The Effect Of Current Ratio, Debt To Assets Ratio, Total Assets Turnover, And Company Size On Company Value (Tobin's Q) In Coal Sub Sector Companies Listed On The Indonesia Stock Exchange Period 2018-2022

Alfitaria Alfath Nuur [1], Esi Fitriani Komara [2]
[1,2) Universitas Jenderal Achmad Yani
Email: [1) alfitaria01@gmail.com ,[2) esi.fk@lecture.unjani.ac.id

How to Cite :

ABSTRACT

This study aims to determine the effect of the current ratio, debt to assets ratio, total assets turnover, and company size on firm value (Tobin's Q) in coal sub sector companies listed on the Indonesia Stock Exchange for the period 2018-2022. This study utilizes information from financial reports listed on the IDX, with a quantitative approach. The type of data used is secondary data with a population of 31 coal sub sector companies and samples were acquired from upwards of 16 companies utilizing the purposive sampling method. The data analysis technique was done utilizing panel data regression. The results of this study show that current ratio and company size have a positive effect on firm value (Tobin's Q), while debt to assets ratio and total assets turnover have an effect on firm value (Tobin's Q).

INTRODUCTION

Indonesia as one of the developing countries is required to always increase economic growth. One of the elements that impact economic development in Indonesia is investment. BKPM said, Indonesia's investment level from 2018 to 2022 continues to increase and even exceeds the target set. The mining and property sector is one of the sectors that is the biggest contributor to the increase in investment. Company value is a consideration for potential investors. The higher the share price, company value, which can increase investor confidence. Because high company value, it shows prosperity to shareholders. In this study utilizing Tobin's Q, this proportion considered to give the best data since it can make sense of different peculiarities in company exercises and this ratio also includes all elements of the company's debt and share capital, not only equity but all company assets (Yeni & Mayliza, 2017). This ratio can be used to assess the market through stock prices since economic situations can influence the ascent and fall of Tobins'Q value as a measure of firm value. This ratio also shows the ongoing

monetary market gauge of the value of the profit from any investment made. The following is value the company in coal sub-sector for period 2018-2022. In 2018-2019 the company's value decreased from 2.81 times to 0.92 times, due to the weakening level of consumption in China which resulted in China having to cut imports from various countries. Furthermore, the company's value in 2019-2022 increased but not significantly from 0.92 times to 1.62 times, due to an increase in mining commodity prices, especially coal, which made the company's value increase. Therefore, potential investors must be careful when investing in companies that are experiencing a decline.

Purposive investors can analyze company performance before investing using financial ratios. Tobin's Q is influenced by several variables, namely the current ratio's proximate liquidity ratio. The CR is ratio used to gauge company's capacity to take care of all current obligation or obligation that is expected soon. The following ratio in this study utilizes influence ratio proxied by obligation to resources ratio. Obligation to the ratio of resources to total is a measure of the ratio between obligation and all out resources. The following ratio in this study is company size. Company size still up in the air by different values like all out resources, deals, capital, benefits, and others, these values can decide size organization.

LITERATURE REVIEW

Company Value

The type of research used in According to (Fahmi, 2020) "Company value is determined by the results of company performance, especially its financial performance. Firm value is an investor's assessment of the success of a company and is often associated with its share price". At the point when value of a company high, market not just trusts company's current exhibition yet in addition its future possibilities. It is very important for companies to maximize the value of the company since it can likewise amplify the thriving of shareholders which is the fundamental objective of the company. The outcome of a company gives desire to shareholders as more noteworthy benefits so as to attract potential investors. This can increase the company's capital. Company value is measured using (Tobin's Q). Coming up next is the equation for deciding company value:

$$\text{Tobin's Q} = \frac{(\text{MVS} + \text{Debt})}{\text{Total Assets}}$$

MVS   : "Market value of all outstanding shares"
D   : "Debt"
TA   : "Total Assets (total assets of the company)"

Current Ratio

CR is one type of liquidity ratio, Sutrisno (2017) "liquidity ratio is a ratio that measures how much a company's ability to pay off its maturing obligations". "The current ratio is a ratio used to measure the company's ability to pay off all current debt or debt that is due immediately" (Fahmi,2020). The high and low current ratio can influence the premium of likely financial backers to contribute their assets, the more noteworthy this ratio, more productive company using CA. This can build value company as a result company's better presentation in smoothing out degree of liquidity in taking care of current liabilities with the capacity of its CA The following is the formula for determining CR:

$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Current libilities}} \times 100\%$$

