Asia Pacific Journal of Management and Education (APJME) Vol. 7 No. 2, pp. 285-298, July, 2024
E-ISSN: 2655-2035 P-ISSN: 2685-8835
https://www.ejournal.aibpm.org/index.php/APJME

Company Valuation and Influencing Factors: A Study of Automotive and Component Manufacturers Listed on the Indonesia Stock Exchange

I Gusti Ngurah Bagus Gunadi[1], I Gede Cahyadi Putra[2], Ida Ayu Ratih Manuari[3]
Universitas Mahasaraswati Denpasar[1,2,3]
Jl. Kamboja 11 A Denpasar, Indonesia, 80233
Corresponding Author: gunadi@unmas.ac.id
ORCID ID: 0000-0002-0665-8802

ARTICLE INFORMATION

Publication information

Research article

HOW TO CITE
Gunadi, I. G. N., B., Putra, I. G. C., & Manuari, I. A. R. (2024). Company valuation and influencing factors: A study of automotive and component manufacturers listed on the Indonesia Stock Exchange. *Asia Pasific Journal of Management and Education*, *7*(2), 1-14.

DOI:
https://doi.org/10.32535/apjme.v7i2.3248

Copyright @ 2024 owned by Author(s). Published by APJME

This is an open-access article.
License:
Attribution-Noncommercial-Share Alike (CC BY-NC-SA)

Received: 17 May 2024
Accepted: 18 June 2024
Published: 20 July 2024

ABSTRACT

The company's value is crucial as it reflects the company's performance, which can influence investors' perception of the company. The aim of this research is to determine the influence of profitability, company size, liquidity, and managerial ownership on company value in the automotive and component manufacturing sub-sector on the Indonesian Stock Exchange (IDX) for the years 2017-2021. The population in this study consists of manufacturing companies listed on IDX from 2017 to 2021, totaling 13 companies, with a sample size of 12 companies selected through purposive sampling method. This study employed multiple linear regression analysis to investigate the factors influencing company value. The results reveal that profitability and managerial ownership have a positive and significant impact on company value, while company size has no significant effect. Interestingly, liquidity exhibits a negative and significant relationship with company value. These findings suggest potentially important areas for future research. Expanding the study to include additional variables, such as leverage, capital structure, and dividend policies, could provide a more comprehensive understanding of the determinants of company value.

Keywords: Company Size; Company Value; Liquidity; Managerial Ownership; Profitability

Asia Pacific Journal of Management and Education (APJME) Vol. 7 No. 2, pp. 285-298, July, 2024
E-ISSN: 2655-2035 P-ISSN: 2685-8835
https://www.ejournal.aibpm.org/index.php/APJME

INTRODUCTION

The company was established with a clear and definitive goal: to maximize earnings and achieve the highest possible profit. This objective serves as the foundation for all strategic decisions and operational activities within the organization. Achieving high profitability not only ensures the sustainability of the business but also enhances the company's ability to reinvest in growth opportunities, innovate, and stay competitive in the market. By focusing on maximizing earnings, the company aims to create a robust financial base that supports long-term success and resilience against economic fluctuations (Trisnayani et al., 2024).

In pursuit of this goal, the company meticulously aligns its resources and efforts to drive efficiency and productivity across all functions. This involves continuous assessment and optimization of operational processes, investment in advanced technologies, and development of a skilled workforce to maintain high-performance standards. Moreover, the company actively seeks to understand and adapt to market dynamics, ensuring that its strategies are responsive to changes in consumer demand, regulatory environments, and competitive pressures. Through these concerted efforts, the company not only aims to achieve immediate financial targets but also to build a sustainable and adaptable business model capable of thriving in the ever-evolving global marketplace.

A high company value is essential as it enhances the prosperity of shareholders by reflecting the company's robust performance (Lestari et al., 2024). This strong performance positively influences investor perceptions, attracting more investment and driving up the company's market value. When a company demonstrates strong value, it instills confidence among both the public and investors, thereby ensuring its sustainability and long-term viability. Investors are more likely to support a company that consistently shows a high value, as it indicates effective management and promising growth prospects. This trust and confidence from stakeholders are crucial for the company's continued success and ability to navigate market challenges. With high company value, the company can leverage its strong financial position to pursue strategic initiatives, such as expanding into new markets, developing innovative products, and enhancing operational efficiencies. Additionally, a high market value can improve the company's bargaining power with suppliers and partners, further contributing to its competitive advantage. Ultimately, maintaining a high company value is a strategic imperative that supports the company's growth, stability, and resilience in an ever-changing economic landscape.

