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Factors Influencing the Company Value

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Abstract

This research is quantitative research which aims to determine the effect of profitability, solvency, firm size, and independent commissioner on firm value.Companies included in the LQ 45 stock index that are listed on the Indonesia Stock Exchange for the 2018–2022 timeframe make up the study's population. The purposive sampling strategy was utilized to gather 125 samples for this study.In this analysis, multiple linear regression was utilized. The findings reveal that profitability has a notable and positive impact on firm value. On the other hand, solvency doesn't exhibit a significant effect on firm value. Furthermore, firm size shows a significant negative correlation with firm value, while the presence of independent commissioners does not demonstrate a significant influence on firm value.

Keywords:*Profitability, Solvency, Firm Size, Independent Commissioner, Firm Value*

1. Introduction

A company is a business entity whose activities are ongoing and sustainable to obtain profits, whether carried out by individuals or business forms in the form of legal entities or not and established in Indonesia.Companies function to advance the economic development of a country, the reason is so that a business can absorb a lot of workers who can produce goods and services so that they can be sold to the public for a profit, it is with this profit that the company stays alive(Wardhani et al., 2021).The market price of an issuer in the capital market is determined by the supply and demand mechanism, which is reflected in the share price. The high value of the company must be a long-term achievement that must be achieved by an issuer. Investment opportunities that will influence the value of the company can be formed from the share price indicators on the capital market. There will be opportunities in the future to invest that will provide a positive signal about the company's development, so that its share price will increase.

The phenomenon regarding company value on the LQ 45 index can be seen from the graph above which shows that in 2018 it was at 982.73, while in 2019 it rose to 1,014.47. Then the position in 2020 experienced a decline, namely 934.89, which decreased by 79.58. However, in 2021 the position decreased to 931.41. The position is increasing to 937.18, which will increase by 5.77 in 2022. However, the IHSG LQ 45 level in 2022 cannot return to the position in 2019, there is a possibility that in 2023 the IHSG LQ 45 could increase significantly. Because at the beginning of 2020, the spread of the coronavirus disease, or COVID-19, shocked the world. This disease originates from the newly discovered coronavirus. The coronavirus that causes Covid-19 is highly contagious and dangerous, with an alarming rate of spread and death. Because the implementation of the PSBB has had a huge impact on business operations, namely, resulting in the cessation of business activities during the pandemic, so the business world is generally in a difficult situation.

The survival of a company can be linked to the value of the company, that is, investors provide an assessment of the size of a company's ability to generate market value above the investment value. For companies, increasing earnings is critical to making their shares attractive to investors. The profitability ratio refers to an issuer's ability to generate profits while keeping its income, assets and share value stable over time. In getting a profit and to measure the level

of operational efficiency, it is the company's ability which is called profitability and appropriate use of the assets it owns (Hirdinis, 2019). Study results byPangestuti et al. (2022), AndFadilah et al. (2021)that profitability can influence company value positively. This is not in line with researchHirdinis (2019), AndDwiputra & Cusyana (2022)that profitability cannot affect company value.

Estimated solvency can have an influence on company value. Where solvency is a tool to analyze an issuer's ability to fulfill all its debts or obligations, both long-term and short-term obligations so that the company operates properly (A. Abrori, 2019). According toKomalasari & Yulazri (2023)Solvency is very important for an investor to know the ratio of the company's debt to its assets. Companies must ensure that debt payments can be paid off so that there are no unpaid debts in the future. Based on researchNurwulandari (2020), AndKomalasari & Yulazri (2023)Company value can be positively influenced by solvency. Meanwhile, research results fromFatimah & Sukardan (2018), AndNingsih & Sari (2019)Company value is not influenced by solvency.

According toDewi & Ekadjaja (2021)Company size influences judgment from an investor's perspective when making and taking investment decisions. Company size is categorized into how small or large the issuer is based on the total assets and assets owned by the company. Research results fromListyawati & Kristiana (2020), AndDarmawan & Firdausy (2021)found that company size influences company value positively and significantly. Meanwhile, according toReschiwati et al. (2020)company size can negatively influence company value andKomalasari & Yulazri (2023)company size cannot affect company value.

