

Financial Performance As Mediator Between Size, Liquidity, And Ownership On Firm Value

B. Andini Nugrahaning Widhi¹, Herry Subagyo², Retno Indah Hernawati³, Vincent Didiek Wiet Aryanto⁴, Dwi Eko Waluyo⁵

¹Master of Management, Universitas Dian Nuswantoro, Semarang, ^{2,4,5}Magister of Management, Universitas Dian Nuswantoro, Semarang, ³Magister of Accounting, Universitas Dian Nuswantoro, Semarang

bernadeta.andininw@gmail.com, herry.subagyo@dsn.dinus.ac.id,
retno.indah.hernawati@dsn.dinus.ac.id, aryanto.vincent@gmail.com,
dwi.eko.waluyo@dsn.dinus.ac.id

*Corresponding Author

Submitted: Sep 9, 2024

Accepted: Sep 25, 2024

Published: Jan 1, 2025

ABSTRACT

The world economy has been in turmoil for the past five years, causing an impact on the company's economy due to the Covid-19 pandemic. where this study is to explore how financial performance mediates the impact of company size, liquidity, and foreign ownership on company value in the consumer goods industry listed on the Indonesia Stock Exchange during 2018 to 2022. Regression analysis, along with the Sobel test, is used to test this relationship. Interestingly, despite the expectation that financial performance can bridge the gap between the independent and dependent variables, the results of the Sobel test show no mediation effect. As a result, the relationship between company size, liquidity, foreign ownership, and company value is direct. For further research, expanding the scope of the study to cover various sectors, extending the time period, and combining various financial ratios can provide a more comprehensive understanding.

Keywords: financial performance, firm value, liquidity, size, ownership

INTRODUCTION

The global economy has experienced significant turbulence over the past five years, resulting in a notable degree of instability within the company's economic framework. Despite the prevailing slow economic growth, particularly within the consumer goods sector, where numerous companies are listed on the Indonesia Stock Exchange (BEI), there has been a discernible deceleration in growth. This is attributed to intensifying competition from a multitude of brands, encompassing both local and imported products, coupled with a decline in purchasing power. This is evidenced by the decline in shares in companies such as PT Unilever Indonesia Tbk, which experienced a decline of up to 19.7% in its share price, and PT Kalbe Farma Tbk, which also experienced a decline of up to 20.23% in its share price (Muamar, 2018). Additionally, the Indonesian Ministry of Industry has indicated that companies operating within the cosmetics and household goods sub-sector have experienced a growth rate of 9.39% in 2020. This indicates that the financial performance of companies in this sector is positive, accompanied by an increase in export value of 15.2% compared to the previous year. In the following year, 2021, the advent of the global pandemic caused a decline in sales and company profits for numerous businesses operating within the cigarette sub-sector. This can be attributed to the implementation of an excise tax increase for tobacco products, amounting to a 12.5% rise, which was introduced to reduce cigarette production. During the pandemic, there was also a notable shift in consumer preferences, with individuals turning towards cheaper and more affordable alternatives, namely full-flavor cigarettes (Tobing, 2021). In the same year, companies in the pharmaceutical subsector experienced a notable increase in GDP, contributing 11.51% of the GDP growth of the national processing industry. This growth can be attributed to the fact that during the pandemic, there was a significant rise in public demand for medicines to maintain public health (Kusnandar, 2022). Furthermore, the

journals of numerous companies in this subsector indicate a considerable range in financial performance. Some companies have documented sales growth, yet concurrently, they have also experienced a reduction in net profit. Additionally, there are instances where companies have incurred losses. This illustrates the necessity for pharmaceutical companies to enhance their financial management by optimising efficiency and effectiveness (Siregar & Tojibussabirin, 2023).

The interest of company investors can be influenced by the company's value and stability. Therefore, company value can be considered an important factor for investors in determining the condition of the company. If the company value is positive and continues to increase over time, it can lead to greater market share and attract interest from investors. Notably, these investors are not solely comprised of local investors, foreign investors also play a significant role. Consequently, the foreign ownership of a local company is no longer a novel phenomenon (Wardana & Susanti, 2022). It is commonly held that a larger company size will result in greater success, given that such a company is perceived as being more profitable. This is not necessarily the case for smaller companies. The evaluation of company size can be determined by several factors, one of which is the company's total assets. A company with high total assets may be able to attract investors, thereby facilitating entry into the capital market. This profit represents the long-term investment return on the company's efforts to increase its value (Ekadjaja & Dewi, 2020). In addition to considering the size of the company, investors and shareholders should also pay attention to the level of liquidity produced by a company. This is because liquidity can indicate the level of fulfillment of the company's current obligations towards its current debt. A company with smooth liquidity is considered to have good company value because it is deemed capable of paying off its current debt (Dauda et al., 2021).

Previous research has shown that the findings of Kurniawati et al., (2020) indicate that there is no significant impact of company size on financial performance. The argument is made by researchers that there is no separation of company size scales, both for large and small companies, particularly in the manufacturing sector. This study will address a gap in the existing research literature by exploring the influence of company size, particularly within the context of consumer goods industry sector companies, on financial performance. The findings of Nur et al., (2021) indicate that the results of this study have no discernible impact on the company's financial performance. The argument is made by researchers that foreign ownership does not affect financial performance. This is because some companies do not meet the requirements for foreign ownership that have been set. Consequently, they are considered unable to influence the company's financial performance. This is particularly the case in state-owned companies in Indonesia. Therefore, this study will address the existing gap in research by examining the impact of foreign ownership on financial performance, particularly within the consumer goods industry sector in Indonesia, where research remains underexplored. The findings of Wardana & Susanti (2022) indicate that the results of research on company size have no impact on company value. The argument is made by researchers that the size of a company cannot influence investors' assessment of the value of the company, especially in manufacturing companies. Therefore, this research was conducted to address the gap in knowledge regarding the influence of company size on company value, particularly in consumer goods industry sector companies in developing countries such as Indonesia, where such research is still very limited.

