

Liquidity and Asset Growth on Telecommunications Companies Value

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INFORMASI ARTIKEL

ABSTRAK

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The purpose of this study was to determine the effect of liquidity as proxied by Current Ratio (CR) and Asset Growth as proxied by Asset Growth Ratio (AGR) to firm value (PBV) in telecommunications companies. The type of data used in this research is secondary data. The sampling technique used in this research is purposive sampling. The population are telecommunication companies listed on the Indonesia Stock Exchange as many as 3 telecommunication companies in the 2016-2021 period. The research method is descriptive with a quantitative approach, namely the data obtained and analyzed on the basis of numbers that exist in telecommunications companies listed on the Indonesia Stock Exchange in 2016-2021, the research method is panel data regression analysis. Based on the results of the research hypothesis t test shows that liquidity has a significant effect on firm value and firm growth has no significant effect on firm value. Then, liquidity and firm simultaneously or jointly have a significant effect on firm value .

A. INTRODUCTION

During the COVID-19 pandemic, the government set social restriction regulations so that there was an increase in internet data traffic, because with these regulations, people who work and even school are all carried out at home, these activities become a "New Normal", this is the main area where the telecommunications sector in Indonesia need to increase its role significantly. The Ministry of Communications and Information Technology (Kominfo) recently announced a regulation highlighting the role of telecommunications companies in optimizing the network experience when social distancing is in the limelight, showing that the government is well aware of the important role that telecommunications companies play in the economy .

The companies studied in this study are the telecommunications industry listed on the Indonesia Stock Exchange (IDX) during the 2016-2021 period. In the telecommunications industry, there are 3 companies, namely Telekomunikasi Indonesia Tbk (TLKM), Indosat Tbk (ISAT), XL Axiata Tbk (EXCL) .

The value of the company can describe the level of success of the company. Investors often judge the success of the company based on the value of the company. If the company has a high company value, it will increase investor confidence. A high level of investor confidence will improve the company's current performance and future prospects (Riadi, 2017)".

Increasing the value of the company is the main goal of a company. Rachmansyah (2017) states that company value is an investor's perception related to the level of success of the company. The high value of the company will be able to increase market confidence in the company's performance and the company's prospects in the future. The value of the company can be shown from the stock price and market value .

Liquidity is generally defined as having adequate sources of funds to meet all the needs of maturing obligations. Or in other words, the company's ability to fulfill obligations when billed is predictable or unexpected.

A company can be said to be illiquid if the company is unable to pay its debt obligations that have matured. In general, liquidity can be defined as the company's ability to pay its maturing debts. Liquidity problem is one of the important problems in a company that is relatively difficult to solve. From the creditor's point of view, companies with high liquidity are good companies; because the short-term funds borrowed by the company's creditors can be guaranteed by relatively larger current assets. However, if viewed from the management side, companies that have high liquidity show poor management performance, because high liquidity indicates an idle cash balance, relatively excessive inventory, or because the company's credit policy is not good, resulting in high accounts receivable. Liquidity problems can also be seen as an important problem when viewed from the amount of funds invested in current assets .

Growth is a process that describes a change from something that does not yet exist into something, from a small one to a bigger one. Growth describes something that is alive and growing. Corporate growth is the life and development of a company.

In the business world, the growth of the company shows the size of the company. The company's growth occurs when there are increasing changes within the company. For example, increasing sales turnover, increasing production, increasing capital business, increase the level of profit and so on. Company growth is often used as a benchmark in assessing the development of a company.

Based on the background of the problem above, the formulation of the problem is:

1. Is there any influence of liquidity as proxied by Current Ratio to firm value as proxied by Price to Book Value?
2. Is there any effect of Asset growth as proxied by Asset Growth Ratio on firm value as proxied by Price to Book Value?
3. Is there any influence of liquidity as proxied by Current Ratio and Asset growth as proxied by Asset Growth Ratio simultaneously on firm value as proxied by Price to Book Value?.