Another non-financial factor that can influence company value is independent commissioners. Management knows more about the company and because of their position they can take advantage of it to gain benefits for their party. Likewise, GCG is very important as a good monitoring system, commissioners who are not tied to business or family ties with shareholders and directors are usually called independent board of commissioners. Independent commissioners can communicate shareholder goals to managers, so independent commissioners can also be used to handle agency conflicts. Study results byMuttaqin et al. (2019), AndDamayanthi (2019)that independent commissioners can influence company value positively, while according toAnik et al. (2021) Independent commissioners can influence company value significantly, andFerriswara et al. (2022)Independent commissioners do not affect company value.

The aim of this research isto find out the influenceprofitability, solvency, company size, and independent commissioners on company value. Based on the objectives of this problem, it is hoped that this research will be useful for readers, theoretically it can increase insight regarding these variables, and practically it can be used by companies in decision making.

2. Literature Review

Signal Theory (Signaling Theory)

Signaling theory was developed by Michael Spence in 1973 with the intention that both parties receive symmetrical information, with one party being the sender of the signal by disclosing some information to the other party. According to him, a signal is a sign that is used as a provider of information to reflect a problem accurately to other parties so that the parties concerned have the availability to make investments even though they are under uncertainty. Signaling theory can be used as an explanation if financial reports are used to provide positive or negative signals to users of financial reports.

Agency Theory (Agency Theory)

Agency theory explains that separating capital owners as principals from managers as agents who run a company can cause an agency problem, because both parties continue to strive

to increase their respective utility functions (Jensen & Meckling, 1976). This is related to basic human nature which is divided into three characteristics, namely humans prioritize personal interests in general, have narrow thoughts about perceptions of the future, and always want to avoid risks. Conflict between management and shareholders will occur as a result of this, where management is the manager and the owner is the fund provider. The key to agency theory is that there is a difference in goals between the principal and the agent.

The value of the company

This is an investor's perspective on the level of success of a company, which is highly correlated with the price or value of its shares. Company Value is closely related to Signaling Theory. The increase in share prices means that there is a sense of confidence from the market in the good prospects of the issuer in question in the future (Reschiwati et al., 2020). The high price of a share will indicate that there is a good investment opportunity, thereby increasing the value of the company. An increase in share prices reflects that there is quite good public trust in a company.

Profitability and Company Value

The most important thing in a company that is closely related to the results that can be obtained through operational activities carried out by the company is called profitability (Junitainia & Prajitno, 2019). Profitability ratios reflect whether management in a company has reached an effective level or not. If the company's profitability ratio increases, it shows that there is an increase in shareholder prosperity. Increased profitability calculations will also reflect the company's good performance in generating net profits. This ratio can be used to see the progress of the company's value

Solvency and Company Value

Solvency is the company's ability to cover its long-term obligations if the company is liquidated. If it is concluded that solvency means the potential of the company to pay its debts with all its assets (Simamora et al., 2020). So a company with sufficient assets to pay its debts is a solvable company. Meanwhile, on the other hand, an insolvent company is a company that is unable to pay off its debts. Previous researchers include, among othersNurwulandari (2020), AndKomalasari & Yulazri (2023) states a significant positive relationship between solvency and company value. So the level of solvency can affect company value.

Company Size and Company Value

A parameter or value of the total assets owned by an issuer is the size of the company. Usually total assets will have a very large value when compared with other financial variables. Categorizing issuers can be measured by the size of the company based on total assets. Large companies tend to find it easier to attract investors because it will have an effect on the value of a company later, the larger the size of an issuer, the easier it is for the company to access various sources of funding (Reschiwati et al., 2020).

Based on research fromDarmawan & Firdausy (2021),AndListyawati & Kristiana (2020) Company size turns out to influence company value significantly positively, the higher the level of company size, the greater the company value.