The purpose of this study is to test the hypothesis that financial performance can act as a mediator in the relationship between company size, liquidity, and foreign ownership on company value. Given the limited research in this focus area, particularly within the Indonesian consumer goods industry, this study aims to contribute to the existing literature by exploring the direct and indirect effects of company size, liquidity, and foreign ownership on company value through the use of financial performance variables as a mediator. Consequently, this study can make a new contribution to existing research in Indonesia, particularly in the context of companies in the consumer goods industry sector. The findings of this study can contribute to the existing literature on the mediation effect of financial performance between company size, liquidity, and foreign ownership on company value. This study employs a series of variables, including foreign ownership, company size, liquidity, financial performance, and company value, with a particular focus on companies in the consumer goods industry sector listed on the Indonesia Stock Exchange,

with a particular emphasis on the period between 2018 and 2022. It is evident that further research is required to advance existing knowledge, particularly in instances where there are discrepancies in the variables employed, the introduction of additional variables, and the selection of research subjects.

LITERATURE REVIEW

The theory of signal detection was first articulated by Michael Spence in 1973 in his treatise, "Job Market Signaling." In this seminal work, Spence elucidated how an individual in possession of comprehensive and accurate information can disseminate signals to others, thereby mitigating informational constraints within the recipient population. The fundamental premise of this theory is that specific actions or attributes can be utilized as signals to convey information that is challenging for certain parties to comprehend. In the context of company management, particularly in the field of finance, organizations utilize signals to convey information to investors, creditors, and shareholders through the dissemination of financial reports. For instance, the decision of the company management to increase the company's dividend through the implementation of share buybacks can be perceived as a positive signal regarding the company's long-term prospects. Signal theory serves as a crucial foundation for its application in the realms of economics and company management, where the concept of signal theory is employed in a multitude of contexts, including company investment decisions (Spence, 1973).

The theory of agency was first proposed by two economists, Michael C. Jensen and William H. Meckling, in a seminar paper entitled "Theory of the Firm." In their paper, "Managerial Behavior, Agency Costs and Ownership Structure," the authors elucidated that agency theory is a framework in economics and management that elucidates the relationship between company owners and company agents (managers), who are fully responsible for managing company assets. The primary issue with agency theory is that it can result in agent behavior that is not aligned with the interests of the company owner, which can potentially lead to risks and losses for the owner. However, this theory is regarded as highly beneficial when applied to company management, as it can effectively regulate the ownership structure of a company (Jensen & Meckling, 1976).

It is a measure of the proportion of shares in a company held by foreign investors, which can be further subdivided into two categories: foreign institutional ownership and foreign individual ownership. The company attaches considerable importance to foreign ownership, given its significant impact on dividend policy (Meilita & Rokhmawati, 2017). Foreign ownership refers to the proportion of shares in a company that is owned by individuals, companies, and governments located in foreign territories. These ownership structures do not have legal status in Indonesian territory (Sari, 2020).

This is one of the key ratios used to assess a company's ability to meet its current obligations, which can be derived from both internal and external sources. Liquidity is a crucial indicator for investors to ascertain whether the company can fulfill its current obligations through its existing debt (Dauda et al., 2021). Liquidity in a company is defined as the ability to settle current liabilities with existing assets (Widhi et al., 2023).

It is a common observation that large companies engage in extensive financing activities, which consequently gives rise to significant funding requirements (Anindita & Durya, 2022). The size of a company is a significant factor in investors' assessment of the company. Investors tend to favor companies that are already large, as they perceive these companies to be more capable and stable in managing their financial management than smaller companies (Ekadjaja & Dewi, 2020). The assessment of a company is based on the analysis of its share price at the beginning of the demand and supply cycle on the capital market. This analysis provides insights into the company's performance. The value of a company is a crucial factor that investors consider when making investment decisions. It plays a significant role in the company's operational processes. A company with a high value will have a correspondingly high share price (Miftahulami, 2018). A high price for company shares will indirectly increase the value of the company, which reflects prosperity and increases the welfare of the company's shareholders. The value of a company can be influenced by several factors, including company policies and performance, as well as external economic factors

such as inflation, interest rates, and economic improvements in a country (Wardana & Susanti, 2022).

A ratio that is employed as a benchmark for a company's net profit over a specified period. This profit is subsequently deployed by the company to discharge its obligations, as well as to assess the company's efficacy and the extent to which its assets and operational management are being utilized effectively (Ningsih, 2023). Financial performance is also a key indicator used to assess the financial health of a company, particularly in terms of its profitability. This entails examining the company's capacity to generate profits, with a specific focus on its net profit after tax (Ningsih & Wuryani, 2021).