Debt To Assets Ratio

Obligation to AR is one of the influence ratios, according to (Sutrisno, 2017) "the leverage ratio is a ratio that reflects how much a company's funding needs are financed by debt". According to (Fahmi, 2020) "debt to asset ratio is a ratio used to measure the ratio between total debt and total assets". The more prominent this ratio, more risky company is because of growing liabilities. This results in investors tending to be less interested in companies that have debt since it is conceivable that the company can not pay all its obligations and become a burden for shareholders. This reflects the decreasing company value. Company value decreases because investors prefer a debt to asset ratio with a low value, namely because the security of their funds will be good. Coming up next is formula for deciding debt to AR:

$$\text{Debt to asset ratio} = \frac{\text{Total debt}}{\text{Total assets}}$$

Total Assets Turnover

Is the activity ratio, (Fahmi, 2020) "the activity ratio is the ratio used to describe the extent to which a company uses its resources to support company activities. Total assets turnover is a ratio used to measure the turnover of all assets that own the company and measure some of the amount of sales obtained from each rupiah of assets" (Fahmi, 2020). The company's total assets are examined using this ratio and make sure they are actually turned over. The greater the ratio, the better, because it shows the more effective the client's assets and the faster the arrival of assets as money, and shows opportunities for investors to invest and make an increase in the value of the company. Rising shares or company investment also makes the company value rise. The following is the formula for determining total assets turnover:

$$\text{Total assets turnover} = \frac{\text{Net sales}}{\text{Average total assets}}$$

Company Size

Company size gives an idea of how big or small an organization is which can be assessed by total asset, stock prices, and others (Hery, 2017). Company size still up in the air by different values like total assets, deals, capital, benefits, and others, these values can decide the size of the company. Huge organization will find simpler to acquire subsidizing in capital market contrasted with more modest companies. Bigger companies will quite often have a more elevated level of leverage compared to small companies, where the bankruptcy rate is lower than that of small companies so the capital structure will also increase due to high debt. This is in accordance with the flagging hypothesis that a sign of a successful business is its size has great possibilities later on and will influence the expansion in organization value. Here is formula for deciding company size:

$$\text{Company size} = \text{Total Assets}$$

METHODS

This research is a kind of quantitative research. The populace in this study were 31 coal subsector organizations recorded on IDX period 2018-2022. Sample acquired was 16 companies utilizing the purposive sampling method. Data analysis technique was completed utilizing board data regression with secondary data sources.

RESULTS

Table 1 Chow Test Results

Effects test	Statistic	d.f.	Prob.
Cross-section F	1.541503	(15,60)	0.1195
Cross-section Chi-square	26.077710	15	0.0372

Source: Eviews 10 Output Results, 2024

It can be seen results in table 1, obtained the Cross-sectional Chi-square probability of 0.0372. these results >0.05 (prob<0.05), meaning Ha is accepted while H0 is rejected. implying that data utilized makes a fixed difference.

Table 2 Hausman Test Results

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	1.998303	4	0.7361

Source: Eviews 10 Output Results, 2024

It very well may be seen that results Hausman test in table 2, obtained a cross-section random probability value of 0.7361, these results >0.05 (prob>0.05), meaning that Ha is rejected while H0 is accepted. meaning data used is a random effect.

Table 3. Lagrange Test Results

Null (no rand. effect) Alternative	Cross-section One-sided	Period One-sided	Both
Breusch-Pagan	1.032620	0.108186	1.140807
	(0.3095)	(0.7422)	(0.2855)
Honda	1.016179	0.328917	0.951127
	(0.1548)	(0.3711)	(0.1708)
King-Wu	1.016179	0.328917	0.758505
	(0.1548)	(0.3711)	(0.2241)
GHM	--	--	1.140807
	--	--	(0.2841)

Source: Eviews 10 Output Results, 2024

It can be seen results hausman test in table 3, obtained a result of 0.3095 result >0.05 (prob>0.05), H0 is acknowledged and Ha is acknowledged and dismissed intending that the data utilized is normal effect. In light of results all test, the best model in this study is CEM.

Normality Test
Table 4 Normality Test Results

Jarque-Bera	Probability
2.924766	0.231684

Source: Eviews 10 Output Results, 2024

In light of table 4 above, shows likelihood value of 0.231684 is >0.05 (prob> 0.05), so Ha is rejected while H0 is accepted, it are normally distributed to imply that the residuals.