Independent Commissioners and Company Value

Commissioners who are not part of management and have no correlation to the issuer's shareholders in any way are independent commissioners. If there are more independent board of commissioners in the company, the value of the company will increase because the independent board of commissioners monitors management performance (Valensia & Khairani, 2019). The commissioner is a company organ which has the duties and functions to supervise in general or specifically, apart from providing advice to the directors regarding the running of

a company. In OJK Regulation No.33/POJK.04/2014 the board of commissioners consists of a minimum of two people, one of whom is an independent commissioner. Independent commissioners are tasked with ensuring the implementation of company strategy, monitoring company management, and also implementing accountability. High levels of supervisory activity can reduce managers' behavior in acting fraudulently in financial reporting. So, it will improve the quality of financial reports, so that investors' confidence will increase in investing their capital, in this way, share prices will rise higher and the value of the company will be high.

3. Research Methodology

In this research, the population that will be used as objects are companies included in the LQ 45 stock index which are listed on the Indonesia Stock Exchange (BEI) for the 2018-2022 period. Samples were selected using a purposive sampling method with certain criteria so that a sample of 125 samples could be obtained. The data was collected using documentation methods and literature studies obtained through several sites, namely the official IDX website and the official websites of related companies.

The value of the company

Company value is used as the dependent variable in this test. If a company is sold, the price paid by investors can be said to be the value of the company and can provide maximum prosperity to investors if the share price in the company increases (Hanna, 2023). The ability of stock market prices to book value can be measured using the market ratio which is commonly referred to as PBV. The company is considered to have succeeded in creating value for investors when the PBV ratio is higher. Share prices can be determined to be expensive or cheap through PBV.

Profitability

Profitability is the ability of an issuer to generate profits (Pangestuti et al, 2022).The company can be said to have worked effectively and efficiently in managing wealth over profits in every period when it had high profitability. In this research, profitability is measured using the Net Profit Margin (NPM) ratio. Net profit after tax divided by total sales. The higher this ratio, the better it is because it indicates the company's strong profitability position. NPM calculation according to tests that have been carried out Dwiputra & Cusyana (2022) can be formulated as follows:

$$\text{NPM} = \frac{\text{Net Profit}}{\text{Total Sales}}\ x\ 100\%$$

Solvency

Solvency is a way to analyze the amount of debt that a company needs to pay off in cleaning up its assets. The solvency ratio can also be said to be an indicator to determine the extent to which a company can pay off its obligations(Fatimah & Sukardan, 2018).A company that has sufficient ability or assets to pay off its obligations is a solvable company. In this case, it also refers to the explanation and previous research Ningsih & Sari (2019)DAR formula is used or as follows:

$$\text{DAR} = \frac{\text{Total Debt}}{\text{Total aset}}$$

Company Size

The value that shows the size of the company is called size, company size and the company measurement scale are related, therefore, the larger the entity, the greater the opportunity to

generate revenue or higher performance, the higher the size of the company means the higher its performance (Darmawan & Firdausy, 2021). Total company assets will be presented with the help of natural logarithms (Ln) to make data processing easier. The formula used is by Listyawati & Kristiana (2020) that is:

$$\text{Company Size} = Ln\ Total\ Asset$$

Independent Commissioner

An independent board of commissioners is a commissioner who can be said to be not part of management, as well as officials or those who are not directly related to the majority shareholder of the company. Independent commissioners represent minority shareholders, in this case independent commissioners must supervise the management of the entity (Suri et al, 2020).The independent board of commissioners is tasked with paying attention to the company's business mechanisms and providing direction to company managers. This study is calculated through the calculation formula as carried out Ferriswara et al. (2022):

$$\text{Independent Board of Commissioner} = \frac{\sum Independent\ commissioner}{\sum Member\ of\ the\ Board\ of\ Commissioners}$$

