

The Effect of Leverage , Company Size, Inflation Rate, and Cash Holding on Company Value (The Case in Hotel, Restaurant and Tourism Sub-Sector Companies Listed on the IDX for the 2017-2020 Period)

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Abstract

This study aims to determine the effect of leverage , firm size, inflation rate, and cash holding on firm value (in hotel, restaurant, and tourism sub-sector companies listed on the Indonesia Stock Exchange for the 2017-2020 period). This research is a type of quantitative research. The population in this study amounted to 35 companies, using purposive sampling technique , obtained a research sample of 18 companies. The analytical method used in this research is multiple linear regression. The results showed that: (1) Leverage had a negative and significant effect on firm value. (2) Firm size has a negative and significant effect on firm value. (3) Inflation rate has no effect on firm value. (4) Cash holding has a positive and significant effect on firm value. Suggestion for investors can be more selective in choosing the company that will be used as a destination to invest, for Companies must be able to control a high level of leverage, for further research it is possible to add a research period to be used.

Keywords : *Leverage (DER), Company Size, Inflation Rate, Cash Holding , and Company Value (PBV)*

1. Introduction

The company is one of the places or institutions founded by an owner with the aim of achieving and obtaining the maximum profit for the company, but with the *Covid -19* pandemic it has had a huge impact on all companies, especially on tourism sector companies. The profits of the hotel, restaurant, and tourism sub-sector companies experienced a decline during the pandemic, this was due to the policy of prohibiting mobility between regions or tourist activities which caused a decrease in the number of visits to various tourist attractions and also due to the social and physical distancing policies implemented issued by the government (Maria and Restia, 2021). Hotels and restaurants as supporting the tourism sector were also affected because the number of visitors experienced a sharp decline in this pandemic (Fahrika and Roy, 2020).

The value of the company is one thing that can be used as a decision for investors in terms of investing their funds in a company. Firm value is used as a benchmark to assess whether a company can be said to be good or bad. A company that has a good company value will make investors interested in obtaining profits both in the short and long term (Ricky, 2021). High company value makes shareholders more confident and confident in the company's performance both now and in the future (Sandy and Dewi, 2021).

There are many things that can affect a firm's value, including *leverage* . *Leverage* can be used to calculate or measure how much a company can pay off its obligations, both short-term obligations and long-term obligations. Companies that have low *leverage* , the lower the company's debt burden, and vice versa if a company has high *leverage* , the higher the risk of the company in taking on debt so that this can affect the value of the company itself (Aditya et al. Henny, 2019).

The second factor that can affect firm value is firm size. In general, large companies have many investors so that they can provide wider information. The size of the company is also able to affect the value of the company, large companies have more ease of access to the capital market so that the company has the freedom and convenience to obtain sources of funding both internal and external and can be used to increase the value of the company by the management (Ramdhonah, *et al . al .* , 2019).

The third factor that can affect the value of the company is the inflation rate. Inflation that occurred in Indonesia decreased from 2017-2021. The decline in the inflation rate was caused by the still weakening of domestic demand and the tendency to decrease purchasing power as a result of the impact of the pandemic which has not subsided (bi.go.id, 2021). The impact that appears on the value of the company can be seen at the time of buying and selling on the Indonesian stock exchange, in this case investors will reduce the purchasing power of the shares which can directly affect the value of the company (Aditya and Henny, 2019).

The next factor that can affect the value of the company is *cash holding* . *Cash holding* or cash availability is one of the important aspects in terms of financing the company's operational activities (Syera and Yuyun, 2019). Considering that in the current state of the pandemic that is happening in Indonesia, many companies are experiencing a financial crisis, and this *cash holding* is one thing that can minimize this, so that it can make a company more stable (Bambang, 2017).