Moreover, the value of a company provides crucial insights into its future prospects and potential for increasing wealth over time. Investors and stakeholders closely examine company value as it offers a comprehensive snapshot of the firm's financial health and growth trajectory. A high company value suggests that the company is well-positioned to capitalize on future opportunities, expand its market presence, and deliver sustained financial performance. This forward-looking perspective is essential for attracting and retaining investors who are interested in the long-term returns and stability of the company.

Several factors contribute to determining a company's value, each playing a significant role in its overall assessment (Setiawan et al., 2024). Profitability is a primary factor, indicating the company's ability to generate consistent earnings and maintain financial health. A profitable company is more likely to reinvest in growth initiatives, pay dividends, and improve its market standing. The size of the company is another important factor, as it reflects the firm's market influence, operational capacity, and ability to leverage

economies of scale. Larger companies often have more resources to innovate, expand, and weather economic downturns, making them attractive to investors. The scale of operations enables such companies to optimize production costs, enhance bargaining power with suppliers, and penetrate new markets more effectively. Additionally, larger companies tend to have more established brand recognition and customer loyalty, further solidifying their market position and long-term viability.

Liquidity and managerial ownership are additional critical elements that influence company value. Liquidity ensures that the company can meet its short-term obligations, manage cash flow effectively, and maintain operational stability. A company with high liquidity is better equipped to handle unexpected financial challenges and invest in strategic opportunities. This financial flexibility not only supports day-to-day operations but also allows the company to seize market opportunities quickly and efficiently, contributing to overall value enhancement. Meanwhile, managerial ownership aligns the interests of the management with those of the shareholders, fostering a sense of accountability and commitment to the company's success. When management has a significant stake in the company, they are more likely to make decisions that enhance long-term value. This alignment of interests encourages prudent financial management, strategic planning, and a focus on sustainable growth. It also helps in building trust among investors, as they see the management’s vested interest in the company’s success. By understanding and optimizing these factors, the company can enhance its value, instill confidence in investors, and secure a prosperous future. A holistic approach that includes strong liquidity management and substantial managerial ownership can lead to improved financial performance, greater market confidence, and long-term stability. These elements, combined with profitability and company size, create a comprehensive framework for maximizing company value and ensuring continued success in a competitive market.

In general, the purpose of establishing a business entity is to progress and grow in line with the planned objectives. These objectives can range from short-term goals, such as maximizing company profits by effectively utilizing available resources, to long-term goals, such as maximizing the company's value and benefiting shareholders (Suwardika & Mustanda, 2017). Achieving these goals requires a strategic approach that balances immediate financial performance with sustainable growth. The pursuit of profit in the short term is essential for maintaining operational stability and funding future investments, while the focus on long-term value ensures the company's continued relevance and success in an evolving market.

The overarching objective of establishing a company is to maximize its value. This objective holds significant meaning because maximizing company value is synonymous with achieving the primary goals of a business (Fatimah et al., 2019). A high company value is a key indicator of a company's health and performance, reflecting its ability to generate returns for shareholders and attract further investment. When a company demonstrates high value, it instills confidence in current investors and attracts potential ones, creating a virtuous cycle of investment and growth. This confidence is crucial for the company's ability to secure funding, expand operations, and innovate, all of which are vital for long-term success.

Increasing a company's value can be achieved through several strategic initiatives, including good corporate governance, strong financial performance, and maintaining a positive company image. Good corporate governance ensures that the company is managed in a transparent and accountable manner, which is essential for building trust with investors. Strong financial performance, as evidenced by metrics such as

Asia Pacific Journal of Management and Education (APJME) Vol. 7 No. 2, pp. 285-298, July, 2024
E-ISSN: 2655-2035 P-ISSN: 2685-8835
https://www.ejournal.aibpm.org/index.php/APJME

profitability and revenue growth, demonstrates the company's ability to manage its resources effectively and generate sustainable returns. Additionally, a positive company image, often reflected by the company's total assets or size, can enhance its reputation and appeal in the market (Putra et al., 2022). By focusing on these areas, a company can significantly enhance its value, ensuring long-term prosperity and stability.

The second factor in this study is company size. Company size is one of the ratios that can indicate the scale of a company, as demonstrated by total assets. Company size is considered to influence company value because larger companies find it easier to obtain funding, which management can then use to increase company value. Widyastuti et al. (2022) stated that company size does not affect company value. However, research by Bita et al. (2021) suggests that company size has a positive and significant impact on company value. Conversely, Irawan and Kusuma (2019) found that company size has a negative and significant impact on company value. Putra et al. (2022) also indicated that company size has a non-significant negative impact on company value.