Multicollinearity Test
Table 5 Multicollinearity Test Results

|	"X1"	"X2"	"X3"	"X4"
"X1"	1.000000	-0.256213	0.199162	-0.005110
"X2"	-0.256213	1.000000	-0.379944	0.198948
"X3"	0.199162	-0.379944	1.000000	-0.105499
"X4"	-0.005110	0.198948	-0.105499	1.000000

Source: Eviews 10 Output Results, 2024

In view of the table above, that's what it shows:
1. "The correlation coefficient of X1 and X2 is -0.256213 < 0.85"
2. "The correlation coefficient of X1 and X3 is 0.199162 < 0.85"

3. "The correlation coefficient of X1 and X4 is -0.005110 < 0.85"
4. "The correlation coefficient of X2 and X3 is -0.379944 < 0.85"
5. "The correlation coefficient of X2 and X4 is 0.198948 < 0.85"
6. "The correlation coefficient of X3 and X4 is -0.105499 < 0.85"

Heterokedastistas Test

Figure 1 Heterokedastisitas Test Results
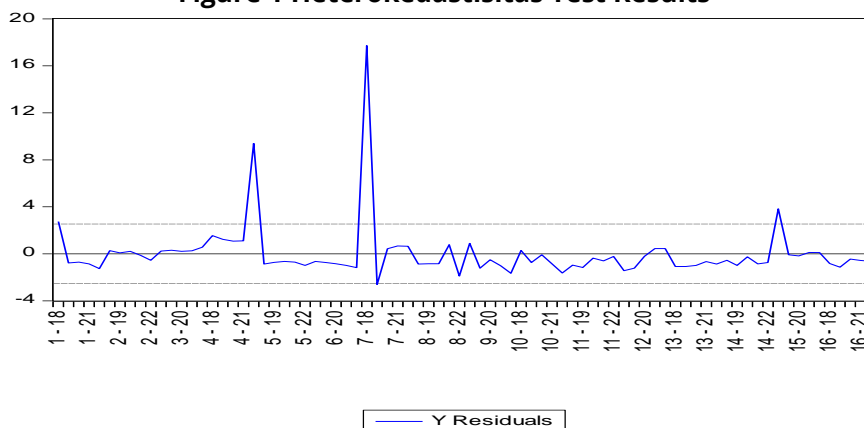
Source: Eviews 10 Output Results, 2024

From the blue residual graph, it will in general be aware that it does not cross the thresholds. (500 and 500), and that implies residual variance is something similar. Hence, there no side effects of heteroscedasticity or finish.

Y = -0.612382180276- 0.0925063785464*X1 + 0.227601960586*X2 + 1.70118316605*X3 + 0.0475896828534*X4

The clarification is as per the following:
1. The constant value of -0.612382180276 means that without the CR (X1), DAR (X2), TATO (X3), and company size (X4) variables, the Tobin's Q (Y) company value variable will decrease by -0.612382180276.
2. The beta coefficient worth of the CR variable (X1) is - 0.092506378546 in the event that the worth of different factors is consistent and variable X1 has expanded by 1 unit, the Tobin's Q company value variable (Y) will increase by - 0.092506378546. vice versa, Variable Y will decrease by - 0.092506378546 if other variables remain constant and variable X1 has decreased by one unit.
3. The beta coefficient worth of the DAR variable (X2) is 0.227601960586, assuming that the worth of different factors is steady and the X2 variable has expanded by 1 unit, the Tobin's Q company value (Y) variable will increment by 0.227601960586. the other way around, assuming the worth of different factors is consistent and the X2 variable reductions by 1 unit, the Y variable will diminish by 0.227601960586.
4. The beta coefficient worth of the TATO variable (X3) is 1.70118316605, assuming the worth of different factors is steady and variable X3 has expanded by 1 unit, the Tobin's Q company value (Y) variable will increase by 1.70118316605. vice versa, Variable Y will decrease by 1.70118316605 if other variables remain constant and variable X3 has decreased by one unit.
5. If other variables remain constant and the Company Size variable (X4) has increased by one unit, its beta coefficient is 0.0475896828534, the Tobin's Q company value variable (Y) will increase by 0.0475896828534. vice versa, The Y variable will decrease by 0.0475896828534 if other variables remain constant and the X4 variable decreases by one unit.