Formulation of the problem

1. Does leverage affect the value of companies in the hotel, restaurant and tourism sub-sector companies listed on the IDX for the 2017-2020 period?
2. Does the size of the company affect the value of the company in the hotel, restaurant and tourism sub-sector companies listed on the IDX for the 2017-2020 period?
3. Does the inflation rate affect the value of companies in the hotel, restaurant and tourism sub-sector companies listed on the IDX for the 2017-2020 period?
4. Does *cash holding* affect company value in hotel, restaurant and tourism sub-sector companies listed on the Indonesia Stock Exchange for the 2017-2020 period?

2. Literature Review

a. Signaling Theory

This signal theory provides all the information about what has been done by the management to carry out the wishes of the owners in the company. In this signaling *theory* , management hopes to bring a signal of prosperity to owners or shareholders in preparing financial information. Signal theory also has the goal of reducing information discrepancies between companies and outsiders in terms of increasing company value (Emma and Arum, 2020).

b. The value of the company

Firm value is an investor's view of the level of success of managers in managing or implementing company resources which is often associated with stock prices (Silvia, 2019). According to Silvia (2019) there are several methods that can be used to measure company value, including: *Price to Book Value* (PBV), *Market to Book Ratio* (MBR),

Market to Book Assets Ratio, Market Value of Equity (MVE), Enterprise Value (EV), Price Earning Ratio (PER), Tobin's Q.

c. Leverage

Kasmir (2017) says that *leverage* is a ratio used by a company to see the extent to which assets are financed with debt. According to (Kasmir, 2017) the types of *leverage ratio measurements* that are often used by companies consist of several types, including: *Debt to Asset Ratio (DAR), Debt to Equity Ratio (DER), Long Term Debt to Equity Ratio (LTDER), Times Interest Earned, Fixed Charge Coverage* .

d. Company Size

According to Widiyati (2020) company size is a scale which can be grouped as the size of a company in various ways such as total company assets, company *log size* , stock market value, and others. The company itself consists of 2 types, namely small-scale companies and large-scale companies. The criteria for company size according to Law No. 20 of 2008 concerning small, micro and medium enterprises, based on the size of the net worth and sales results, the company consists of 3, including: micro, small and medium enterprises.

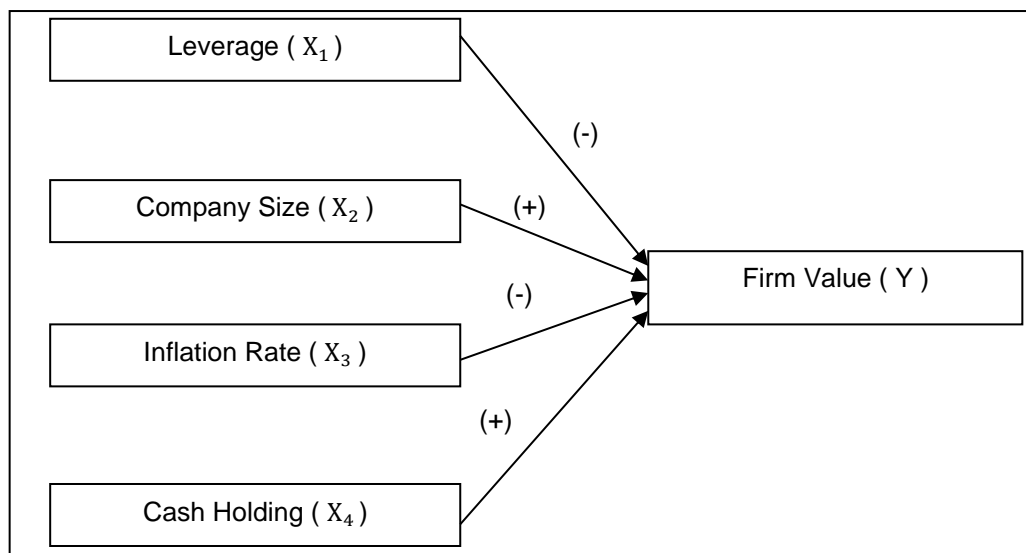
e. Inflation

In general, inflation is a condition when the price of goods is continuously increasing and tends to be for a long time. According to monetary experts, inflation is a symptom of the total money demanded which will make the demand for goods and services increase (Kartini, 2019). The price of goods that experience continuous increase can make the value of money decrease. The decline in the value of money can make people's purchasing power of goods also become low.