This research uses quantitative data analysis,Data analysis techniques are used, namely reviewing research data in numerical form, and researching using statistics (Komalasari & Yulazri, 2023).Analysis of this test data was carried out using Microsoft Excel and STATA software. Multiple linear regression analysis is used to test whether there is an influence from the assessment of the dependent variable on the independent variable. In carrying out analysis on the data, the author utilized the stages of descriptive statistical analysis, panel data regression, classical assumption tests (consisting of normality tests, multicollinearity tests, autocorrelation tests, and heteroscedasticity tests), hypothesis tests (consisting of coefficient of determination tests and t statistical tests) , as well as multiple linear regression analysis tests. A multiple linear regression equation was created in this research by utilizing one dependent variable and four independent variablesin the multiple linear regression equation as follows:

$$PBVit = \alpha + \beta1NPMit + \beta2DARit + \beta3UPit + \beta4KIit + e$$

Information:
PBVit = Company value of company i in year t
A = Constant
β1-β4 = Coefficient
NPMit = Profitability at company i in year t
FROMrit = Solvency of company i in year t
UPit = Company size in company i in year t
KIit = Independent Commissioner at company i in year t
e = Error

4. Results and Discussion

Descriptive Statistical Analysis

Descriptive statistical analysis is used as a reflection of data statistics such as mean, min, max, sum, and standard deviation. Data analysis in this test was carried out on 125 data included in the LQ 45 index listed on the BEI in 2018-2022. The results of this descriptive statistical analysis can be seen in the following table:

Table 1. Results of Descriptive Statistical Analysis

Variables	*Obs*	*Mean*	*Std. dev*	*Min*	*Max*
PBV	125	3.87	9.55	0.41	60.67
NPM	125	0.15	0.10	-0.07	0.56
DAR	125	0.50	0.22	0.11	0.88
UP	125	32.28	1.37	30.42	35.22
KI	125	0.45	0.12	0.28	0.83

Note: PBV = Company Value; NPM = Profitability; DAR = Solvency; UP = Company Size; KI = Commissioner
Source: Data processed by the author, STATA version 17 output (2023)

Based on the table above, the company value is proxied by Price to Book Value and symbolized by PBV. A good PBV value is above 1 or 100%. In the table above the average PBV is 3.87 so the market value is 387% of the book value. Then the standard deviation value is 9.55 > 2, meaning the level of fluctuation is high and the distribution of the data varies greatly. The minimum PBV value is 0.41 at PT Wijaya Karya (Persero) Tbk. in 2022, which means the company's market value will be 41% of its book value. And the maximum value is 60.67 which is found at PT Unilever Indonesia Tbk. in 2019, which means the company's market value is 6067% of its book value.

Profitability is proxied by Net Profit Margin and symbolized by NPM. Average NPM is 0.15 or net profit is 15% of total income. Then, if you compare the standard deviation value, which is 0.10 < 2, it means that the level of fluctuation is low and the distribution of the data does not vary. The minimum NPM value is -0.07 or a net profit of -7% of the total income of PT Perusahaan Gas Negara (Persero) Tbk. in 2020. And the maximum value is 0.56 or net profit worth 56% of the total income at PT Bank Central Asia Tbk. in 2022.

Solvency uses the Debt to Asset Ratio proxy and is symbolized by DAR. The average DAR is 0.50 or total debt is 50% of total assets. Then, if you compare the standard deviation value, which is 0.22 < 2, it means that the level of fluctuation is low and the distribution of the data does not vary. Minimum DAR valuenamely 0.11 or total debt worth 11% of the total assets in PT Media Nusantara Citra Tbk. in 2022. The maximum value is 0.88 or total debt worth 88% of total assets is at PT Bank Tabungan Negara (Persero) Tbk. in 2020.

Company sizeutilizes natural logarithm measurements and is symbolized by UP. Average UP worth32.28which reflects that the LQ 45 issuers used as a sample have very large total assets of more than 16 trillion rupiah. Then if you compare the standard deviation value which is 1.37 <2This means that the level of fluctuation is low and the data distribution does not vary. Minimum UP valuenamely 30.42 worth at PT Media Nusantara Citra Tbk. in 2018. Which means the total assets owned are around 16 trillion rupiah. The maximum value, namely 35.22, is at PT Bank Mandiri (Persero) Tbk. in 2022. This is because the company has total assets of 1,992 trillion rupiah and this value is very large so that the company is able to survive for the future.