Autocorrelation Test
Table 6 Autocorrelation Test Results

"R-squared"	0.103646	"Mean dependent var"	1.659472
"Adjusted R-squared"	0.068264	"S.D. dependent var"	2.615164
"S.E. of regression"	2.524326	"Akaike info criterion"	4.738532
"Sum squared resid"	484.2887	"Schwarz criterion"	4.857633
"Log likelihood"	-185.5413	"Hannan-Quinn criter"	4.786283
"Durbin-Watson stat"	2.150076		1.659472

Source: Eviews 10 Output Results, 2024

In view of table 6 above, DW value is 2.150076, meaning there is no autocorrelation.
Partial Test (T) and Simultaneous Test (F)
Table 7 Partial Test Results (T)

	"Coefficient"	"Std. Error"	"t-Statistic"	"Prob."
C	-0.612382	2.283629	-0.268162	0.7893
X1	-0.092506	0.112688	-0.820903	0.4143
X2	0.227602	1.475000	0.154306	0.8778
X3	1.701183	0.603617	2.818315	0.0062
X4	0.047590	0.108976	0.436698	0.6636

Source: Eviews 10 Output Results, 2024

Based on the table above, it shows that:
1. The results probability value on the current ratio of 0.4143 shows that prob> 0.05 (0.4143> 0.05), meaning that the CR has a positive effect on firm value.
2. The result of the probability value on the debt to assets ratio of 0.8778 shows that prob> 0.05 (0.8778> 0.05), meaning that the debt to AR has no effect on firm value.
3. The result of the probability value on total assets turnover of 0.0062 shows that prob < 0.05 (0.0062 < 0.05), meaning that total assets turnover has no effect on firm value.
4. The results of the probability value on company size of 0.6636 shows that prob> 0.05 (0.6636> 0.05), meaning that company size has a positive effect on firm value.

Tabel 8 Hasil Uji Simultan (F)

"R-squared"	0.104505
"Adjusted R-squared"	0.056745
"S.E. of regression"	2.539881
"Sum squared resid"	483.8248
"Log likelihood"	-185.5029
"F-statistic"	2.188136
"Prob(F-statistic)"	0.038387

Sumber : Hasil Output Eviews 10, 2024

In view of table 8 above, shows likelihood value is 0.038387. This shows that prob <0.05 (0.038387 <0.05) intends that there is a concurrent impact between independent variable on dependent variable firm value (Tobin's Q).

DISCUSSION

The Effect Of Current Ratio On Company Value (Tobin's Q)
Based on the results in table 7 above, shows that during the 2018-2022 period, the current ratio variable has a positive effect on firm value (Tobin's Q) in the coal sub-sector listed on the

IDX. This is in line with research according to Artamevia & Almalita (2021), Imanah et al (2021), and Rahayu & Istikhoroh (2019), "the current ratio has a positive effect on firm value". The aftereffects of this study are as per the hypothesis put forward by Sutrisno, (2017) "that the higher the current ratio, the higher the ability of a natural company to pay off its debts, which has an impact on the company's value".

It may signal to investors that they should invest their money. Companies can use CA to pay for their debts or liabilities. Investors' willingness to invest will be influenced and the company's value will rise if it is able to pay off its debts.

The Effect Of Debt To Assets Ratio On Firm Value (Tobin's Q)

In view of the results in table 7 above, shows that during the 2018-2022 period, the debt to assets ratio variable had no effect on firm value (Tobin's Q) in the coal sub-sector listed on the IDX. This is in line with research as indicated by Lamba & Atahau (2022), and Yenny et al (2021), "the debt to asset ratio has no effect on firm value". The results of this study are not in accordance with the theory put forward by Kasmir (2020) "that the higher the debt to asset ratio, the higher the risk for the company. This results in a decrease in company value, and vice versa".

The Effect Of Total Assets Turnover On Firm Value (Tobin's Q)

In view of the results in table 7 above, shows that during the 2018-2022 period, the total assets turnover variable has no effect on firm value in the coal sub-sector listed on IDX. This is in line with research according to Rahayu & Istikhoroh (2019), and Sarwanto (2018), "stating that total asset turnover has no effect on firm value". The consequences of this study are not according to the speculation set forward by Hery (2017) "that the higher the total asset turnover ratio, it shows that the company is more efficient in using assets, and the faster the return of funds in the form of cash, and shows investors' opportunities to invest and trigger an increase in stock prices". The expansion in stock prices likewise makes the company's value ratio go up.

The Effect Of Company Size On Firm Value (Tobin's Q)

In light of the results in table 7 above, shows that during the 2018-2022 period, the firm size variable had a positive effect on firm value (Tobin's Q) in the coal sub-sector listed on IDX. This is in line with research according to Laksono & Rahayu (2021), Dewantari et al (2019), and Bagaskara et al (2021), "company size has a positive and significant effect on firm value". This study's findings support the hypothesis put forth by Sudana (2015), "that the larger the company size, the more the company value will increase".