f. Cash Holding

Cash holding is cash that is ready to be used by a company as a transaction activity as well as making investments (Syera and Yuyun, 2019). Every company has different reasons or motives in doing *cash holding* . According to (Agus, 2018), there are several reasons / motives used to maintain a certain amount of cash in a company, including: transaction motives, precautionary motives, speculation motives, compensation balances.

Framework



Source: Various Research Journals, Modified By Researchers, 2021

Research Hypothesis

H₁ = *Leverage* has a negative and significant effect on firm value

H₂ = Company size has a positive and significant effect on firm value

H₃ = Inflation rate has a negative and significant effect on firm value

H₄ = *Cash holding* has a positive and significant effect on firm value

3. RESEARCH METHODS

a. Research Approach

The approach used in this research is a quantitative approach. The analysis used in this research is descriptive analysis method.

b. Place and time of research

The place in this study is the hotel, restaurant, and tourism sub-sector companies listed on the Indonesia Stock Exchange for the 2017-2020 period by accessing the www.idx.co.id site. The time in this research is carried out from November 2021 to completion.

c. Variable Operational Definition

(1). The value of the company

The measurement of company value in this study uses *Price to book value* (PBV). The higher the PBV value, the higher the company value, and this can make the market believe in the company's prospects. The formula for *Price to Book Value* (PBV) is as follows:

$$PBV = \frac{\text{Market price per share}}{\text{Book Value per Share}}$$

(2) Leverage

The indicator for measuring *leverage* in this study uses the *Debt to Equity Ratio* (DER) method. The greater the value of DER, the better the value of the company. The formula for the *Debt to Equity Ratio* (DER) is as follows:

$$\text{Debt to equity ratio} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

(3) Company Size

The larger the size of the company, the higher the value of the company. Measurement indicators to measure company size in this study use the *natural logarithm* (Ln) of total assets or assets. The formula for the *natural logarithm* (Ln) of total assets or assets is as follows:

$$\text{Company Size} = \text{Ln} (\text{Total Assets})$$

(4) Inflation Rate

In this study, it was measured using percentage units (%) and published in tabular form on the website www.bi.co.id.

(5) Cash Holding

cash holding can provide definite benefits to a company and can create asset investment opportunities in the company, so that the company's value will also increase. The formula for *Cash Holding* is as follows:

$$\text{Cash Holding} = \frac{\text{Cash and Cash Equivalents}}{\text{Total Assets}}$$

d. Population and Research Sample

The population in this study is the hotel, restaurant, and tourism sub-sector companies listed on the Indonesia Stock Exchange for the 2017-2020 period, totaling 35 companies. Determination of the sample is using *purposive sampling technique* so that the sample in this study amounted to 18 companies.

e. Sources and Data Collection Techniques

The secondary data used in this study were obtained from: inflation data in this study were obtained from the website www.bi.go.id, and the annual financial report data in this study were obtained from the website www.idx.co.id. The process of collecting data in this study used: literature study and documentation.

f. Data analysis technique

(1) Descriptive statistics

This descriptive statistic describes the characteristics of the sample used in the study. Descriptive statistics are used to analyze the data that has been studied by looking at the minimum value, maximum value, mean, and standard deviation (Priyatno, 2018).

(2) Classic assumption test

1.) Normality test

This normality test is carried out to test or find out whether the independent and dependent variables of both are normally distributed or not in the regression model, to see if they are normally distributed or not, it can be done using the *Kolmogorov Smirnov test*. If the value of Sig. > 0.05 then the data is normally distributed, and vice versa (Priyatno, 2018).