The third factor in this study is liquidity. Liquidity ratios are used to describe a company's ability to meet short-term obligations. The higher the liquidity ratio, the better a company's ability to meet its short-term liabilities. Studies by Markonah et al. (2020) suggest that liquidity does not significantly affect company value. However, research by Bita et al. (2021) and Iman et al. (2021) indicates that liquidity has a positive and significant impact on company value. Conversely, Putri and Wiksuana (2021) found that liquidity has a negative and significant impact on company value. Dewi and Abundanti (2019) also found that liquidity has a negative impact on company value.

The fourth factor in this study is managerial ownership. Managerial ownership occurs when managers own shares in the company, meaning they are also shareholders of the company (Christiawan & Tarigan, 2007). Managerial ownership leads to oversight of the policies adopted by the company's management. Research by Dewi & Abundanti (2019) and Nafis (2022) suggests that managerial ownership has a positive and significant impact on company value. However, Widyastuti et al. (2022) found that managerial ownership does not affect company value.

The reason for choosing the automotive and component manufacturing sub-sector as the research object is because this sector is a prominent industry in Indonesia. The automotive industry has been developing rapidly over the years. This study is crucial because the automotive and component sector is one of the main pillars of Indonesia's economy, with a significant contribution to GDP (Gross Domestic Product) and employment absorption. Accurate valuation of companies in this sector is essential for investors, management, and other stakeholders to make informed decisions regarding investments and business strategies. Furthermore, by identifying the factors that influence company value, this research can help companies optimize their performance and enhance their market value. Additionally, this study can provide insights into the impact of market conditions and macroeconomic factors on the automotive industry, thereby offering strategic guidance in facing challenges and seizing opportunities in the future.

Asia Pacific Journal of Management and Education (APJME) Vol. 7 No. 2, pp. 285-298, July, 2024
E-ISSN: 2655-2035 P-ISSN: 2685-8835
https://www.ejournal.aibpm.org/index.php/APJME

LITERATURE REVIEW

Agency Theory
Agency Theory, first proposed by Jensen and Meckling (2019), posits that there is a conflict of interest between principals and agents. It is based on contractual relationships between shareholders or owners and management or managers. Agency theory explains that within a company, there's a working relationship between shareholders as principals and management as agents. Company managers may act opportunistically to maximize profits, leading to what is termed agency conflict (Pujiati, 2015).

Profitability
Profitability is the ability of a company to generate earnings over a certain period. Companies with good earnings capabilities demonstrate good performance because profitability is often used as a measure to evaluate company performance (Riyanto, 2008). Profitability provides insight into the effectiveness of company management. Higher profitability indicates better performance, as the prosperity of company owners increases with higher profitability.

Company Size
According to Hartono (2008), company size refers to the magnitude of a company, which can be measured by total assets or company assets using logarithmic calculations. Larger companies have relatively larger growth compared to smaller ones, leading to higher stock returns for larger companies. Therefore, investors may speculate more on larger companies in anticipation of greater returns.

Liquidity
According to Hery (2016), liquidity ratios measure a company's capability to settle its short-term obligations. High liquidity indicates a greater capability to settle short-term financial obligations, which is advantageous for companies to avoid liquidation due to their inability to pay short-term liabilities.

Managerial Ownership
Managerial ownership refers to ownership or shareholding by company management actively involved in decision-making (Pasaribu et al., 2016). With managerial share ownership, managers are expected to act in line with the wishes of principals, as they are motivated to enhance performance and subsequently increase company value.

Company Value
According to Harmono (2014), company value is the performance of a company reflected in its stock price formed by supply and demand in the capital market. This price reflects the public's assessment of the company's performance. Company value can also be defined as the specific condition achieved by a company during its operations due to public trust in its products and performance. A higher stock price increases company value and enhances investor wealth.

Hypotheses Development
The Influence of Profitability on Company Value
Profitability plays a pivotal role in shaping the perceived value of a company. As profitability grows, it signals to investors that the company has robust operational efficiency, effective management, and a strong market position. This positive performance is often interpreted as a sign of good future prospects, making the company more attractive to investors. Consequently, higher profitability tends to enhance the company's market value, as investors are willing to pay a premium for shares in a

company that demonstrates consistent and growing earnings. High profitability not only boosts the company's financial health but also cultivates positive sentiment among shareholders, reinforcing their confidence in the company's management and strategic direction (Sujoko, 2007).

Based on this understanding, the relationship between profitability and company value is clear: as profitability improves, so does the company's value in the eyes of investors. This relationship forms the basis for the first hypothesis, which posits that increased profitability leads to a higher company value. Higher profitability positively influences the company's value, suggesting that companies with better profit growth are perceived as having better future prospects and are therefore valued more highly by investors. This underscores the importance of maintaining strong profitability to enhance investor confidence and drive up the company's market value.