Independent commissioners use the measurement of the proportion of independent commissioners from the total board of directors and is symbolized by KI.Average KI worth0.45or the proportion of the independent board of commissioners is 45% of the total board of commissioners. Then if you compare the equivalent standard deviation values0.12<2This means that the level of fluctuation is low and the data distribution does not vary. Minimum KI valuenamely 0.28 or the proportion of independent commissioners is only 28% of the total board of commissioners at PT Semen Indonesia (Persero) Tbk. from 2018 to 2022. And the maximum value is 0.83 or the proportion of independent commissioners is only 83% of the total board of commissioners at PT Unilever Indonesia Tbk. in 2020 to 2022.

Panel Data Regression
Test Chow Test

Table 2. Chow-Test Results

Probability	0.0000
α	0.05

Source: Data processed by the author, STATA version 17 output (2023)

Based on the table above, the Chow Test shows a significance probability value of 0.0000. This value shows < α or 0.05. So, it can be concluded from the results of this test that the best model that can be chosen is FEM.

Lagrange Multiplier Test

Table 3. Lagrange Multiplier Test Results

Prob > chibar2	0.0000
α	0.05

Source: Data processed by the author, STATA version 17 output (2023)

Based on the table above, the probability value for the results of this test shows 0.0000 < α or 0.05. So, it can be concluded from the results of this test that the best model that can be chosen is REM.

Hausman test

Table 4. Hausman Test Results

Prob > chi2	0.0000
α	0.05

Source: Data processed by the author, STATA version 17 output (2023)

Based on the table above, the probability value for the results of this test shows 0.0000 < α, namely 0.05. So, it can be concluded from the results of this test that the best model that can be chosen is FEM.

Classic assumption test
Normality test

Table 5. Skewness and Kurtosis Normality Test Results

Variables	***Skewness***	***Kurtosis***
PBV	4.753237	24.92896
NPM	1.182077	4.518891
DAR	0.1271686	1.855531
UP	0.6152322	2.32049
KI	0.9912551	3.64703

Where: PBV = Company Value, NPM = Profitability, DAR = Solvency, UP = Company Size, KI = Independent Commissioner

Source: Data processed by the author, STATA version 17 output (2023)

In table 5 above, the values of all variables still show variables that are not normally distributed, namely having a skewness value above 3 and a kurtosis value above 10. For this reason, a special treatment was carried out on the STATA v.17 application with winsorized. Winsorization on the dependent variable (PBV) was carried out with a confidence limit of 5% (cuts 5 95), to make the data normally distributed. After doing the winsorize, the following results were obtained:

Table 6. Skewness and Kurtosis Normality Test Results After Winsorization

Variables	*Skewness*	*Kurtosis*
PBV_W	1.596241	4.771174
NPM	1.182077	4.518891
DAR	0.1271686	1.855531
UP	0.6152322	2.32049
KI	0.9912551	3.64703
Where: PBV_W = Company Value, NPM = Profitability, DAR = Solvency, UP = Company Size, KI = Independent Commissioner		

Source: Data processed by the author, STATA version 17 output (2023)

Variables that experience symptoms of normality can be overcome by data transformation or winsorization. After carrying out winsorized treatment on the company value variable (PBV), the data used is free from symptoms of normality.

Multicollinearity test

Table 7. Multicollinearity Test Results

Variables	**VIF**	**1/VIF**
NPM	1.48	0.675969
DAR	3.54	0.282500
UP	2.87	0.348731
KI	1.96	0.510269
Mean VIF	2.46	
Where: NPM = Profitability, DAR = Solvency, UP = Company Size, KI = Independent Commissioner		

Source: Data processed by the author, STATA version 17 output (2023)

Based on table 10, the test results show that the VIF value is less than 10 and the tolerance value is more than 0.1, so it can be concluded that this research's regression model is free from multicollinearity problems.