2.) Heteroscedasticity Test

heteroscedasticity test is carried out to analyze or test whether there is an inequality of variance from the residuals of one observation to another in terms of the regression model. If the value of Sig. > 0.05 then there is no heteroscedasticity problem, and vice versa (Priyatno, 2018).

3.) Multicollinearity Test

multicollinearity test is carried out to analyze or test whether there is a correlation between the independent variables in the regression model, to see the existence of

multicollinearity it can be done by looking at the *tolerance* value and the VIF (*Inflation factor*) value in the regression model. If the *tolerance value* is > 0.10 and the VIF value is < 10.00 , it means that there is no multicollinearity between the independent variables in the regression model, and vice versa (Priyatno, 2018).

4.) Autocorrelation Test

Test This autocorrelation is carried out to analyze or find out there is a correlation between the residuals in period t and residuals in the previous period ($t-1$). The test used in this test is by using the *Run Test test*. If the results of the *Run Test* > 0.05 , then there is no autocorrelation between the residual values, and vice versa (Priyatno, 2018).

(3) Multiple Linear Regression Analysis

According to Priyatno (2018), multiple linear regression analysis is carried out to determine whether or not there is a partial or simultaneous significant effect between two or more independent variables on one dependent variable. The equation of the multiple linear regression model is as follows:

$$Y = \alpha + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e$$

Information :

α	= constant
b	= coefficient of each variable
Y	= firm value
X_1	= <i>leverage</i>
X_2	= company size
X_3	= inflation rate
X_4	= <i>cash holding</i>
e	= <i>error</i> (assumed value 0)

1). F test

This F test is used to determine whether the independent variable testing simultaneously affects the dependent variable. According to (Priyatno, 2018) if $F \text{ count} > F \text{ table}$ and significance value < 0.05 , the independent variable simultaneously has a significant effect on the dependent variable, and vice versa.

2). T test

This t-test is used to find out whether the test of each independent variable has an effect on the dependent variable, if the significance is < 0.05 and the t-count value is $> t\text{-table}$, then partially there is an effect of the independent variable on the dependent variable, and vice versa (Priyatno, 2018).

3) Coefficient of Determination (R^2)

According to (Priyatno, 2018) the coefficient of determination in this test is used to see how far the model's ability to explain the independent variable or to find out what percentage of the influence the independent variable simultaneously has on the dependent variable.

4. RESEARCH RESULTS

a. Descriptive statistics

Table 1. Descriptive Statistical Results

Descriptive Statistics					
	N	Minimum	Maximum	mean	Std. Deviation
DER	72	,02	2.18	,7061	,47603
Company Size	72	21.54	31.01	27,7126	1.90703
Inflation	72	2.04	3.81	3.0200	,64027
Cash Holding	72	,00	,40	,0849	0.09159
PBV	72	,08	6.19	1.7603	1.58002
Valid N (listwise)	72				

Source: Research Results (Data Processed, 2022)

Based on Table 1. shows that N or the amount of data for each valid variable is 72. *Leverage* (X1) which is proxied by DER has a minimum value of 0.02 and a maximum value of 2.18, the average value of DER is 0.7061 with a standard deviation of 0.47603. Company size (X2) has a minimum value of 21.54 and a maximum value of 31.01, the average value of company size is 27.7126 with a standard deviation of 1.90703. Inflation (X3) has a minimum value of 2.04 and a maximum value of 3.81, the average value of inflation is 3.0200 with a standard deviation of 0.64027. *Cash holding* (X4) has a minimum value of 0.00 and a maximum value of 0.40, the average value of *cash holding* is 0.0849 with a standard deviation of 0.09159. Firm value (Y) which is proxied by PBV has a minimum value of 0.08 and a maximum value of 6.19, the average value of PBV is 1.7603 with a standard deviation of 1.58002.