Based on the description, the first hypothesis is formulated as follows:

H1: Profitability has a positive and significant influence on company value.

The Influence of Company Size on Company Value

The size of a company is a significant indicator of its financial characteristics and overall market presence. Company size, often measured by total assets, provides a snapshot of the company's capacity to generate revenue, sustain operations, and expand its market share. Larger companies typically have more resources at their disposal, including capital, human talent, and technological infrastructure, which can be leveraged to drive growth and innovation. This robust foundation not only supports consistent operational performance but also positions the company favorably in competitive markets. Investors often perceive larger companies as more stable and less risky, attributing higher value to them due to their established market presence and resilience against economic fluctuations.

Moreover, the growth and development reflected in a company's size can significantly influence its value. As a company expands its asset base, it demonstrates its ability to effectively utilize resources to achieve strategic objectives and increase market influence. This growth can be indicative of successful management practices, strong business models, and the ability to scale operations efficiently. Consequently, larger companies are often viewed as having better growth prospects, higher profitability potential, and greater capacity for sustaining long-term success. This perception can lead to increased investor confidence, higher stock prices, and overall enhanced company value. Therefore, the size of a company serves as a critical factor in determining its value, with larger companies generally enjoying a higher valuation due to their perceived stability, growth potential, and strategic advantages.

Based on the description, the second hypothesis is formulated as follows:

H2: Company size has a positive and significant influence on company value.

The Influence of Liquidity on Company Value

Liquidity ratio is a critical financial metric that measures a company's ability to meet its short-term obligations in a timely manner. High liquidity ratios indicate that a company has sufficient liquid assets to cover its immediate liabilities, showcasing its financial health and operational efficiency. Companies with strong liquidity ratios are better positioned to handle unexpected expenses, invest in new opportunities, and navigate economic downturns without compromising their financial stability. This financial

robustness not only ensures smooth operational continuity but also enhances the company's credibility and reliability in the eyes of investors, creditors, and other stakeholders.

Furthermore, companies with high liquidity ratios tend to be more transparent in disclosing their financial information compared to those with lower liquidity levels (Oyelere et al., 2003). This transparency can foster greater investor confidence and trust, as stakeholders are reassured by the company's openness and financial integrity. By widely disclosing financial information, companies demonstrate their commitment to accountability and sound financial management, which can positively influence their market value. Investors are more likely to invest in companies that exhibit high liquidity and transparency, as these factors reduce perceived risk and signal a strong potential for sustainable growth. Consequently, maintaining a high liquidity ratio is not only crucial for meeting short-term obligations but also plays a significant role in enhancing the company's overall value and attractiveness in the market.

Based on the description, the third hypothesis is formulated as follows:

H3: Liquidity has a positive and significant influence on company value.

The Influence of Managerial Ownership on Company Value

The increasing ownership of shares by managers, known as managerial ownership, has a profound impact on company performance and value. When managers hold a significant stake in the company, they are more motivated to enhance their performance because their personal financial interests are directly tied to the company's success. This ownership aligns the interests of the management with those of the shareholders, fostering a sense of accountability and responsibility in decision-making processes. Managers are likely to be more diligent, strategic, and long-term oriented, as their own wealth is contingent on the company's prosperity. This alignment reduces the principal-agent problem, where the interests of managers and shareholders might otherwise diverge, and ensures that managerial decisions are made with the shareholders' best interests in mind.

Moreover, the improved performance resulting from managerial ownership positively influences the company's value. As managers strive to make sound strategic decisions and optimize operational efficiency, the overall financial health of the company improves. Enhanced management performance leads to better resource allocation, increased profitability, and sustainable growth, all of which contribute to a higher company valuation. Investors tend to view companies with significant managerial ownership more favorably, as it signals a committed and invested management team. This perception can lead to higher stock prices and greater investor confidence. Thus, increasing managerial ownership not only motivates management to perform better but also acts as a catalyst for boosting the company's value in the eyes of investors and the market at large.

Based on the description, the fourth hypothesis is formulated as follows:

H4: Managerial ownership has a positive and significant influence on company value.

Asia Pacific Journal of Management and Education (APJME) Vol. 7 No. 2, pp. 285-298, July, 2024
E-ISSN: 2655-2035 P-ISSN: 2685-8835
https://www.ejournal.aibpm.org/index.php/APJME

RESEARCH METHOD

The researcher conducted the study using secondary data obtained from a specified data source. The data source used by the researcher is the website: www.idx.co.id, which is the official website of the Indonesia Stock Exchange (IDX).

