


FACTORS AFFECTING THE VALUE OF COMPANIES IN THE MINING SECTOR

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ARTICLE INFO	ABSTRACT
Received: March, 26th 2022 Revised: April, 16th 2022 Approved: April, 17th 2022	<i>Losses due to the Covid-19 pandemic have a global impact on the life of a country, including companies in all sectors. Mining sector companies listed on the Sharia Securities List are also affected by this pandemic and are demanding companies to work harder for better productivity and selling points than the previous year. This study aims to determine factors such as company characteristics (ROA, DER, CR and size) that affect the mining sector company value (PBV) on the Sharia Securities List listed on the Indonesia Stock Exchange (IDX). The data used is secondary data obtained from the website www.idx.co.id. The research period starts from 2015 – 2020. The samples obtained were using non-probability sampling with purposive sampling method and the samples obtained were 8 companies. Multiple linear regression analysis and hypothesis testing are analytical techniques used. The result of this research is ROA has an effect on PBV. DER, CR and size partially have no effect on PBV. Mining sector companies listed on sharia securities should pay attention to company characteristics such as DER, CR and size to increase company value.</i>
KEYWORDS	ROA, DER, CR, Size, Company Characteristics, PBV and Company Value
	
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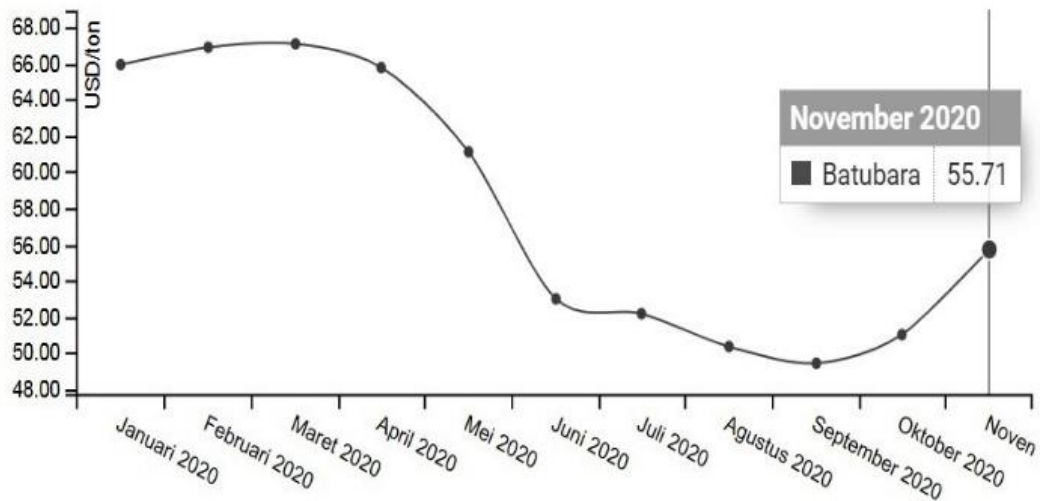
INTRODUCTION

The Covid-19 pandemic has had a negative impact on mining sector companies, not only producing coal but also other types of mining. As shown in Figure 1 below, the price of coal has the lowest price since the beginning of 2020 because global demand for coal is

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greatly reduced so that the price decreases, which causes a decrease in investment in mining companies.

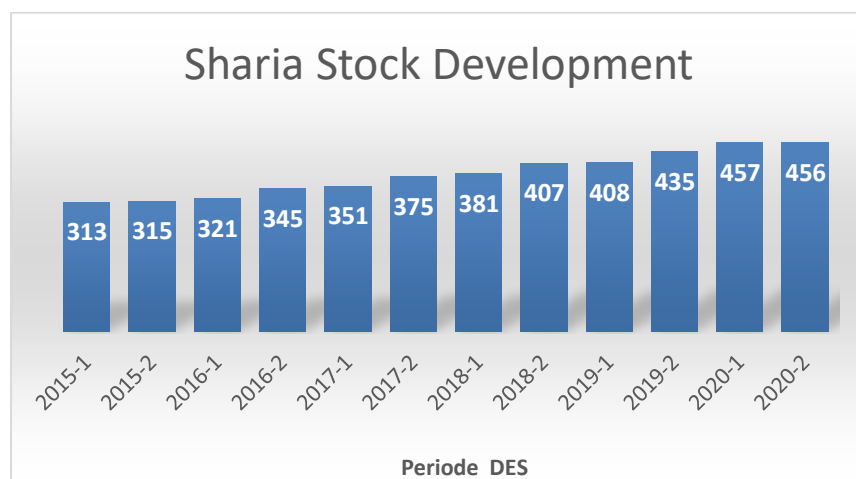
Grafik Harga Batubara Acuan



Source: Directorate General of Mineral and Coal, Ministry of Energy and Mineral Resources
Graph 1. Coal Prices January – November 2020

Other countries that usually export coal from Indonesia tend to switch to using other energy sources and reduce import activities to reduce the development of the Covid-19 pandemic in their countries.

