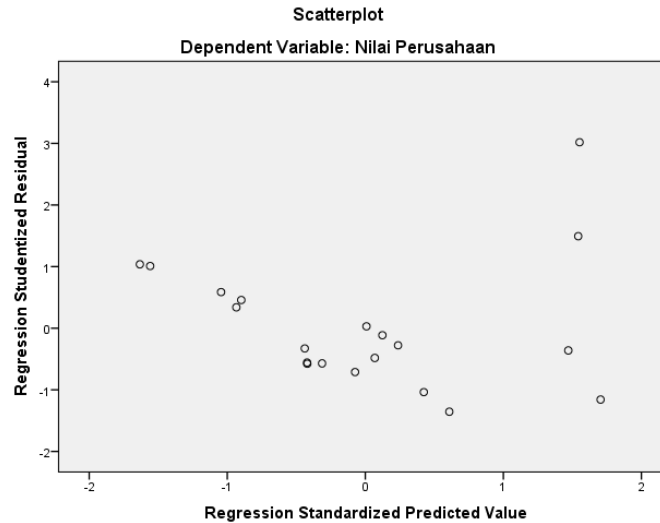
a. Predictors: (Constant), GCG, Leverage, Profitability

b. Dependent Variable: Company Value

Based on Table 4.7, the autocorrelation test using the Durbin-Watson test has a value of 1.445, which means there is no autocorrelation because the Durbin-Watson value has a confidence level between -2 and 2, meaning there is no autocorrelation.

Scatterplot Heteroskedasticity Test Results

Figure 4.1



Based on Figure 4.1, the output results of the heteroscedasticity test are: The scatterplot shows that the points do not form a certain regular pattern and are spread randomly and are spread above or below the number 0. From these results, it can be concluded that heteroscedasticity does not occur.

Park's Heteroskedasticity Test Results

Table 4.8

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	Q	Sig.
	B	Std. Error	Beta		
1 (Constant)	10,406	9,662		1,077	,297
Profitability	-6,452	8,280	-.238	-.779	,447
Leverage	-1,921	2,184	-.264	-.880	,392
GCG	-6,380	7,528	-.228	-.847	,409

a. Dependent Variable: LN_RES

Based on table 4.8 regarding the Park heteroscedasticity test, shows the following results:

1. The profitability variable in the coefficients section shows that the value of the Sig. of 0.447 (>0.05)
2. The leverage variable in the coefficients section shows that the value of the Sig. of 0.392 (>0.05)
3. The good corporate governance variable in the coefficients section shows that the Sig. of 0.409 (>0.05)

Based on the explanation above, it can be interpreted that all independent variables in this study have coefficients of Sig. (> 0.05) which indicates that the regression model in this study does not have heteroscedasticity.

Table 4.9
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	Q	Sig.
	B	Std. Error	Beta		
1 (Constant)	47,765	12,323		3,876	,001
Profitability	-11,826	10,560	-.263	-1,120	,279
Leverage	-.363	2,785	-.030	-.130	,898
GCG	-35,207	9,600	-.755	-3,667	,002

a. Dependent Variable: Company Value

Based on table 4.9, the results of the multiple linear regression analysis test, the following regression equation is obtained:

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

$$Y = 47.765 - 11.826X_1 - 0.363X_2 - 35.207X_3$$

The regression equation above shows the relationship between the independent variable and the dependent variable, therefore, the regression equation can be explained as follows:

1. Constant (α) = 47.765 which states that if the variable value of profitability, leverage, good corporate governance is equal to 0 then the company value is 47.765 units.
2. The regression coefficient value This means that if profitability increases or increases by one unit, then profitability (X1) will reduce (Y) the company value by 11.826 or vice versa.
3. The regression coefficient X2 value of -0.363 is the coefficient value of the leverage variable on the Y variable of company value. This means that if leverage increases or increases by one unit, then leverage (X2) will reduce (Y) the company value by 0.363 or vice versa.
4. The regression coefficient value This means that if good corporate governance experiences an increase or increase of one unit, then good corporate governance (X3) will reduce (Y) the company value by 35,207 or vice versa.

Coefficient of Determination Results

Table 4.10

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.689a	.474	.376	2.52744

a. Predictors: (Constant), GCG, Leverage, Profitability

Based on table 4.10 from the coefficient of determination test results, it is known that the Adjusted R Square value has a value of 0.376 or 37.6%. This shows that the independent variables (Profitability, Leverage, Good Corporate Governance) are able to explain the Company Value by 37.6% and 62.4% is influenced by other variables outside this research.

Simultaneous Test Results (F Test)

Table 4.12

ANOVAa

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	92,176	3	30,725	4,810	.014b
Residual	102.207	16	6,388		
Total	194,383	19			

a. Dependent Variable: Company Value

b. Predictors: (Constant), GCG, Leverage, Profitability

Based on Table 4.12 From the results above, it can be seen that F count (4.810) > F table (3.24) and the significance value is <0.05, namely 0.014. This means that the independent variables (profitability, leverage, good corporate governance) simultaneously influence the company value variable.