Operational Definitions of Variables

Profitability (X_1)

Profitability ratio is a measure to assess the company's ability to generate profit. Considering the importance of profitability for the company, it is crucial for management to evaluate the company's performance and plan for the future. According to Brigham and Houston (2018), ROA is formulated as follows:

ROA = (Net Income) / (Total Assets) x 100%

Company Size (X_2)

Large company size reflects that the company is experiencing good development and growth, thus increasing the value of the company. According to Sugiarto (2011), company size is defined by the natural logarithm of total company assets, formulated as follows:

Company Size (Firm Size) = LN Total Assets

Liquidity (X_3)

This ratio is crucial because if a company fails to pay its short-term obligations, it can lead to a decrease in the company's value or reduced investor interest. The formula to find the current ratio, according to Kasmir (2018), is as follows:

Current Ratio = (Current Assets) / (Current Liabilities)

Managerial Ownership (X_4)

Increasing ownership of shares by management will align the interests of managers with shareholders, motivating management to increase the company's value. According to Pujiati (2015), managerial ownership is calculated using the formula:

MO = (Shares Owned by Management) / (Shares Outstanding) x 100%

Company Value (Y)

Company value reflects investors' perception of the company's success in managing company resources. The primary goal of a company is to maximize wealth. The formula to calculate book value is as follows (Fahmi, 2017):

PBV = (Market Price per Share) / (Book Value per Share)

Population and Sample

The population in this study is all automotive and component sub-sector companies listed on the Indonesia Stock Exchange from 2017 to 2021, totaling 13 companies. Based on a purposive sampling method with criteria, a total of 12 companies were selected as samples in this study.

Asia Pacific Journal of Management and Education (APJME) Vol. 7 No. 2, pp. 285-298, July, 2024
E-ISSN: 2655-2035 P-ISSN: 2685-8835
https://www.ejournal.aibpm.org/index.php/APJME

RESULTS

Table 1. Results of the Multiple Linear Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.542	0.640		0.848	0.401
	ROA	0.139	0.017	0 .770	8.374	0.000
	U.PR	-0.004	0.021	-0.018	-0.201	0.842
	CR	-0.073	0.036	-0.189	-2.038	0.047
	KM	0.041	0.012	0.297	3.357	0.002
Dependent Variable: PBV						

Source: Data Processed (2023)

Based on the results of the multiple linear regression analysis in the table above, the multiple regression equation model obtained is as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + \varepsilon$$
$$Y = 0.542 + 0.139\ X_1 - 0.004\ X_2 - 0.073\ X_3 + 0.041\ X_4 + \varepsilon$$

Profitability

The analysis indicates that the profitability variable has a positive and significant effect on company value. This is evidenced by the statistical test with a regression coefficient value of 0.139 and a significance value of 0.000 (less than 0.05). Therefore, H1 is accepted.

Company Size

The results indicate that the company size variable does not have a significant effect on company value. This is evidenced by the regression coefficient value of -0.004 and a significance value of 0.842 (greater than 0.05). Therefore, H2 is rejected.

Liquidity

The analysis suggests that the liquidity ratio variable has a negative and significant effect on company value. This is evidenced by the regression coefficient value of -0.073 and a significance value of 0.047 (less than 0.05). Therefore, H3 is rejected.

Managerial Ownership

The analysis indicates that the managerial ownership variable has a positive and significant effect on company value. This is evidenced by the statistical test with a regression coefficient value of 0.041 and a significance value of 0.002 (less than 0.05). Therefore, H4 is accepted.

DISCUSSION

Impact of Profitability on Company Value in Manufacturing Companies in the Automotive and Component Sub-Sector Listed on IDX

Based on the results of the regression analysis, it is evident that the profitability variable has a positive and significant effect on company value. This is supported by statistical testing with a regression coefficient of 0.139 and a significance value of 0.000 (less than 0.05). Therefore, **H1** in this study is accepted. This indicates that as a company's profitability increases, its value also increases. This is because improved profitability, or the company's ability to generate profits, influences investor interest or existing investors' willingness to invest, thereby increasing the stock price or the company's value.

Asia Pacific Journal of Management and Education (APJME) Vol. 7 No. 2, pp. 285-298, July, 2024
E-ISSN: 2655-2035 P-ISSN: 2685-8835
https://www.ejournal.aibpm.org/index.php/APJME

Profitability has a positive and significant influence on company value because it indicates efficient management and the ability to generate earnings, which attract investors and increase market confidence. Higher profitability often leads to increased dividends and retained earnings, boosting both the immediate and long-term value of the company. This is in accordance with the results of research from Sujoko (2007) which states that profitability has a positive and significant influence on company value.