Although the Covid-19 pandemic has given negative performance to the mining sector, this is inversely proportional to the number of sharia shares on the Sharia Securities List which has increased every year as well as the number of issuers in the mining sector, as shown in Figure 1 below.



Source: ojk.co.id

Figure 1. Number of Islamic shares in the List of Sharia Securities

Investors as shareholders fundamentally analyze the company's financial statements and other indicators, such as company size, corporate actions, and the quality of company

management. Investors rely heavily on financial reports because the available data is very valid. Analysis to assess the company is price to book value is used to assess all types of companies because book value can be a rational measure to assess the company. In addition, the price to book value ratio is used to compare an industrial sector that has the same accounting standard (Yuliningsih, 2013). Firm value is the company's performance in the form of stock prices which are formed from the purchase price and the selling price of the capital market. This can also be interpreted as describing the public's assessment of the company (Harmono, 2009).

Company characteristics show the characteristics inherent in corporate entities such as company size, level of liquidity, level of leverage and level of company profitability. Firm value is influenced by the profitability ratio as measured by Return on Assets (ROA) because this ratio assesses the company's ability to generate profits within a certain period. If the company shows a high level of profitability, investors will respond positively to the company and the value of the company will increase. Leverage ratio as measured by DER (Debt to Equity Ratio) where the company can cover the company's debt with its own capital (Darmadji and Hendi, 2011). The company's ability to meet its short-term debt is the liquidity ratio as measured by the current ratio (CR). Companies that have a high level of liquidity will make the company's growth more liquid, thus increasing the value of the company in the eyes of potential investors (Gultom, Agustina and Wijaya, 2013). The next variable to determine the value of the company is the size of the company (size) which is a reflection of the total assets of the company. The larger the size of the company, the investors tend to pay attention to the company.

Many previous studies have discussed the effect of firm characteristics on firm value, such as one of the firm's characteristic factors, namely the debt to equity ratio (DER), which affects firm value (price to book value - PBV) (Wardjono, 2010; Chaidir, 2015). In addition, there are research results which conclude that the debt equity to ratio has no effect on price to book value (Putri, 2014; Hamizar, 2017). The results of this study indicate that the effect of debt equity to ratio on price book value as firm value shows different results. Therefore, this research is still considered necessary to see the effect of debt equity to ratio and firm value when carried out on mining companies listed on the sharia securities list on the Indonesia Stock Exchange.

Based on the results of different studies, the purpose of the research being tested is how are the factors that affect the value of mining companies listed on the sharia securities list on the Indonesia Stock Exchange (IDX) for the 2015-2020 period.

RESEARCH METHOD

This study was conducted to determine the relationship between the characteristics of the company to the value of the company. This study uses a sample of mining sector companies SK List of Sharia Securities Period II – 2020 which are listed on the Indonesia Stock Exchange.

The sampling method in this research is purposive sampling. Based on the selection made, 8 mining sector companies were obtained as research samples with the criteria shown in table 1 below:

Table 1. Research Sample Collection Techniques

No.	Criteria	Total
1	Mining sector companies in the SK List of Sharia Securities (DES) Period II-2020	32
2	Mining companies earn a loss during the 2015-2020 research period	-13
3	Mining companies that do not publish complete financial statements during the study period	-2
4	Mining companies that do not present financial statements in dollars, so that the measurement criteria are the same	-9
Number of Research Samples		8 Company
Total Observations (Sample X N-Years)		40 sample

Source : idx.co.id

This study uses 5 (five) variables consisting of Return on Assets (ROA), Debt to Equity ratio (DER), Current Ratio (CR), Company Size (Size) and Price Book to Value (PBV). Below is Table 2. Definition of Operational Variables.

Tabel 2. Definisi Operasional Variabel

Variab le	Sub Variable	Indicat or	Formu la	Sca le
Free (Xn)	Compa ny Characteristic s	ROA	$\frac{\text{Profit before tax Total Assets}}{\text{Total Assets}}$	Rati o
		DER	$\frac{\text{Total Amount of debt}}{\text{Equity}}$	Rati o
		CR	$\frac{\text{Current assets}}{\text{Current liabilities}}$	Rati o
		Compa ny Size (Size)	$\ln(\text{Total Assets})$	Rati o
Bound (Y)	The value of the company	PBV (Price Book to Value)	$\frac{\text{Price Per Share}}{\text{Book Value Per Share}}$	Rati o

The analytical technique used to test the hypothesis in this research is using multiple regression analysis.