b. Normality test

Table 2. Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		72
Normal Parameters ^{a,b}	mean	,0000000
	Std. Deviation	1.04790552
Most Extreme Differences	Absolute	,100
	Positive	,100
	negative	-,064
Test Statistics		,100
asympt. Sig. (2-tailed)		,073 ^c

Source: Research Results (Processed Data, 2022)

Based on Table 2. shows that the significance value obtained is 0.073, which means a significance value of 0.073 is greater than 0.05 so it can be concluded that the research data is normally distributed.

c. Heteroscedasticity Test

Table 3. Heteroscedasticity Test Results

		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	3.047	1.185		2,571	0.012
	DER	-,213	,170	-,154	-1,254	,214
	Company Size	-,072	.041	-,209	-1,778	0.080
	Inflation	-,063	,124	-,061	-,503	,616
	Cash Holding	1,170	,898	,163	1,302	,197

Source: Research Results (Processed Data, 2022)

Based on Table 3. shows that *leverage* (X1) which is proxied by DER has a significance value of 0.214. Company size (X2) has a significance value of 0.080. Inflation (X3) has a significance value of 0.616. *Cash holding* (X4) has a significance value of 0.197. These four variables have a significance value of more than 0.05, so that for the variables of *leverage*, firm size, inflation rate, and *cash holding*, there is no heteroscedasticity problem.

d. Multicollinearity Test

Table 4. Multicollinearity Test Results

		Coefficients ^a					Collinearity Statistics	
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Tolerance	VIF
Model		B	Std. Error	Beta				
1	(Constant)	18,011	1,966		9,159	0,000		
	DER	-0,660	0,281	-0,199	-2,348	0,022	0,914	1,094
	Ukuran Perusahaan	-0,587	0,067	-0,708	-8,726	0,000	0,996	1,004
	Inflation	0.074	0.206	0.030	0.360	0.720	0.939	1.065
	Cash Holding	3.045	1,490	0.177	2.044	0.045	0.880	1.136

Source: Research Results (Processed Data, 2022)

Based on Table 4. shows that *leverage* (X1) as proxied by DER has a *tolerance value* of 0.914 and a VIF value of 1.094. Company size (X2) has a *tolerance value* of 0.996 and a VIF value of 1.004. Inflation (X3) has a *tolerance value* of 0.939 and a VIF value of 1.065. *Cash holding* (X4) has a *tolerance value* of 0.880 and a VIF value of 1.136. This means that the variables of

leverage, firm size, inflation rate, and *cash holding* have a *tolerance value* greater than 0.10 and a VIF value less than 10.00, so that for these four variables there is no multicollinearity.

e. Autocorrelation Test

Table 5. Autocorrelation Test Results

Runs Test	
	Unstandardized Residual
Test Value ^a	-,21160
Cases < Test Value	36
Cases >= Test Value	36
Total Cases	72
Number of Runs	42
Z	1,187
asyp. Sig. (2-tailed)	,235

Source: Research Results (Processed Data, 2022)

Based on Table 5. shows that the significance value is 0.235, which means a significance value of 0.235 is greater than 0.05 so it can be concluded that in this test there is no autocorrelation symptom.

f. Multiple Linear Regression Analysis

Table 6. Results of Multiple Linear Regression Analysis

		Coefficients ^a				
		Unstandardized		Standardized		
		Coefficients		Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	18.011	1,966		9,159	,000
	DER	-,660	,281	-,199	-2,348	,022
	Company Size	-,587	,067	-,708	-8,726	,000
	Inflation	,074	,206	0.030	,360	,720
	Cash Holding	3.045	1,490	,177	2.044	0.045

Source: Research Results (Processed Data, 2022)

Based on Table 6. obtained the following equation:

$$Y = 18,011 - 0.660X1 - 0.587X2 + 0.074X3 + 3.045X4$$

Judging from the equation above, it can be explained as follows:

- 1) The constant value (a) is 18.011, meaning that if the DER, company size, inflation, and *cash holding* values are 0 then the firm value is positive, which is 18.011.