Autocorrelation Test

Table 8. Autocorrelation Test Results

Prob > F	0.0002
α	0.05

Source: Data processed by the author, STATA version 17 output (2023)

The autocorrelation test results stated in the table above obtained a score of 0.0002 ($p < 0.05$). Statistically, it can be concluded that the data used in the regression is autocorrelated. Therefore, by using cluster regression so that the interpretation results are free from autocorrelation and heteroscedasticity problems with robust standard errors in the FEM model(Hoechle, 2007). By clustering, the standard error will be corrected again and produce a robust standard error. It can be concluded that the linear regression results are free from autocorrelation and heteroscedasticity.(Vogelsang, 2012). The results of regression with clustering can be seen in the following table:

Table 9. Robust Standard Error Results Using Clusters

Variables	*Standard Error*	*Robust Standard Error*
NPM	0.8766004	0.7709241
DAR	1.020916	2.388851
UP	0.2598748	0.3706064
KI	0.8497296	1.314082
_cons	8.135285	11.52958

Source: Data processed by the author, STATA version 17 output (2023)

Based on the table above, it reflects that the resulting regression has no autocorrelation.

Heteroscedasticity test

Table 10. Heteroscedasticity Test Results

Prob > chi2	0.0000
α	0.05

Source: Data processed by the author, STATA version 17 output (2023)

The heteroscedasticity test results stated in the table above obtained a score of 0.0000 ($p < 0.05$). Statistically, it can be concluded that the data used in the regression is heteroscedastic. So cluster regression is used, the results of regression using clusters can be seen in the following table:

Table 11. Robust Standard Error Results Using Clusters

Variables	*Standard Error*	*Robust Standard Error*
NPM	0.8766004	0.7709241
DAR	1.020916	2.388851
UP	0.2598748	0.3706064
KI	0.8497296	1.314082
_cons	8.135285	11.52958

Source: Data processed by the author, STATA version 17 output (2023)

Based on the table above, it reflects that the resulting regression does not contain heteroscedasticity.

Hypothesis testing
Coefficient of Determination Test (R2)

Table 12. Coefficient of Determination Test Results

Information	Results
Number of obs	125
R-square:	
Within	0.4113
Between	0.0225
Overall	0.0287
Prob > F	0.0006

Source: Data processed by the author, STATA version 17 output (2023)

The table above illustrates that the coefficient of determination is 0.4113 or 41.13%. This means that the influence described by profitability, solvency, company size, and independent variable independent commissioners in explaining company value is 41.13% and the remaining 58.87% is influenced by variables originating from outside the research.

Significant Individual Parameter Test (t Statistical Test)

Table 13. Results of the t statistical test

Description	Regression Model: Fixed Effect Model (FEM)				
	Coefficient	t	P>|t|	Hypothesis	Conclusion
Profitability	3,201028	4.15	0,000	H1: +	H1 is accepted
Solvency	-2.327958	-0.97	0.340	H2: +	H2 is rejected
Company Size	-1.591375	-4.29	0,000	H3: +	H3 is accepted
Independent Commissioner	-0.7012505	-0.53	0.598	H4: +	H4 is rejected
_Cons	54.52595	4.73	0,000		
Number of obs	125				
R-Squared	0.4113				
F(4, 24)	7.14				
Prob > F	0.0006				

Source: Data processed by the author, STATA version 17 output (2023)

Based on the table above, it shows that the t-count profitability score is 4.15. This reflects that tcalculated profitability is greater than ttable, namely 1.97993 (4.15 > 1.97993). Meanwhile, the significance score is 0.000 (0.000 < 0.05). Based on these results, it shows that the value of an issuer is positively and significantly influenced by individual profitability. That an increase in profitability will also cause an increase in the value of an issuer because the company's profitability reflects good prospects in the future. Profitability can also reflect the issuer's ability to pay dividends to investors.