Impact of Company Size on Company Value in Manufacturing Companies in the Automotive and Component Sub-Sector Listed on IDX

The regression analysis results indicate that the company size variable does not significantly affect company value. This is evidenced by statistical testing with a regression coefficient of -0.004 and a significance value of 0.842 (greater than 0.05). Therefore, **H2** in this study **is rejected**. This suggests that large-sized companies do not necessarily have good performance. Consequently, company size cannot be used solely as a benchmark for determining a company's performance, and the size of the company may not directly affect its value. Therefore, investors might not consider company size as a primary factor when making investment decisions. Smaller companies can achieve greater profits, and vice versa. Besides that, larger size does not necessarily correlate with efficiency, profitability, or market performance. Investors often focus more on a company's growth potential and profitability rather than its size alone when determining its value. This is in accordance with the results of research from Widyastuti et al. (2022) which **states that company size does not significantly influence company value.**

Impact of Liquidity on Company Value in Manufacturing Companies in the Automotive and Component Sub-Sector Listed on IDX

The regression analysis results indicate that the liquidity variable has a negative and significant effect on company value. This is supported by statistical testing with a regression coefficient of -0.073 and a significance value of 0.047 (less than 0.05). Therefore, H3 is rejected in this study. Liquidity can negatively impact company value because excessive liquidity may signal that a company is not effectively utilizing its assets to maximize returns. This underutilization of assets can indicate a lack of profitable investment opportunities, leading to investor concerns about future growth potential. As a result, high liquidity might be perceived as a sign of inefficiency, reducing overall company value in the eyes of investors. This is in accordance with the results of research from Putri and Wiksuana (2021) found that liquidity has a negative and significant impact on company value. Dewi and Abundanti (2019) also found that liquidity has a negative impact on company value.

An interesting finding is that high liquidity seems to be associated with lower company value. There are two possible explanations for this: **(1)** Excess cash holdings: A very high liquidity ratio might indicate the company is holding onto excessive cash reserves. This cash could be better utilized for investments that generate higher returns, potentially increasing shareholder value**; and (2)** Signaling effect: High liquidity could also signal a lack of profitable investment opportunities for the company's cash. Investors might interpret this as a negative signal about the company's future growth prospects, leading to a decrease in company value. It **is** important to consider the specific context of this study and future research might explore these relationships in more detail.

Asia Pacific Journal of Management and Education (APJME) Vol. 7 No. 2, pp. 285-298, July, 2024
E-ISSN: 2655-2035 P-ISSN: 2685-8835
https://www.ejournal.aibpm.org/index.php/APJME

Impact of Managerial Ownership on Company Value in Manufacturing Companies in the Automotive and Component Sub-Sector Listed on IDX

Based on the regression analysis results, the managerial ownership variable has a positive and significant effect on company value. This is supported by statistical testing with a regression coefficient of 0.041 and a significance value of 0.002 (less than 0.05). Therefore, **H4 is accepted** in this study. This finding aligns with the expectation that increased managerial ownership is associated with higher company value. Managers who are also significant owners have a vested interest in the company's success. Their decisions are likely to be focused on long-term growth and profitability, which ultimately benefits themselves as shareholders and the company as a whole. This can help to avoid opportunistic actions that prioritize short-term managerial gains at the expense of the company's long-term value. **This is in accordance with the results of research from Dewi & Abundanti (2019) and Nafis (2022) suggest that managerial ownership has a positive and significant impact on company value.**

CONCLUSION

Based on the analysis of the data and the discussion in the previous chapter, several key conclusions can be drawn from this study regarding the factors influencing company value in manufacturing companies in the automotive and component sub-sector listed on IDX. Firstly, profitability has been found to have a positive and significant effect on company value. This indicates that companies with higher profitability tend to have higher valuations, as their ability to generate consistent earnings makes them more attractive to investors. This finding underscores the importance of maintaining strong profit margins and efficient operations to enhance overall company value in the competitive automotive and component sector. Secondly, the study reveals that company size does not have a significant effect on company value in this specific sub-sector. This suggests that merely having a larger asset base or scale does not necessarily translate into higher company value. Investors may be more focused on other factors, such as profitability and efficiency, rather than the sheer size of the company. Additionally, the study found that liquidity has a negative and significant effect on company value, implying that higher liquidity levels may be perceived negatively, possibly due to concerns over inefficient use of assets or an overly conservative approach to financial management. Finally, managerial ownership has a positive and significant effect on company value, highlighting the importance of aligning management's interests with those of shareholders. When managers own a substantial portion of the company, their personal financial incentives drive better performance and strategic decision-making, leading to higher company valuations. These conclusions provide valuable insights for stakeholders looking to understand and enhance the determinants of company value in the automotive and component manufacturing sectors.