Hypothesis

Following signal theory, the size of a company is regarded as a significant factor influencing its value. Companies with substantial assets are perceived as emitting negative signals and are consequently regarded as less attractive to investors. In the context of the ongoing pandemic, large companies have been observed to reduce existing production levels. However, this is occurring concurrently with the continued imposition of significant burdens on these entities. Furthermore, if a company is less efficient in managing its assets and makes substantial investments without necessarily generating profits, it may face challenges in maintaining its financial stability. These factors result in a lack of interest from investors, which can cause the funds that will enter the company to be less than optimal and cause there to be no increase in the company value. Company size can be used as a signal for investors and shareholders to ascertain the value of the company and related companies. A favorable company size, especially in large companies, can provide confidence and increase interest for investors because they consider it to have a low level of risk. As indicated in several journal articles, including those by Irawan & Kusuma (2019) and Ramdhonah et al., (2019) the ownership structure of a company, particularly its size, has been demonstrated to exert a significant influence on its value. As evidenced by the research conducted by Irawan & Kusuma (2019) the influence of company size on company value has been demonstrated to be negative. This is attributed to the company's inefficiency in managing its assets. From the perspective of investors, companies with extensive assets may be perceived as less attractive due to the indirect reduction in company value resulting from a lack of investor interest.

H1 = Company Size Has a Negative Effect on Company Value

Liquidity is a significant aspect of financial management in a company. According to agency theory, the liquidity of a company can influence the behavior of its agents in determining management decisions. A company with high liquidity is perceived as having effective financial management, which can lead to a higher valuation. Conversely, a company with low liquidity may experience a reduction in its valuation. As several journal articles, including those by Ekadjaja & Dewi (2020) and Samo & Murad (2019), have demonstrated, company ownership, particularly in terms of liquidity, exerts a significant influence on company value. As evidenced by the research conducted by Samo & Murad (2019), the findings of this study demonstrate that there is a notable positive correlation between liquidity and company value. This is because companies with a high degree of liquidity tend to invest in profitable ventures, thereby indirectly enhancing the overall efficiency and value of the company.

H2 = Liquidity Has a Positive Effect on Company Value

The value of a company plays an instrumental role in attracting investor interest, thereby facilitating investment. This is particularly relevant in the context of agency theory, where foreign ownership can influence managerial behavior and company decisions, which in turn affects the value of the company. Foreign ownership can enhance supervision, transparency and management, thereby increasing the value of the company. As indicated in several journal articles, including those by Jayanti et al., (2021) and Wardoyo et al., (2022), the ownership structure of a company, particularly the presence of foreign ownership, has been demonstrated to exert a significant influence on the value of the company in question. As evidenced by the research conducted by Jayanti et al., (2021), foreign ownership has been demonstrated to exert a positive influence on

company value. This can be attributed to the fact that as foreign ownership increases, so does its influence on the company's governance. This is because foreign investors are perceived to possess superior capabilities in managing the company, enabling them to exert influence over the decisions that shape the company's value.

H3 = Foreign Ownership Has a Positive Effect on Company Value

Company size can be identified as a significant factor influencing the value of a company. A larger company will typically attract greater interest from investors, particularly if it demonstrates strong financial performance. This positive performance can foster investor confidence, leading to an increase in the company's value. As several journal articles, including those by Ningsih & Wuryani (2021) and Yadav et al., (2022), have demonstrated, company ownership, particularly concerning company size, exerts a significant influence on financial performance. The research conducted by Yadav et al. (2022) indicates that company size exerts an influence on financial performance. This is because a company that continues to expand will ultimately result in a decline in its financial performance, leading to a reduction in profitability. This is consistent with the findings of Ningsih & Wuryani (2021) which indicate that company size exerts an influence on the company's financial performance. Large companies are more likely to have access to a greater volume of information from investors, which enables them to demonstrate greater capability and stability compared to smaller companies.

H4 = Company Size Influences Company Value Through Financial Performance

Company liquidity is an indicator of a company's ability to meet its current financial obligations. An increase in company liquidity suggests that the company is financially stable and capable of servicing its current debt, which can positively impact its financial performance and enhance investor confidence, ultimately leading to an increase in the company's value. Several journal articles, including those by Dauda et al., (2021) and Cahyani & Sitohang (2020), have demonstrated company ownership, particularly concerning liquidity, has a significant impact on financial performance. In the research conducted by Dauda et al., (2021) and Cahyani & Sitohang (2020), it is asserted that liquidity affects financial performance due to the existence of a unidirectional correlation between the two variables. An increase in a company's liquidity also indirectly increases its profitability, whereby the company is considered capable of meeting its short-term debt obligations according to maturity without an increase in its assets.

H5 = Liquidity Influences Company Value Through Financial Performance

Foreign ownership can affect how a company is managed, which in turn can impact its financial performance. When a company achieves high profitability, it can create confidence and attract more investors, which in turn can increase the value of the company in the capital market. As several journal articles for example, those by Saini & Singhanian (2018) and Tjakrawala & Tjahjadi (2020), have demonstrated, the ownership of a company, particularly foreign ownership, has an impact on its financial performance. As evidenced by the research conducted by Tjakrawala & Tjahjadi (2020), foreign ownership has been demonstrated to exert an influence on a company's financial performance. The involvement of foreign investors provides a supervisory role, whereby the overall performance of the company and the conduct of managers are monitored to ensure alignment with the interests of the company owners. This can, in turn, lead to an increase in the profitability of the company.