Partial Test Results (t)

Table 4.11

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	47,765	12,323		3,876	,001
Profitability	-11,826	10,560	-.263	-1,120	,279
Leverage	-.363	2,785	-.030	-.130	,898
GCG	-35,207	9,600	-.755	-3,667	,002

a. Dependent Variable: Company Value

Based on Table 4.11 it can be known that:

Profitability (-1.120) < (2.11991) with significance > 0.05, namely 0.279. This means that hypothesis 1 is rejected because profitability does not influence company value.

Leverage(-0.130) < (2.11991) with significance > 0.05, namely 0,898. This means that hypothesis 2 is rejected because leverage does not influence company value.

Good corporate governance(-3,667) > (-2.11991) with a significance < 0.005, namely 0.002. This means that hypothesis 3 is accepted because good corporate governance influences company value.

DISCUSSION

The Influence of Profitability, Leverage, and Good Corporate Governance on Company Value

Based on the research results, it was found that X1, which states that there is a significant and positive influence of profitability, leverage and good corporate governance on the firm value variable.

The Influence of Profitability on Company Value

Based on the results of this research, it was found that variable (X1) had no effect on variable (Y), which means that if hypothesis 1 was made, namely that profitability had an effect on company value, it was not proven by the research results stating that profitability had no effect on company value. The results of this research show that profitability as measured by GPM has no effect on company value which can be caused if profitability is seen from the company's ability to generate gross profit margins. from gross profit, it still cannot show the value of revenues that are net of company expenses. So, it will not be attractive to investors because it is not enough to determine decision making just by looking at the development of gross profit margin alone. There are still many aspects of profitability that need to be reviewed in making investment decisions.

The Effect of Leverage on Company Value

Based on the results of this research, it was found that the variable (X2) had no effect on the variable (Y), which means that hypothesis 2 which was created, namely leverage had an effect on company value, was not proven by the research results stating that leverage had no effect on company value. The results of this research are that leverage measured using the Debt to Equity Ratio (DER) has no effect on company value, which can be because leverage is a tool to measure how much creditors are financing the company's assets. If a company has a high level of leverage, it means that the company is very dependent on loans outside the company to finance its assets. It is possible that investors will not be interested in buying shares in a company that has a high level of leverage.

The Influence of Good Corporate Governance on Company Value

Based on the results of this research, it was found that variable (X3) has an effect on variable (Y), which means that if hypothesis 3 was created, namely Good corporate governance has an effect on company value, this is proven by the research results stating that Good corporate governance has an effect on company value. The results of this research show that good corporate governance as measured using an independent board of commissioners, managerial ownership, audit committee has a significant effect in a negative direction. The role of an independent board of commissioners is considered by investors to help the interests of minority shareholders because it is considered that they can supervise the directors in managing the company. So, it can protect the interests of investors, their goals, and the company itself. Managerial ownership is considered to be able to harmonize the interests of shareholders and the interests of management, where management also owns shares so that the interests of investors and the interests of management can be aligned because they have the same goal, namely increasing the value of the company. This can convince investors that the company has good management structure and control over matters relating to financial reports, internal and external control systems. The influence of good corporate governance on company value is significant in a negative direction. This makes it possible for companies whose ownership is only owned by the parent company so that it does not really influence investors to invest because of the small percentage of company value that can be owned.

CONCLUSION

This research aims to determine the influence of each independent variable used, namely profitability, leverage, and good corporate governance on company value in manufacturing companies in the consumer goods industry sector, and cigarette subsector listed on the Indonesia Stock Exchange (BEI) for the 2017-2021 period. From the results of research testing, the following conclusions were obtained:

1. The variables Profitability, Leverage, and Good Corporate Governance influence simultaneously or together on Company Value.
2. The profitability variable does not affect company value. This is because the measurement only looks at the company's ability to generate gross profit margin and cannot be defined as the full profit value which is considered unattractive to investors.

3. Variable leverage does not affect company value. This is because the amount of liabilities and equity tends to fluctuate, the liabilities and equity are even greater than the existing equity in a particular company and research period. So, it is possible that investors will not be interested.
4. Variable good *corporate governance influence* on company value. This is because the implementation of GCG will be seen by investors as having a structure, control system, and company direction and this supports the company in achieving goals that have an impact on increasing company value. The negative direction in the research results is possibly caused by companies whose company ownership is only owned by the parent company so it does not influence investors to invest because of the small percentage of company value that can be owned. Another perception regarding managerial ownership is that the percentage of share ownership owned by company management causes investors to think again because managerial ownership tends to be used for personal interests.

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