RESULT AND DISCUSSION

Result

Hypothesis testing in this study using multiple linear regression analysis. This analysis is used to determine the factors that influence the value of companies in mining companies (study: List of Sharia Securities on the IDX). The value of the results of multiple linear regression analysis can be seen in Table 3. Then the multiple regression equation between the variables studied is as follows:

$$PBV = -2.741 + 4.039 ROA + 0,115 CR + 0,617 DER + 0,161 SIZE + e$$

Table 3. Multiple Linear Regression Coefficient Values

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	-2,741	1,742	
	ROA	4,039	1,158	0,459
	CR	0,115	0,132	0,130
	DER	0,617	0,431	0,208
	SIZE	0,161	0,086	0,243

a. Dependent Variable: PBV

Multiple linear regression equation can be explained as follows:

1. The constant of -2.741 indicates that if all the independent variables ROA, CR, DER and Size, are assumed to be zero, then the value of the PBV is -2.741.
2. The ROA coefficient of 4.039 indicates that if the value of the ROA variable increases by 100%, then the PBV value increases by 403.9 units, assuming all other independent variables are zero.
3. The CR regression coefficient of 0.115 indicates that if the CR variable increases by 100%, then the PBV increases by 11.5 units, assuming all other independent variables are zero.
4. The DER regression coefficient of 0.617 indicates that if the DER variable increases by 100%, then the PBV increases by 61.7 units assuming all other independent variables are zero.
5. Size regression coefficient of 0.161 indicates that if the Size variable increases by 100%, then the PBV increases by 16.1 units assuming all other independent variables are zero.

Next, hypothesis testing was carried out using the t test, to determine the effect of ROA, DER, CR and Size on PBV partially. The test results can be seen in Table 4. Values for the t-test.

The t-test basically shows how far the influence of one explanatory or independent variable individually in explaining the variation of the dependent variable (Ghozali, 2016). The test is carried out by looking at the t-count value and the level of significance for each independent variable. The effect of the independent variable on the dependent variable partially with the t test is as follows. Hypothesis:

1. H1 : ROA has an effect on PBV
2. H2 : DER has an effect on PBV

- 3. H3 : CR has an effect on PBV
- 4. H4 : Size affects PBV

The basis for making decisions on the t-test, namely:

- 1. If the significance of t 0.005, then H01, H02, H03, H04, are rejected
- 2. If the significance of t < 0.005, then Ha1, Ha2, Ha3, Ha4, accepted

Table 4. Values for t test

Model		<i>Unstandardized Coefficients</i>		<i>Standardized Coefficients</i>	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-2,741	1,742		-1,573	0,123
	ROA	4,039	1,158	0,459	3,488	0,001
	CR	0,115	0,132	0,130	0,876	0,386
	DER	0,617	0,431	0,208	1,433	0,159
	SIZE	0,161	0,086	0,243	1,872	0,068

a. Dependent Variable: PBV

Based on Table 4 it can be concluded as follows:

- 1. ROA has a significant effect on PBV in mining companies on the Sharia Securities List (DES) on the IDX. This can be seen from the significant level of $0.001 < 0.005$.
- 2. CR does not affect the PBV of mining companies on the Sharia Securities List on the IDX. This can be seen from the significant level of $0.386 > 0.005$.
- 3. DER does not affect the PBV of mining companies on the Sharia Securities List on the IDX. This can be seen from the significant level of $0.159 > 0.005$.
- 4. Size does not affect the PBV of mining companies on the Sharia Securities List on the IDX. This can be seen from the significant level of $0.068 > 0.005$.

The next hypothesis testing is the F test to see whether ROA, DER, CR and Size simultaneously have an effect on PBV. The value of the F test can be seen in Table 5.

Table 5. F . Test Values

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14,509	4	3,627	4,970	,002 ^b
	Residual	31,382	43	0,730		
	Total	45,890	47			

a. Dependent Variable: PBV

b. Predictors: (Constant), SIZE, DER, ROA, CR

Based on Table 5, ROA, DER, CR and Size simultaneously have a significant effect on PBV. This is indicated by a significant value of $0.002 < 0.005$.