H6 = Foreign Ownership Influences Company Value Through Financial Performance

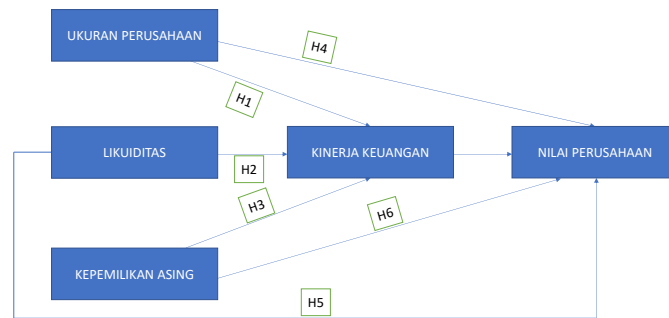


Figure 1. Framework
Source : Data Processing

METHOD

Type of research: quantitative research

Research variables: independent, dependent, and intervening variables

- Independent Variable : Company Size, Liquidity (Current Ratio), Foreign Ownership
- Dependent Variable : Company Value (Price Book Value)
- Intervening Variable : Financial Performance (Profitability)

Data collection techniques: documentary/secondary

Population: consumer goods industrial sector companies registered on BEI in 2018-2022

Sample: financial reports from companies in the consumer goods industry sector (purposive sampling)

Table 1. Research Sample

Information	Amount
List of companies registered on the IDX in 2018-2022, especially in the consumer goods industry sector	45 Company
List of companies for which there is no complete data for foreign ownership and company financial data	(15 Company)
Research sample	30 Company

Source : Data Processing

Table 2. Operational Variable & Definitions

Research Variable	Indicator	Operational definition
Independent Variable		
Liquidity (Current Ratio)	$CR = \frac{\text{current assets}}{\text{curent lialibility}} \times 100\%$	Ratio to measure the company's capacity to fulfill its current obligations. (Dauda et al., 2021)
Foreign Ownership	Foreign Ownership $= \frac{\text{Number of Foreign Shares}}{\text{Number of Shares Outstanding}}$	The number of shares owned by foreign investors, which will be proxied by the number of shares of foreign institutions and foreign individuals. (Ahmad et al., 2017)
Company Size	$Company Size = LN(\text{Total Aset})$	The size of a company can be described in terms of its total assets, which is a function of the company's size.
Dependent Variable		
Company Value (Price Book Value)	PBV $= \frac{\text{Share Price per Sheet}}{\text{Book Value of Shares per Sheet}}$	A reflection formed from the company's share price on the capital market thus forming a public assessment of the

		company's performance. (Miftahulami, 2018)
Intervening Variable		
Financial Performance (Profitability)	$ROA = \frac{Net\ Profit}{Asset\ Total}$	Ratio that shows a picture of the extent to which a company can generate profits for the company. (Pujianty, 2021)

Source : Data Processing

Analysis Method

In the course of data analysis, researchers will employ multiple linear regression analysis. The formulation for multiple linear regression analysis is :

PBV = α + β1UP + β2CR + β3KA + ε..... 1

PBV = α + β1UP + β2CR + β3KA + β4ROA + ε..... 2

ROA = α + β1UP + β2CR + β3KA + ε..... 3

Information :

PBV : Company Value

ROA : Financial Performance (Profitability)

α : Constanta

β 1,2,3,4 : value change coefficient

UP : Company Size

CR : Liquidity

KA : Foreign Ownership

ε : error

RESULT

DESCRIPTIVE STATISTICS

Table 3. Descriptive Statistics

Information	N	Minimum	Maximum	Mean	Std. Deviation
Company Size_X1	118	.99	1.36	1.1891	.07020
Liquidity_X2	118	.77	1.67	1.1985	.19359
Foreign Ownership_X3	118	.57	1.00	.8265	.13434
Financial Performance_Y	118	.57	.86	.7277	.05795
Company Value_M	118	.81	1.32	1.0269	.11564
Valid N	118				

Source : Data Processing

As shown in the table of descriptive statistical test results, the research was performed using a data set of 118 observations. The standard deviation value is less than the average value, indicating that the data distribution in the calculation is good, stable, and homogeneous. The largest company in terms of size is PT. Mandom Indonesia Tbk has the highest figure at 1.00, while PT Unilever Indonesia Tbk has the lowest figure at 0.99. The highest level of liquidity is demonstrated by the company PT Chitose Internasional Tbk, with a value of 1.67. In contrast, the lowest level of liquidity is exhibited by the company PT Bumi Teknokultura Unggul Tbk, with a value of 0.77. The highest level of foreign ownership is observed in the case of PT Hanjaya Mandala Sampoerna Tbk, with a value of 1.00, while the lowest is seen in the case of PT Buyung Poetra Sembada Tbk, with a value of 0.57. The highest financial performance is observed in the company PT Garuda Food Tbk, with a value of 0.86, while the lowest is observed in the company PT Bumi Teknokultura Unggul Tbk, with a value of 0.57. Similarly, the highest company value is observed in the company PT Gudang Garam Tbk, with a value of 1.32, while the lowest is observed in the company PT Martina Berto Tbk, with a value of 0.81.

PANEL TEST AND CHOW TEST

Table 4. Panel Test and Chow Test



Information	Sig.
Hausman Test	0.8801
Chow Test	0.0590

Source : Data Processing

As shown in the table of panel test and chow test results, the Hausman test produces a significance value of 0.88, which is greater than 0.05. Therefore, it can be concluded that the selected model is a random effect. Then, the Chow test is carried out, which produces a significance value of 0.059, which is greater than 0.05. This indicates that the selected model is a common effect. The next analysis can therefore be continued to the classical assumption test stage.