- 2) The regression coefficient value of the *leverage variable* as proxied by DER (b_1) is negative, which is -0.660, meaning that every increase in *leverage* (DER) of 1 unit will cause a decrease in firm value of 0.660.
- 3) The regression coefficient value of the firm size variable (b_2) is negative in the amount of -0.587, which means that each increase in firm size by 1 unit will cause a decrease in firm value by 0.587.
- 4) The value of the inflation variable regression coefficient (b_3) is positive, namely 0.074, which means that every 1 unit increase in inflation will make the company value increase by 0.074.
- 5) The regression coefficient value of the *cash holding variable* (b_4) is positive, which is 3.045, which means that for every 1 unit increase in *cash holding*, the company value will increase by 3.045.

g. F Uji test

Table 7. F . Test Results

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	99,283	4	24,821	21,330	,000 ^b
	Residual	77,966	67	1.164		
	Total	177,249	71			

Source: Research Results (Processed Data, 2022)

Based on Table 7. shows that the significance value obtained is 0.000 and for F count is 21.330. The results of this study stated the value of sig. $0.000 < 0.05$ and F count $21.330 > F$ table 2.51, so it can be concluded that *leverage*, firm size, inflation, and *cash holding* simultaneously affect firm value.

h. T Uji test

Table 8. T . Test Results

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	18,011	1,966		9,159	,000
	DER	-,660	,281	-,199	-2,348	,022
	Ukuran Perusahaan	-,587	,067	-,708	-8,726	,000
	Inflasi	,074	,206	0.030	,360	,720
	Cash Holding	3.045	1,490	,177	2.044	0.045

Source: Research Results (Processed Data, 2022)

Based on Table 8. shows the results of the study for the t-test are as follows:

- 1) *Leverage* proxied by DER has a significance value of $0.022 < 0.05$ and a t value of $-2.348 < t \text{ table } -1.996$ with a negative coefficient, then H_1 is accepted and it can be concluded that *leverage* has a negative and significant effect on firm value.
- 2) Firm size has a significance value of $0.000 < 0.05$ and a t-count value of $-8.726 < t\text{-table } -1.996$ with a negative coefficient, then H_2 is rejected and it can be concluded that firm size has a negative and significant effect on firm value.
- 3) Inflation has a significance value of $0.720 > 0.05$ and a t-count value of $0.360 < t\text{-table } 1.996$ with a positive coefficient, then H_3 is rejected and it can be concluded that the inflation rate has no effect on firm value.
- 4) *Cash holding* has a significance value of $0.045 < 0.05$ and a t-count value of $2.044 > t\text{-table } 1.996$ with a positive coefficient, then H_4 is accepted and it can be concluded that *cash holding* has a positive and significant effect on firm value.

i. Coefficient of Determination (R^2)

Table 9. Coefficient of Determination Test Results (R^2)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,748 ^a	,560	,534	1.07873

Source: Research Results (Data Processed, 2022)

Based on Table 9. shows that the value of R^2 is 0.560 or 56%. This means that the variable *leverage* (DER), firm size, inflation, and *cash holding* have an influence of 56% on firm value (PBV), while the remaining 44% is influenced by other variables not included in this model.

5. Discussion

a. The Effect of *Leverage* on Company Value

Based on Table 8. it can be concluded that the first hypothesis is accepted, which means that this study proves that *leverage* has a negative and significant effect on firm value. The higher the *leverage*, the higher the level of loss so that it will cause the value of the company to decrease, and vice versa. Companies that have high debt tend not to use the funds obtained from debt for productive activities. Excessive debt generally can cause *financial distress problems*, and the use of debt in a reasonable and controlled ratio has the potential to increase business as well as company value so that it becomes a positive signal for investors.