Next is the coefficient of determination used to determine the ability of the independent variables (ROA, DER, CR, Size) in explaining the dependent variable (PBV) (Ghozali, 2016). The value of the coefficient of determination is between 0 and 1. If the coefficient of determination is closer to 1, the ability to explain the independent variable to the dependent variable is getting stronger, which means that the independent variables provide almost all the information needed to predict the variation of the dependent variable. The following are the results of the coefficient of determination test in Table 6.

Table 6. Determination Test Results

Model	R	Model Summary ^b		
		R Square	Adjusted R Square	Std. Error of the Estimate
1	,562 ^a	0,316	0,253	0,854287
a. Predictors: (Constant), SIZE, DER, ROA, CR				
b. Dependent Variable: PBV				

Based on the test results in Table 6, the value of R Square (R²) is 0.316. This value indicates the ability of the independent variables, namely ROA, DER, CR and Size in explaining the PBV variable, which is 31.6%. Meanwhile, 68.4% is influenced by other independent factors and variables that are not explained in this study.

Discussion

Effect of Return on Assets (ROA) on Price to Book Value (PBV)

The test results of the return on assets variable have a significant effect on the price to book value ratio of mining companies on the Sharia Securities List (DES) on the Indonesia Stock Exchange. With a significant level of $0.001 < 0.005$. So the results of this study are relevant to research which concludes that ROA has a positive and significant effect on PBV (Martini, Ni Nyoman G., Moeljadi, Djumahir and Atim Djazuli (2014), Garmayuni (2015), Johan (2012), and Dewi and Wirajaya (2013)).

Effect of Debt to Equity ratio (DER) on Price to Book Value (PBV)

The results of the DER variable test have no effect on the price to book value ratio of mining companies on the Sharia Securities List (DES) on the Indonesia Stock Exchange. The significant level is $0.159 > 0.005$. So it can be concluded that some investors only want short-term profits in the form of the difference between buying and selling shares and not considering the company's debt to equity ratio. Investors tend to only follow trends or events that occur in the capital market. The growth that occurs in mining sector companies tends to be ignored but only looks at the profitability generated by the company.

The results of this study are in line with research conducted by Putri (2014), Hamizar (2017) and Christiana and Putri (2017). This research is inversely proportional to Wardjono (2010) and Chaidir (2015) who conclude that there is an influence between the two variables.

Effect of Current Ratio (CR) on Price to Book Value (PBV)

The results of this study conclude that the current ratio (CR) has no effect on the price to book value of mining companies on the sharia securities list (DES) on the Indonesia Stock Exchange where the significant level is $0.386 > 0.005$. it can be concluded that most investors are looking for capital gains rather than company growth, an increase or decrease in the current ratio does not attract the attention of investors to buy their shares.

This research is the same as that conducted by Selin Lumoly, Sri Murni and Victoria (2018) and inversely proportional to the research conducted by Hasania, Sri Murni, and Mandagie (2016) which concluded that the current ratio has an influence on price to book value.

Effect of Firm Size (Size) on Price to Book Value (PBV)

The results of this study conclude that company size does not affect the price to book value of mining companies on the sharia securities list (DES) on the Indonesia Stock Exchange where the significant level is $0.068 > 0.005$. So it can be concluded that investors do not only look at the size of the company's assets but from the name of the company and the policies taken by the company.

The results of this study are the same as those conducted by [Gultom, R., Agustina and Wijaya, \(2013\)](#). But in contrast to research conducted by [Linda Fitriani \(2010\)](#), [Sulistiono \(2010\)](#), and [Yangs Analysis \(2011\)](#) which states that firm size has a positive effect on firm value.

CONCLUSION

Based on the hypothesis, testing the data and the discussion above to find out whether the factors that influence the value of mining companies on the sharia securities list (DES) on the Indonesia Stock Exchange, it can be concluded that: Return on Assets (ROA) has a significant effect on the value of companies measured by price to book value (PBV) on mining companies listed Islamic securities (DES) on the Indonesia Stock Exchange for the period 2015 – 2020. Debt to Equity ratio (DER) has no effect on company value as measured by price to book value (PBV) on mining companies listed Islamic securities (DES) on the Indonesia Stock Exchange for the period 2015 – 2020. Current ratio (CR) has no effect on company value as measured by price to book value (PBV) on mining companies listed Islamic securities (DES) on the Stock Exchange. Indonesian securities for the period 2015 – 2020. The size of the company (size) has no effect on the value of the company as measured by price to book value (PBV) for mining companies listed on sharia securities (DES) on the Indonesia Stock Exchange for the period 2015 – 2020.

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