CLASSIC ASSUMPTION TEST

Table 5. Classic Assumption Test

Assumption	Criteria	Results	Information
Normality	One-Sample Kolmogorov-Smirnov (Unstandardized Residual) > 0.05	Unstandardized Residual Sig. 0.200	Qualified
Autocorrelation	Du < DW < 4 - Du	1.770 < 1.774 < 2.230	Qualified
Multicollinearity	Tolerance > 0.1; VIF < 10	X1 Tolerance .965; VIF 1.037 X2 Tolerance .936; VIF 1.069 X3 Tolerance .995; VIF 1.005 M Tolerance .914; VIF 1.095	Qualified
Heteroskedasticity	Glejser dengan Sig > 0.05	X1 Sig 0.217 X2 Sig 0.539 X3 Sig 0.455 M Sig 0.729	Qualified

Source : Data Processing

Based on the table of classic assumption test results above, all assumption tests have been qualified, so it can be continued to test the regression equation.

EQUATION REGRESSION TEST 1

Table 6. Regression Test 1

Information	Beta	Std. Error	Sig.
Company Size_X1	-.413	.148	.006
Liquidity_X2	.078	.053	.150
Foreign Ownership_X3	.109	.077	.160
Uji F	0.014		
Adj. R Square	0.064		

Source : Data Processing

$$PBV = 1.335 - 0.413UP + 0.078CR + 0.109KA + \epsilon$$

The results indicate that company size has a negative effect on company value, while liquidity and foreign ownership have no effect on company value. The F-test results also indicate that these variables influence company value. The first coefficient of determination test results of 0.064 suggest that financial performance, foreign ownership, company size and liquidity can account for 6.4% of the variation in company value, while the remaining 93.6% is influenced by other variables not included in the analysis.

EQUATION REGRESSION TEST 2

Table 7. Regression Test 2

Information	Beta	Std. Error
Company Size_X1	-.414	.151
Liquidity_X2	.078	.055
Foreign Ownership_X3	.109	.077
Financial Performance_M	-.010	.188
Uji F	0.032	

Adj. R Square	0.088
---------------	-------

Source : Data Processing

$$PBV = 1.343 - 0.414UP + 0.078CR + 0.109KA - 0.010ROA + \epsilon$$

The F-test results demonstrate that these variables affect company value. The second coefficient of determination test result of 0.088 indicates that financial performance, foreign ownership, company size and liquidity can account for 8.8% of the variation in company value, while the remaining 91.2% is influenced by other variables not included in the analysis.

EQUATION REGRESSION TEST 3

Table 8. Regression Test 3

Information	Beta	Std. Error
Company Size_X1	-.092	.078
Liquidity_X2	.067	.027
Foreign Ownership_X3	-.050	.051
Uji F	0.038	
Adj. R Square	0.083	

Source : Data Processing

$$ROA = 0.809 - 0.092UP + 0.067CR - 0.050KA + \epsilon$$

The F-test results indicate that these variables impact financial performance. The second coefficient of determination test result of 0.083 suggests that liquidity, company size, and foreign ownership can account for 8.3% of the variation in financial performance, while the remaining 91.7% is influenced by other variables not included in the analysis.

SOBEL TEST

Table 5. Sobel Test

Information	P-Value
Company Size on Company Value Through Financial Performance	0.9576
Liquidity on Company Value Through Financial Performance	0.9575
Foreign Ownership on Company Value Through Financial Performance	0.9576

Source : Data Processing

The results of the Sobel test Company Size on Company Value Through Financial Performance indicate that the p-value is 0.9576, which suggests that the financial performance is not a significant mediator of the relationship between company size and company value when the p-value is less than 0.05. The regression test yielded significant results for the impact of company size on company value, as well as for the combined effect of company size and financial performance on company value. This indicates the presence of mediation, whereby the mediating variable can account for the relationship between company size and company value. The nature of the mediation can be described as partial, as the mediating variable explains some, but not all, of the relationship between the two variables.

The results of the Sobel test Liquidity on Company Value Through Financial Performance indicate that the p-value is 0.9575, which suggests that the financial performance is not a significant mediator of the relationship between liquidity and company value when the p-value is less than 0.05. The regression test yielded results indicating that the impact of liquidity on company value was insignificant, while the combined effect of liquidity and financial performance on company value was significant. This suggests the presence of mediation, whereby the mediating variable can explain the relationship between the independent and dependent variables.

The results of the Sobel test Foreign Ownership on Company Value Through Financial Performance indicate that the p-value is 0.9576, which suggests that the relationship between foreign ownership and company value is not statistically significant when financial performance is considered as a mediating factor. The regression test yielded inconclusive results regarding the impact of foreign ownership on company value. Similarly, the influence of liquidity and financial performance on company value was found to be insignificant. Consequently, it can be concluded that mediation is not a factor in this relationship, as the mediating variable cannot account for the correlation between company size and company value.

DISCUSSION

Company Size and Company Value

The results of the company size variable in the tests carried out demonstrated a regression coefficient of -0.413 and a Sig of 0.006 , which was smaller than the Sig requirement of 0.05 . In light of the aforementioned results, it can be posited that hypothesis 1 is accepted. Following signal theory, investors utilize company financial information to ascertain the company's financial condition and evaluate its prospective financial performance. An increase in total assets may result in a decline in a company's valuation. An increase in the value of assets in a company may be perceived by investors as a negative signal, given that the company is investing on a large scale without necessarily guaranteeing a profit. Furthermore, the company's inefficiency in asset management also contributes to the increase in company assets, yet ultimately results in a decline in the company's value. The findings of this study are consistent with those of Irawan & Kusuma (2019) and Ramdhonah et al., (2019), who posit that company size exerts a negative influence on company value. This implies that an increase in company size is associated with a decline in company value, and the reverse is also true.