Based on the table above, it shows that the solvency t-count score is -0.97. This reflects that tcount profitability is smaller than ttable, namely 1.97993 (-0.97 < 1.97993). Meanwhile, the significance score is 0.340 (0.340 > 0.05). Based on these results, it shows that solvency does not affect individual company value. Which means companies in the LQ 45 index are less likely to use debt to finance their assets, which means reducing the proportion of their debt, but excessive use of debt will also be high risk.

Based on the table above, it shows that the company size t-score is -4.29. This reflects that the company size t is smaller than t table, namely 1.97993 (-4.29 < 1.97993). Meanwhile, the significance score is 0.000 (0.000 < 0.05). Based on these results, it can be concluded that individual company size has a significant negative influence on company value. That an increase in company size will cause a decrease in the value of a company. Investors assess that companies whose asset values are too high are deemed unable to manage their assets in their business activities, resulting in a low value of the company on the stock exchange.

Based on the table above, it shows that the independent commissioner's t-count score is -0.53. This reflects that tcount of independent commissioners is smaller than ttable, namely 1.97993 (-0.53 < 1.97993). Meanwhile, the significance score is 0.598 (0.598 > 0.05). Based on these results, it can be concluded that individual independent commissioners cannot have a significant influence on company value. This can happen because the average composition of an issuer's board of independent commissioners is not yet effective in implementing the monitoring function because the number of independent commissioners cannot dominate in number when compared to the total board of commissioners every time they want to decide on a new policy.

Table 14. Multiple Linear Regression Analysis Test Results

Description	Regression Model: Fixed Effect Model (FEM)	
	*Coefficien*t	P>|t|
Profitability	3,201028	0,000
Solvency	-2.327958	0.340
Company Size	-1.591375	0,000
Independent Commissioner	-0.7012505	0.598
Cons	54.52595	0.028
Number of obs	125	
R-Squared	0.4113	
F(4, 24)	7.14	
Prob > F	0.0006	

Source: Data processed by the author, STATA version 17 output (2023)

Based on the FEM regression results with the clusters listed in the table above, the regression model equation between the dependent variable, independent variable and control variables is obtained as follows:

PBVit = 54.52595 + 3.201028NPMit - 2.327958DARit - 1.591375UPit - 0.7012505KIit + e

5. Conclusion

This research aims to analyze the influence of profitability, solvency, company size and independent commissioners on company value. In addition, companies in LQ 45 which are listed on the Indonesia Stock Exchange (BEI) are the sample in this research with an observation period of 2018-2022. This research uses a Fixed Effect Model panel data regression testing model. The total sample obtained was 125 samples with 25 companies contained in the LQ 45 index. By testing and hypothesizing, the following conclusions were obtained:

1. Profitability has a significant positive effect on the company value of issuers in the LQ 45 stock index listed on the IDX for the 2018-2022 period.

2. Solvency does not have a significant effect on the company value of issuers in the LQ 45 stock index listed on the IDX for the 2018-2022 period.
3. Company size has a negative and significant influence on the company value of issuers in the LQ 45 stock index listed on the IDX for the 2018-2022 period.
4. Independent commissioners do not have a significant influence on the company value of issuers in the LQ 45 stock index listed on the IDX for the 2018-2022 period.

However, in this research there are still limitations found during the analysis, namely that this study and research cannot be used to generalize company value in other combined sectors. There are several company websites that cannot be accessed which contain annual reports and financial report data, so you have to look for other sources. The outbreak of the Covid disease in 2020 to 2021 caused the data to become abnormal.

Further researchers are advised to use objects other than the LQ 45 stock index and perhaps be able to utilize all issuers listed on the IDX. Future researchers are advised to utilize variables other than company value, profitability, solvency and size of independent commissioners. If future researchers want to use these variables, it is recommended to use proxies other than PBV, NPM, DAR, as well as the natural logarithm of assets, and the proportion of independent commissioners from the total board of commissioners. Future researchers are advised to increase the time span to more than five years.

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