B. LITERATURE REVIEW

Firm Value

According to Husnan (2013:7) "the value of the company is the price that prospective buyers are willing to pay if the company is sold". For companies that go public, one of the major influences on the value of the company is the stock price. So, the value of the company is the price that prospective buyers are willing to pay which is defined as the market price of the company

Liquidity

According to Sartono (2012:116) said that "The liquidity ratio shows the ability to pay short-term financial obligations on time." In other words, the definition of liquidity is meant as a comparison between the amount of cash and other assets that can be equated with cash and the amount of current debt (liquidity of the business entity), as well as expenses to run the company (liquidity of the company).

Asset Growth

According to Syardiana, et al (2015) company growth will result in higher returns because growth has beneficial aspects for investors. The faster the company's growth, the greater the need for funds for expansion. The greater the need for future financing, the greater the company's desire to retain profits. So a growing company should not distribute profits as dividends but rather use it for expansion .

Framework

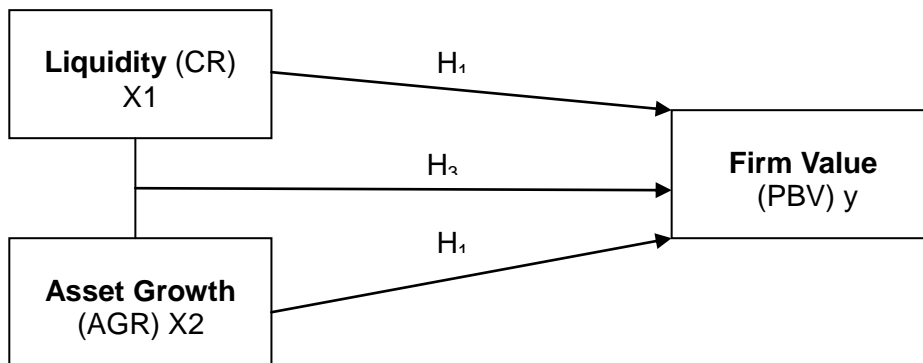


Image 1
Framework

Hypothesis Development

Effect of Liquidity (Current Ratio) on Firm Value (Price to Book Value)

Based on previous research conducted by Fauzi et al (2019), the liquidity variable has no significant effect on firm value, while based on research conducted by Dewi et al (2020) it is found that the liquidity variable has a significant effect on firm value. So the first hypothesis proposed in this study is :

H₁: It is suspected that liquidity (Current Ratio) has a significant effect on firm value (Price to Book Value)



The Effect of Company Growth (Asset Growth Ratio) on Firm Value (Price to Book Value)

Based on previous research conducted by Putra (2021) it was found that the company's growth variable had a significant effect on firm value. This finding is in line with research conducted by Sutanto et al (2021) that firm growth has a positive and significant effect on firm value. So that the second hypothesis proposed in this study is :

H₂: It is suspected that company growth (Asset Growth Rate) has a significant effect on firm value (Price to Book Value)

Effect of Liquidity (Current Ratio) and Asset Growth (Asset Growth Ratio) on Firm Value (Price to Book Value)

Based on previous research conducted by Naufal et al (2021) it was found that the liquidity variable has a significant effect on firm value. This finding is in line with the research conducted by Sutanto et al (2021) where the company growth variable has a significant effect on firm value. So the third hypothesis proposed in this study is:

H₃: It is suspected that liquidity (Current Ratio) and Asset growth (Asset Growth Rate) simultaneously affect the firm value (Price to Book Value)

C. RESEARCH METHODOLOGY

The type of research is descriptive quantitative, is a method that aims to create a picture or descriptive about a situation objectively using numbers, starting from data collection, interpretation of the data as well as appearance and results. The population are telecommunications companies listed on the Indonesia Stock Exchange for the period 2016-2021 with the website www.idx.co.id. In the sampling of research using purposive sampling technique where in this technique in determining the sample with certain considerations. The sampling criteria used by the researcher are :

1. Telecommunications companies from 2016-2021 that are continuously listed on the Indonesia Stock Exchange during the 2016-2021 period.
2. Telecommunications companies that have complete financial reports for the period 2016-2021.
3. Telecommunications companies that have good financial performance during the period 2016-2021.

The sample of this research are:

No	Code	Company Name
1	TLKM	PT. Telekomunikasi Indonesia Tbk.
2	ISAT	PT. Indosat Tbk.
3	EXCL	PT. XL Axiata Tbk.