Liquidity and Company Value

In the tests carried out, it was found that the results of the liquidity variable had a regression coefficient of 0.078 and a Sig of 0.150 , which is greater than the Sig requirement of 0.05 . With these results it can be concluded that Hypothesis 2 is rejected. If these results are consistent with signal theory, then investors consider a company's high working capital to be a good signal. If the focus of the company is on maintaining the financial security of the company so that the company avoids financial difficulties in paying the company's current debts, this also means that the value of the company's current assets is not one of the factors that affect and influence the value of the company. The results of this research are also consistent with the research of Wardana & Susanti (2022) and Thaib & Dewantoro (2017), which states that liquidity does not influence the value of the company, where increasing the liquidity of the company does not always go hand in hand with increasing the value of the company. Thus, it can be interpreted that the value of a company's current assets, which can be used to pay the company's short-term liabilities, has no positive or negative effect on increasing the value of a company.

Foreign Ownership and Company Value

The results of the foreign ownership variable in the tests carried out demonstrated a regression coefficient of $.109$ and a Sig of 0.160 , which was greater than the Sig requirement of 0.05 . In conclusion, the results support the rejection of hypothesis 3. Following the logic of agency theory, these results demonstrate that foreign investors encounter substantial difficulties in monitoring companies due to their limited comprehension of the local market. Consequently, they are perceived as less inclined to contribute to decision-making processes, which ultimately results in less effective outcomes for the company. The degree of foreign ownership of a company does not have a significant influence on its overall valuation. It can therefore be posited that the extent of foreign ownership of a company does not necessarily exert an influence on the value of the company. These findings are also consistent with those of Wardana & Susanti (2022) and Astini et al., (2022), who argue that foreign ownership has no impact on financial performance. This is because foreign ownership is unable to influence the effectiveness and efficiency of company management, given that local ownership is still considered to exert significant influence over the company.

Company Size on Company Value Through Financial Performance

The results of the Sobel test calculation indicated that the p-value for the company size variable was 0.95762237 . The results of the Sobel test indicate that no significant results were found. It can be concluded that company size has a significant impact on company value, and that company size, in conjunction with financial performance, has a significant impact on financial performance. In accordance with the Baron and Kenny (1986) model, this indicates that company size exerts a direct

influence on company value, with financial performance demonstrating partial mediation. In accordance with signal theory, investors must consider the size of the company, as even those with considerable assets may be unable to manage them efficiently, leading to investor skepticism and a subsequent decline in the company's value. Furthermore, investors must consider the company's profitability on an annual basis, as this can indicate the financial condition of the company. These findings align with those of Irawan & Kusuma (2019), who also identified a negative effect of company size, suggesting less efficient asset management and an accumulation of assets within the company, ultimately leading to a decline in the company's value.

Liquidity on Company Value Through Financial Performance

The results of the Sobel test indicated that the p-value for the company size variable was 0.95758907. The results of the Sobel test indicate that no significant results were observed. It can be concluded that there is an insignificant relationship between liquidity and company value. Furthermore, the relationship between liquidity and company value is also insignificant when financial performance is taken into account. Following the Baron and Kenny (1986) model, this indicates that there is no direct or indirect influence of liquidity on company value and that financial performance does not act as a mediator. By signal theory, investors perceive that companies with robust liquidity are better equipped to navigate financial challenges and enhance profitability. The findings of this study align with those of Wardana & Susanti (2022), who assert that liquidity exerts no influence on company value. In this context, the liquidity of a company is deemed to have no bearing on its valuation.

Foreign Ownership on Company Value Through Financial Performance

The results of the Sobel test indicated that the p-value for the company size variable was 0.95764158. The results of the Sobel test indicate that no significant results were observed. It can be concluded that foreign ownership has an insignificant impact on company value and that the combined effect of foreign ownership and financial performance is also insignificant. Following with the Baron and Kenny (1986) model, this indicates that foreign ownership exerts no direct or indirect influence on company value, and financial performance demonstrates no mediation. By agency theory, foreign investors are inclined to impose rigorous standards on the management of a company. However, due to the discrepancy in ownership proportions between foreign and local investors, this degree of involvement is not always acknowledged by the company. As this is not aligned with the prevailing policies and regulations, it cannot impact the financial performance or value of the company. The findings of this study are consistent with those of Fahlevi et al., (2023) who asserted that foreign ownership exerts no influence on a company's financial performance. This is attributed to the relatively low proportion of foreign ownership in most companies, which limits its role in influencing corporate decision-making processes.

CONCLUSION

The results of the calculations and discussions described above indicate that company size has a negative influence on company value. This suggests that there is an inverse relationship between company size and company value, whereby an increase in one variable is associated with a decrease in the other. In contrast, other variables, specifically liquidity and foreign ownership, do not exert any influence on company value. The initial regression analysis indicates that company size, liquidity and foreign ownership have a significant impact on company value. The results of the second regression analysis indicate that company size, liquidity, foreign ownership and financial performance exert an influence on company value. The results of the third regression analysis demonstrate that company size, liquidity and foreign ownership affect financial performance. The Sobel test revealed that the results of financial performance are not significant, indicating that financial performance does not mediate between the independent and dependent variables.

REFERENCES

Ahmad, F. M. I., Kristanti, D. F. T., & Nur Triyanto, D. (2017). *The Impact Of Ownership Structure And Leverage On Firm Value*. 4, 2613.