Based on the research results, several suggestions are outlined for future studies: (1) Include additional variables: Future research is recommended to include additional variables such as leverage, capital structure, dividend policy, and others relevant to the research question; (2) Expand the research sample: It is also suggested that future researchers broaden the scope of the sample used. This could involve including companies beyond the automotive and component sub-sector listed on IDX; (3) Broaden the scope of research objects: Expanding the research objects to encompass a wider range of industries could provide more generalizable findings; and (4) Extend the observation period: Extending the observation period can lead to a larger sample size, potentially strengthening the validity of the results.

The research clearly indicates that key financial metrics and managerial factors significantly influence a company's value. Specifically, profitability (measured by the return on assets (ROA) ratio), liquidity (proxied by the current ratio), and managerial ownership play crucial roles in determining company value. Business leaders and financial managers should prioritize these variables to enhance their company's attractiveness to investors.

Moreover, fostering managerial ownership can align the interests of management with those of shareholders, driving better performance and strategic decision-making. When managers hold a significant stake in the company, they are more likely to make decisions that enhance long-term value rather than focusing on short-term gains. This alignment not only improves operational efficiency but also builds investor confidence, as stakeholders perceive the management as being committed to the company's success. If companies effectively manage these factors, they can enhance their overall value, making them more attractive to potential investors. Increased investment can lead to better financial performance, creating a positive feedback loop that further boosts the company's market position and long-term growth prospects. Therefore, understanding and leveraging these variables is crucial for business practitioners aiming to increase their company's value and competitiveness in the market.

ACKNOWLEDGMENT
The authors would like to thank the Faculty of Economics and Business, Universitas Mahasaraswati Denpasar for its support in completing this research.

DECLARATION OF CONFLICTING INTERESTS
The authors declare no potential conflicts of interest regarding research, authorship, and/or publication of this article.

REFERENCES

Bita, F. Y., Hermuningsih, S., & Maulida, A. (2021). Pengaruh profitabilitas likuiditas dan ukuran perusahaan terhadap nilai perusahaan. *Jurnal Syntax Transformation, 2*(03), 298-306. https://doi.org/10.46799/jst.v2i3.233

Brigham, E. F., & Houston, J. F. (2018). *Dasar-Dasar Manajemen Keuangan* (14th ed.). Salemba Empat.

Christiawan, Y. J., & Tarigan, J. (2007). Kepemilikan manajerial: Kebijakan hutang, kinerja dan nilai perusahaan. *Jurnal Akuntansi dan Keuangan, 9*(1), 1-8. https://doi.org/10.9744/jak.9.1.pp.%201-8

Dewi, L. S., & Abundanti, N. (2019). Pengaruh profitabilitas, likuiditas, kepemilikan institusional dan kepemilikan manajerial terhadap nilai perusahaan. *E-Jurnal Manajemen Universitas Udayana*, *8*(10), 6099-6118. https://doi.org/10.24843/EJMUNUD.2019.v08.i10.p12

Fahmi, I. (2017). *Anallisis Laporan Keuangan*. Alfabeta.

Fatimah, F., Mardani, R. M., & Wahono, B. (2019). Pengaruh good corporate governance terhadap nilai perusahaan dengan kinerja keuangan sebagai variabel intervening (studi kasus pada perusahaan manufaktur sektor barang). *E-JRM: Elektronik Jurnal Riset Manajemen, 8*(15).

Harmono, H. (2014). *Manajemen Keuangan Berbasis Balanced Scorecard*. Bumi Aksara.

Hartono, J. (2008). *Sistem Informasi Keperilakuan*. Andi Offset.

Hery, H. (2016). *Analisis Laporan Keuangan: Integrated and Comprehensive Edition*. PT Gramedia Pustaka Utama.

Iman, C., Sari, F. N., & Pujiati, N. (2021). Pengaruh likuiditas dan profitabilitas terhadap

nilai perusahaan. *Jurnal Perspektif, 19*(2), 191-198. https://doi.org/10.31294/jp.v19i2.11393

Irawan, D., & Kusuma, N. (2019). Pengaruh struktur modal dan ukuran perusahaan terhadap nilai perusahaan. *Jurnal Aktual STIE Trisna Negara*, *17*(1), 66–81.

Jensen, M. C., & Meckling, W. H. (2019). Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure. In *Corporate Governance* (pp. 77-132). Gower.

Kasmir, K. (2018). *Analisis Laporan Keuangan*. PT. Raja Grafindo Persada.