Operational Variables of this study are:

Variable	Proxy	Measurement	Scale
Liquidity (X1)	Current Ratio (CR)	$CR = \frac{\text{Current Assets}}{\text{Current Liability}} \times 100\%$	Ratio
Asset Growth (X2)	Asset Growth Ratio (AGR)	$AGR = \frac{TA_t - TA_{t-1}}{TA_{t-1}} \times 100\%$	Ratio

Firm Value (Y)	Price to Book Value (PBV)	$PBV = \frac{\text{Price Per Share}}{\text{Book Value Per Share}}$	Ratio
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The data analysis technique used in this study is the multiple linear regression analysis method of panel data. In analyzing panel data regression, it consists of determining the estimation model, determining the estimation method, classical assumption test and hypothesis testing. For data processing with Eviews 12.0 software to help analyze the data used in testing the significance of multiple linear regression analysis of data panel .

D. RESULTS AND DISCUSSION

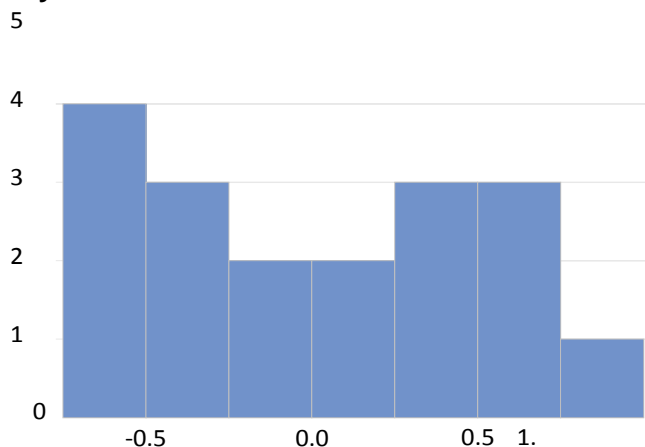
Selection of the Dependent Variable Model Company Value There are three types of panel data analysis models, namely: (1) Ordinary Least Square (OLS) or Common Effect Model (CEM) methods. (2) Fixed Effect Model (FEM)). (3) Random effect method (Random Effect Model) .

Model Conclusion

No.	Method	Testing	Result
1.	<i>Chow Test</i>	<i>Common Effect Model vs Fixed Effect Model</i>	<i>Common Effect Model</i>
2.	<i>Hausman Test</i>	<i>Random Effect Model vs Fixed Effect Model</i>	<i>Fixed Effect Model</i>
3.	<i>Langrage Multiplier (LM- Test)</i>	<i>Common Effect Model vs Random Effect Model</i>	<i>Common Effect Model</i>

Classical Assumption Test

Normality Test



Series: Standardized Residuals	
Sample 2016 2021	
Observations 18	
Mean	1.11e-16
Median	0.039979
Maximum	0.784957
Minimum	-0.715975
Std. Dev.	0.521443
Skewness	0.007468
Kurtosis	1.664035
Jarque-Bera	1.338769
Probability	0.512024

Source: Data processed Eviews 12.0

Based on the picture above, it shows that the Jarque-Bera value is $1.338769 < 2$ and the probability value is $0.512024 > 0.05$, so it can be concluded that the data is normally distributed .

Heteroscedasticity Test

F-statistic	1.445446	Prob. F(2,15)	0.2667
Obs*R-squared	2.908523	Prob. Chi-Square(2)	0.2336
Scaled explained SS	0.670611	Prob. Chi-Square(2)	0.7151

Source: Data processed Eviews 12.0

Based on the above table, it is known that the value of Obs*R-squared is $0.2336 > 0.05$, it can be concluded that there is no heteroscedasticity in this study .