- Anindita, W. R., & Durya, N. P. M. A. (2022). Pengaruh Struktur Aktiva, Profitabilitas, Pertumbuhan Penjualan, Dan Ukuran Perusahaan Terhadap Struktur Modal Pada Perusahaan Healthcare Yang Terdaftar Di Bei: Studi Pada Masa Pandemi Covid-19 (Periode Tahun 2019-2020). *Accounting Cycle Journal*, 3(1). [Http://Journal.Podomorouniversity.Ac.Id/Index.Php/Acj/Article/View/248/179](http://Journal.Podomorouniversity.Ac.Id/Index.Php/Acj/Article/View/248/179)
- Astini, N. L. P. N. Y., Rustiarini, N. W. P., & Dewi, N. P. (2022). Kinerja Lingkungan (Proper), Kinerja Keuangan, Kepemilikan Asing, Kepemilikan Manajerial, Dan Kepemilikan Publik Terhadap Nilai Perusahaan. *Jurnal Kharisma*, Vol. 4 No. 3 (Vol. 4 No. 3 (2022): Kumpulan Hasil Riset Mahasiswa Akuntansi (Kharisma)), 134–146.
- Cahyani, R. A., & Sitohang, S. (2020). Pengaruh Perputaran Modal Kerja, Likuiditas, Dan Solvabilitas Terhadap Profitabilitas. *Jurnal Ilmu Dan Riset Manajemen*, 9 No 6 (Vol 9 No 6 (2020): Jurnal Ilmu Dan Riset Manajemen), 1–17.
- Dauda, P., Taufiq, M. I., Saeni, N., Baottong, M. H., & Bazergan, I. (2021). Pengaruh Likuiditas Dan Solvabilitas Terhadap Profitabilitas. *Jurnal Mirai Management*, Volume 6 Issue 3, 51–66. <https://doi.org/10.37531/Mirai.V7i2.2014>
- Ekadjaja, A., & Dewi, V. S. (2020). Pengaruh Profitabilitas, Likuiditas Dan Ukuran Perusahaan Terhadap Nilai Perusahaan Pada Perusahaan Manufaktur. *Jurnal Paradigma Akuntansi*, 2(1), 118. <https://doi.org/10.24912/Jpa.V2i1.7139>
- Fahlevi, A. R., Wardani, T., Hartanti, A. S., & Nafziza, A. A. (2023). Pengaruh Kepemilikan Asing, Kepemilikan Publik, Dan Bopo Terhadap Kinerja Keuangan (Studi Pada Perusahaan Perbankan Umum Swasta Nasional Devisa Yang Terdaftar Di Bei Pada Periode 2018-2021). *Jurnal Publikasi Sistem Informasi Dan Manajemen Bisnis (Jupsim)*, Volume 2, No. 1, 199–213.
- Irawan, D., & Kusuma, N. (2019). Pengaruh Struktur Modal Dan Ukuran Perusahaan Terhadap Nilai Perusahaan. *Jurnal Aktual*, 17(1), 66–81. <https://doi.org/10.47232/Aktual.V17i1.34>
- Jayanti, E. D., Wulandari, A., & Kompyurini, N. (2021). Pengaruh Pengungkapan Manajemen Risiko Perusahaan, Pengungkapan Modal Intelektual, Dan Kepemilikan Asing Terhadap Nilai Perusahaan. *Infestasi*, Vol.17 No.2, 168–180. <https://doi.org/10.21107/Infestasi.V17i2.12233>
- Jensen, M. C., & Meckling, W. H. (1976). Theory Of The Firm: Managerial Behavior, Agency Costs And Ownership Structure. *Journal Of Financial Economics*, Vol. 3 No. 4, 305–360. [https://doi.org/10.1016/0304-405x\(76\)90026-X](https://doi.org/10.1016/0304-405x(76)90026-X)
- Kurniawati, H., Rasyid, R., & Setiawan, F. A. (2020). Pengaruh Intellectual Capital Dan Ukuran Perusahaan Terhadap Kinerja Keuangan Perusahaan. *Jurnal Muara Ilmu Ekonomi Dan Bisnis*, 4(1), 64. <https://doi.org/10.24912/Jmieb.V4i1.7497>
- Kusnandar, V. B. (2022, March 29). Industri Kimia, Farmasi, Dan Obat Tradisional Terus Tumbuh Di Masa Pandemi Covid-19 [Databoks]. *Informasi*. <https://databoks.katadata.co.id/datapublish/2022/03/29/industri-kimia-farmasi-dan-obat-tradisional-terus-tumbuh-di-masa-pandemi-covid-19>
- Meilita, W., & Rokhmawati, A. (2017). *Pengaruh Kepemilikan Manajerial, Kepemilikan Institusional, Kepemilikan Asing, Kepemilikan Individu, Kebijakan Hutang Dan Dividen Tahun Sebelumnya Berpengaruh Terhadap Kebijakan Dividen*.
- Miftahulami, I. (2018). *Struktur Kepemilikan, Struktur Modal, Nilai Perusahaan: Kinerja Keuangan Sebagai Variabel Intervening*. 7.
- Muamar, Y. (2018, October 21). Pertumbuhan Industri Barang Konsumsi Dinilai Melambat. *Cnbc Indonesia*. <https://www.cnbciindonesia.com/market/20181019191302-17-38252/pertumbuhan-industri-barang-konsumsi-dinilai-melambat>
- Ningsih, D. A., & Wuryani, E. (2021). Kepemilikan Institusional, Leverage Dan Ukuran Perusahaan Terhadap Kinerja Keuangan. *Akunesa*, Vol 9, No 2 (Vol. 9 No. 2 (2021): Akunesa (Januari 2021)), 10. <https://doi.org/10.26740/Akunesa.V9n2.P%25p>
- Ningsih, S. W. (2023). Analisis Rasio Keuangan Terhadap Financial Distress Dengan Nilai Perusahaan Sebagai Variabel Intervening Pada Perusahaan Property Dan Real Estate Tbk. *Jurnal Manajerial Bisnis*, 6(2), 136–146. <https://doi.org/10.37504/Jmb.V6i2.510>