Lestari, K. A. N. S., Lestari, E. P., & Astuty, S. (2024). The influence of the principles of good corporate governance, corporate social responsibility, and financial literacy on the financial performance of village credit institutions in the Negara District of Jembrana. *International Journal of Applied Business and International Management, 9*(1), 62-74. https://doi.org/10.32535/ijabim.v9i1.2915

Markonah, M., Salim, A., & Franciska, J. (2020). Effect of profitability, leverage, and liquidity to the firm value. *Dinasti International Journal of Economics, Finance & Accounting, 1*(1), 83-94. https://doi.org/10.38035/dijefa.v1i1.225

Nafis, N. (2022). *Pengaruh Kepemilikan Manajerial dan Kinerja Keuangan Terhadap Nilai Perusahaan (Pada Perusahaan Manufaktur Sub Sector Makanan dan Minuman yang Terdaftar di BEI Periode Tahun 2016-2020)* [Undergraduate thesis, STIE PGRI Dewantara Jombang]. Repository STIE PGRI Dewantara Jombang. https://repository.stiedewantara.ac.id/3570/

Oyelere, P., Laswad, F., & Fisher, R. (2003). Determinants of internet financial reporting by New Zealand companies. *Journal of International Financial Management & Accounting, 14*(1), 26-63. https://doi.org/10.1111/1467-646X.00089

Pasaribu, M. Y., Topowijono, & Sulasmiyati, S. (2016). Pengaruh struktur modal, struktur kepemilikan dan profitabilitas terhadap nilai perusahaan pada perusahaan sektor industri dasar dan kimia yang terdaftar di BEI tahun 2011-2014. *Jurnal Administrasi Bisnis*, *35*(1), 154–164.

Pujiati, P. (2015). *Pengaruh Kepemilikan Manajerial, Kepemilikan Institusional, dan Kesempatan Investasi Terhadap Kebijakan Dividen dengan Likuiditas Sebagai Variabel Pemoderasi (Studi Empiris pada Perusahaan Sektor Industri Barang Konsumsi yang Terdaftar di Bursa Efek Indonesia periode 2008-2013)* [Undergraduate thesis, Yogyakarta State University]. ePrints UNY. https://eprints.uny.ac.id/15875/

Putra, I. G. C., Manuari, I. A. R., & Puspayanti, N. K. D. (2022). Pengaruh corporate governance terhadap profitabilitas dan nilai perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia (BEI). *Wacana Ekonomi (Jurnal Ekonomi, Bisnis dan Akuntansi), 21*(1), 105-118. https://doi.org/10.22225/we.21.1.2022.105-118

Putri, M. O. D., & Wiksuana, I. G. B. (2021). The effect of liquidity and profitability on firm value mediated by dividend policy. *American Journal of Humanities and Social Sciences Research, 5*(1), 204-212.

Riyanto, B. (2008). *Dasar-Dasar Pembelanjaan Perusahaan*. Penerbit GPFE.

Setiawan, A., Winarno, W., & Ambarawati, S. D. A. (2024). Influence work-family conflict, family-work conflict on the performance of women nurses moderated by job satisfaction in Yogyakarta Grhasia Mental Hospital. *International Journal of Applied Business and International Management*, *9*(1), 104–120. https://doi.org/10.32535/ijabim.v9i1.2386

Sugiarto, A. (2011). Analisa pengaruh beta, size perusahaan, DER dan PBV ratio terhadap return perusahaan. *Jurnal Dinamika Akuntansi, 3*(1). https://doi.org/https://doi.org/10.15294/jda.v3i1.1939

Sujoko, S. (2007). Pengaruh struktur kepemilikan, strategi diversifikasi, leverage, faktor intern dan faktor ekstern terhadap nilai perusahaan (studi empirik pada

perusahaan manufaktur dan non manufaktur di Bursa Efek Jakarta). *EKUITAS (Jurnal Ekonomi Dan Keuangan), 11*(2), 236-254. https://doi.org/10.24034/j25485024.y2007.v11.i2.317

Suwardika, I. N. A., & Mustanda, I. K. (2017). Pengaruh leverage, ukuran perusahaan, pertumbuhan perusahaan, dan profitabilitas terhadap nilai perusahaan pada perusahaan properti. *E-Jurnal Manajemen Universitas Udayana*, *6*(3), 254488.

Trisnayani, K., Gunadi, I. G. N. B., Landra, N., & Putra, I. G. C. (2024). Job satisfaction's role in mediating the influence of workload and work culture on employee performance of Community Health Center at Klungkung. *Asia Pacific Journal of Management and Education*, *7*(1), 1–14. https://doi.org/10.32535/apjme.v7i1.2536

Widyastuti, D. R., Wijayanti, A., & Masitoh, E. (2022). Pengaruh kepemilikan manajerial, profitabilitas, leverage dan ukuran perusahaan terhadap nilai perusahaan. *Inovasi: Jurnal Ekonomi, Keuangan, dan Manajemen, 18*(2), 294-304. https://doi.org/10.30872/jinv.v18i2.10617