The results of this study are in line with the research conducted by Sendy and Dewi (2021) and the research of Widiyati (2020) which states that *leverage* has a negative and significant effect on firm value. However, the results of this study are not in line with the research of Sukarya and Baskara (2019) which says that *leverage* has no significant effect on firm value.

b. The Effect of Firm Size on Firm Value

Based on Table 8. it can be concluded that the second hypothesis is rejected, which means that this study proves that firm size has a negative and significant effect on firm value. If the

company has large total assets, the management is more free to use the assets in the company. The freedom that management has is the same as the worries felt by the owners of company assets. The size of the company that is too large is considered to cause a lack of efficiency in monitoring operational activities and strategies by the management, so as to reduce the value of the company.

The results of this study are in accordance with the research conducted by Ramdhonah, *et al.* (2019) and research by Arfin and Jonnardi (2020) which proves that firm size has a negative and significant effect on firm value. However, the results of this study are not in accordance with Ricky's (2021) research which says that firm size has no effect on firm value.

c. Influence of Inflation Rate on Firm Value

Based on Table 8. it can be concluded that the third hypothesis is rejected, which means that this study proves that the inflation rate has no effect on firm value. During the research period (2017-2020) inflation that occurred in Indonesia was included in the category of mild inflation, because the value was <10% per year. This mild inflation does not greatly affect the value of the company because investors believe that the company has a strategy to increase the value of the company, and with this low inflation rate the company does not experience a very large impact due to inflation both in terms of performance and profits generated by the company. the company so that inflation has no effect on the value of the company.

The results of this study are in line with the research conducted by Suzulia, *et al.* (2020) and research by Sabaru, *et al.* (2021) which proves that the inflation rate has no effect on firm value. However, the results of this study are not in line with the research of Sartika, *et al.* (2019) which says that the inflation rate has a negative and significant effect on firm value.

d. Effect of Cash Holding on firm value

Based on Table 8. it can be concluded that the fourth hypothesis is accepted, which means that this study proves that *cash holding has a* positive and significant effect on firm value. This shows that the higher the level of cash held by a company, the higher the value of the company, and vice versa. This is in accordance with the signal theory, that when a company has a high level of *cash holding* , it can attract investors to invest in the company because with high *cash holding* it is easy to manage the company's cash, which means the company has cash reserves for operational activities. can increase the value of the company.

The results of this study are in accordance with research conducted by Edi and Erika (2021) and research by Nofiyanti and Subardjo (2020) which proves that *cash holding has a* positive and significant effect on firm value. However, the results of this study are not in accordance with the research of Ajeng and Suzan (2021) who say that *cash holding* has no effect on firm value.

6. Conclusion and Recommendation

a. Conclusion

Partially the effect of leverage , firm size, inflation rate, and *cash holding* on firm value can be concluded as follows:

- 1) *Leverage* has a negative and significant effect on firm value in hotel, restaurant, and tourism sub-sector companies listed on the Indonesia Stock Exchange for the 2017-2020 period.
- 2) The size of the company has a negative and significant effect on the value of the company in the hotel, restaurant, and tourism sub-sector companies listed on the IDX for the 2017-2020 period.
- 3) The inflation rate has no effect on the value of companies in the hotel, restaurant, and tourism sub-sector companies listed on the IDX for the 2017-2020 period.
- 4) *Cash holding* has a positive and significant effect on company value in hotel, restaurant, and tourism sub-sector companies listed on the Indonesia Stock Exchange for the 2017-2020 period.

b. Recommendation

- 1) Investors can be more selective in choosing the company that will be used as a destination to invest so that in the future investors can receive good *returns* as expected.
- 2) Companies must be able to control a high level of *leverage* so that they do not fall into the category of extreme debt.
- 3) For further research, it is possible to add a research period to be used such as five years or more in order to get better research results, and also to conduct research on different companies or sectors so that research results can vary which can be used to enrich references on *leverage*, company size, inflation rate, *cash holding*, and company value.

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