- Nur, E., Mukhzarudfa, M., & Yudi, Y. (2021). Determinan Kepemilikan Asing, Kepemilikan Manajerial, Kebijakan Hutang, Dan Kebijakan Dividen Terhadap Kinerja Keuangan. *Jurnal Akuntansi & Keuangan Unja*, 6(1), 45–60. <https://doi.org/10.22437/Jaku.V6i1.13302>
- Pujianty, I. (2021). The Influence Of Liquidity, Profitability, Inflation And Exchange Rate Towards Financial Distress (Study On Textile And Garment Listed Company On Indonesia Stock Exchange From 2014. *Telkom University*, 8, 5219.
- Ramdhonah, Z., Solikin, I., & Sari, M. (2019). Pengaruh Struktur Modal, Ukuran Perusahaan, Pertumbuhan Perusahaan, Dan Profitabilitas Terhadap Nilai Perusahaan (Studi Empiris Pada Perusahaan Sektor Pertambangan Yang Terdaftar Di Bursa Efek Indonesia Tahun 2011-2017). *Jurnal Riset Akuntansi Dan Keuangan*, 7(1), 67–82.
- Samo, A. H., & Murad, H. (2019). Impact Of Liquidity And Financial Leverage On Firm's Profitability – An Empirical Analysis Of The Textile Industry Of Pakistan. *Research Journal Of Textile And Apparel*, 23(4), 291–305. <https://doi.org/10.1108/Rjta-09-2018-0055>
- Sari, R. (2020). Pengaruh Kepemilikan Asing Dan Leverage Terhadap Kinerja Keuangan. *Balance : Jurnal Akuntansi Dan Bisnis*, 5(1), 64. <https://doi.org/10.32502/Jab.V5i1.2459>
- Siregar, A. Y. P., & Tojibussabirin, M. (2023). Analisis Kinerja Keuangan Perusahaan Sub Sektor Farmasi Yang Terdaftar Di Bei Selama Pandemi Covid-19. *Reviu Akuntansi, Keuangan, Dan Sistem Informasi, Volume 2 No 3 Tahun 2023* (Vol. 2 No. 3 (2023): *Reviu Akuntansi, Keuangan Dan Sistem Informasi (Reaksi)*), 598–611.
- Spence, M. (1973). Job Market Signaling. *Oxford University Press*, 97(3), 355–374. <https://doi.org/10.2307/1882010>
- Thaib, I., & Dewantoro, A. (2017). Jurnal Riset Perbankan Manajemen Dan Akuntansi Vol.1 No.1. *Jurnal Riset Perbankan Manajemen Dan Akuntansi, Vol.1 No.1* (Vol 1 No 1 (2017): *Jurnal Riset Perbankan Manajemen Dan Akuntansi*), 25–44. <https://doi.org/10.56174/Jrpma.V1i1.6>
- Tobing, S. (2021, Oktober). Masa Depan Industri Rokok Di Tengah Tekanan Cukai Dan Daya Beli [Katadata]. *Informasi*. <https://katadata.co.id/indepth/telaah/615d55c00052c/masa-depan-industri-rokok-di-tengah-tekanan-cukai-dan-daya-beli>
- Wardana, L. A., & Susanti, A. (2022). Pengaruh Ukuran Perusahaan Dan Kepemilikan Asing Terhadap Nilai Perusahaan. *E-Jurnal Akuntansi Tsm*, 2(4), 565–586. <https://doi.org/10.34208/Ejatsm.V2i4.1827>
- Wardoyo, D. U., Kusumaningtyas, A. W., Afifah, D. R., Pangestu, G., & Ilhami, F. (2022). Pengaruh Intangible Asset Dan Kepemilikan Asing Terhadap Nilai Perusahaan Pada Perusahaan Sektor Infrastruktur Yang Terdaftar Di Bursa Efek Indonesia Periode 2018-2020. *Juremi: Jurnal Riset Ekonomi*, 2(1), 25–30. <https://doi.org/10.53625/Juremi.V2i1.2389>
- Widhi, B. A. N., Yovita, L., & Samasta, A. S. (2023). Analisis Perbandingan Kinerja Keuangan Pada Sektor Industri Barang Konsumsi Sebelum Dan Pada Masa Pandemi Covid-19 (Studi Kasus Sub Sektor Makanan Dan Minuman Yang Terdaftar Di Bursa Efek Indonesia). *Jurnal Ekonomi Dan Bisnis (Jekobs)*, Vol. 2, No. 1, 48–61.
- Yadav, I. S., Pahi, D., & Gangakhedkar, R. (2022). The Nexus Between Firm Size, Growth And Profitability: New Panel Data Evidence From Asia-Pacific Markets. *European Journal Of Management And Business Economics*, 31(1), 115–140. <https://doi.org/10.1108/Ejmbe-03-2021-0077>