Multicollinearity Test

	CR	AGR
CR	1	0.241283
AGR	0.241283	1

Source: Data processed Eviews 12.0

Based on the above table the correlation values of all CR variables, and $AGR < 0.8$. Thus it can be concluded that there is no multicollinearity and all independent variables used in this study passed the multicollinearity symptom test

Autocorrelation Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.105634	0.338318	0.312233	0.7592
CR	0.035879	0.005342	6.716242	0.0000
AGR	-0.014062	0.020382	-0.689942	0.5008
Root MSE	0.506751	R-squared		0.754209
Mean dependent var	2.158889	Adjusted R-squared		0.721437
S.D. dependent var	1.051777	S.E. of regression		0.555118
Akaike info criterion	1.811741	Sum squared resid		4.622344
Schwarz criterion	1.960136	Log likelihood		-13.30566
Hannan-Quinn criter.	1.832202	F-statistic		23.01370
Durbin-Watson stat	1.748621	Prob(F-statistic)		0.000027

Source: Eviews panel data output result 12.0

In the above table, it can be seen that the DW-stat value is 1.748621 which is below 2 then it is suspected that there is a positive serial correlation (indicating a correlation) but is in the range of DW test values ($4-dl < DW < 4$) with sample $n = 18$ and the number of independent variables $k = 2$ then $dl = 1.0461$ and $du = 1.5353$. This indicates that the model does not have an autocorrelation problem (positive) .



Hypothesis testing

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.105634	0.338318	0.312233	0.7592
CR	0.035879	0.005342	6.716242	0.0000
AGR	-0.014062	0.020382	-0.689942	0.5008

Source: Eviews panel data output result 12.0

Based on the table above, the results of the regression test for testing the effect of Liquidity (CR) and Company Growth (AGR) on firm value (PBV) obtained a probability value (significant) $0.00027 < 0.05$, then H_0 is rejected and H_3 is accepted. This shows that Liquidity as proxied by (CR) and Company Growth as proxied by (AGR) simultaneously and together have an effect on Company Value as proxied by (PBV) .

Coefficient of Determination Value

Based on the table above, the coefficient of determination is $R^2 = 0.754209$, which means that 75.4209% of the variation in the probability variable of Firm Value (PBV) can be explained by the two independent variables. A total of 24.5791% probability of firm value as proxied by (PBV) is explained by other variables not observed in this study .

Effect of Liquidity (CR) on Firm Value (PBV)

Based on the results of hypothesis testing the effect of Liquidity (CR) on Firm Value (PBV), the probability value (significance) is $0.0000 < 0.05$, then H_0 is rejected and H_1 is accepted. These conditions indicate that liquidity (CR) has a significant effect on firm value (PBV) in telecommunications companies

This study is different from the results of research conducted by Fauzi et al (2019) which states that liquidity has no significant effect on firm value. But this study agrees with research conducted by Dewi et al (2020) which states that liquidity has a positive and significant effect on firm value. So with these results the proposed hypothesis is accepted .

The Effect of Asset Growth (AGR) on Firm Value (PBV)

Based on the results of hypothesis testing, it shows that the probability value (significance) is $0.5008 > 0.05$, then H_0 is accepted and H_2 is rejected. These conditions indicate that the Asset Growth (AGR) has no significant effect on Company Value (PBV). The results of this study contradict the research conducted by Sutanto et al (2021) which states that company growth has a positive and significant effect on firm value. So with these results the proposed hypothesis is rejected .

E. CONCLUSION

Based on the results of the research that has been done, the researchers can draw conclusions about the effect of liquidity and Asset growth on firm value in telecommunications companies listed on the Indonesian stock exchange in 2016-2021. So the conclusions of the study are as follows :

1. Liquidity as proxied by Current Ratio (CR) has a significant effect on firm value (PBV). The findings of this study are in line with the research hypothesis which states that liquidity as proxied by the Current Ratio (CR) has a significant effect on firm value (PBV) .
2. Asset growth as proxied by Asset Growth Ratio (AGR) has no significant effect on firm value (PBV). The findings of this study are in line with the research hypothesis which states that company growth as proxied by the Asset Growth Ratio (AGR) has no significant effect on firm value (PBV) .



- Liquidity as proxied by Current Ratio (CR) and Asset growth as proxied by Asset Growth Rate (AGR) simultaneously have a significant effect on firm value (PBV). The findings of this study are in line with the research hypothesis that stated that Liquidity as proxied by Current Ratio (CR) and Asset growth as proxied by Asset Growth Ratio (AGR) simultaneously had a significant effect on firm value (PBV) .

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