CONCLUSION

1. The current ratio has a positive effect on firm value (Tobin's Q) in coal sub-sector companies listed on IDX 2018-2022 period. With a value of 0.4143> 0.05, it is proven that increasing the current ratio affects the company's value (Tobin's Q).
2. Debt to assets ratio has no effect on firm value (Tobin's Q) in coal sub-sector companies listed on IDX 2018-2022 period. With a value of 0. 8778> 0.05, proving that the increase in debt to assets ratio has no effect on firm value (Tobin's Q).
3. Total assets turnover has no effect on firm value (Tobin's Q) in coal sub-sector companies listed on IDX 2018-2022 period. A value of 0. 0062> 0.05, proves that the increase in total assets turnover has no effect on firm value (Tobin's Q).
4. Company size has a positive effect on firm value (Tobin's Q) in coal sub-sector companies listed on IDX 2018-2022 period. With a value of 0. 6636> 0.05, proven that increasing company size has a positive effect on firm value (Tobin's Q).

SUGGESTION

1. It is proven that the current ratio and company size emphatically affect firm value (Tobin's Q) in coal sub-sector companies listed on IDX for 2018-2022 period. Companies can use this to attract potential investors and convince potential financial backers to contribute their capital.
2. This research can be utilized as a source of perspective for future researchers by using latest financial statement data and by adding different factors that are excluded from this study.

REFERENCES

Adam. W., and Wibowo. S. (2022). Analysis of factors that influence the value of food and beverage companies. E-JMTSM (E-Journal of Management of Trisakti College of Management). Volume 2(4). https://jurnaltsm.id/index.php/EJMTSM/article/view/1836.

Artamevia, J., & Almalita, Y. (2021). The Effect of Return On Assets, Debt To Assets Ratio and Other Factors on Company Value. E-Journal of TSM Accounting, 1(3), 313-324. Http://Jurnaltsm.Id/Index.Php/Ejatsm

Dewantari, N. L. S., Cipta, W., & Susila, G. P. A. J. (2020). The Effect of Company Size and Leverage and Profitability on Company Value in Food and Beverages Companies in Bei. Prospect: Journal of Management and Business, 1(2), 74. Https://Doi.Org/10.23887/Pjmb.V1i2.23157

Fahmi, Irham. 2020. Financial Performance Analysis. Bandung: Alfabeta.

Hery. (2017). Financial statement analysis (integrated and comprehensive edition). Jakarta: Geasindo.

Indonesia Stock Exchange. (2022). Financial Report, Https://Www.Idx.Co.Id/Id

Kasmir. (2020). Financial statement analysis (8th ed.). Jakarta: Rajawali Press

Laksono, B.S., & Rahayu, Y. (2021). Effect of Profitability, Investment Decisions, and Company Size on InfluenceThe value of the company. Journal of Accounting Science and Research, 10(1), 1–17.

Lamba, A. B., & Atahau, A. D. R. (2022). The Effect of Leverage on Firm Value Mediated by Profitability. Indonesian Accounting and Business Review, 6(1), 16-31. Https://Doi.Org/10.18196/Rabin.V6i1.12698

Rahayu, I., & Istikhoroh, S. (2019). The Effect of CR, TATO, and DER on the Value of Pharmaceutical Companies Tbk. Accounting Scientific Publications, 1(1), 970-978.

Sudana, I. M. (2015). Financial management theory & practice (2nd ed.) Jakarta: Erlangga.

Sutrisno. 2017. Financial Management Theory, Concepts and Applications. Ekonesia. Yogyakarta.

Wandi, Sarwanto. 2018. Analysis of the Effect of Profitability, Liquidity, Solvency, Total Assets Turnover (TATO) on Company Value in the Company Manufacturing on the IDX for the 2013-2017 Period. 42.

Yeni, F., & Mayliza, R. (2017). Market Performance Reviewed From Aspects of Managerial Ownership and Investment DecisionsPolicy Dividends. Pundi Journal, 1(1), 67–76. https://Doi.Org/10.31575/Jp.V1i1.11

Yenny, Y., Elizabeth, S. M., & Juwita, R. (2021). The Effect of Current Ratio, Return On Asset, Debt To Asset Ratio, and Company Size on the Value of Companies in the Consumer Goods Sub-Sector Listed on the IDX in the 2015 - 2019 Period. Management Student Research Publication, 3 (1), 99-110. Https://Doi.Org/10.35957/Prmm.V3i1.1620