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Determinants of the Value of State-Owned Enterprises Listed Construction Sectors on the Indonesia Stock Exchange

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Abstract— *The long-term goal of a company is to maximize the value of the company. The current value of the company can be a prospect for the future value of the company and the value of the company is one of the indicators of the decision of investors to own shares of the company. This study discusses the factors that affect the value of state-owned companies in the Construction sector listed on the Indonesia Stock Exchange in 2010-2020. The data used is panel data using purposive sampling, and there are 4 construction companies owned by SOEs listed on the Indonesia Stock Exchange. Factors that affect the value of the company in this study are the capital structure proxibly of the Debt Equity Ratio (DER), liquidity proxibed from the Quick Ratio (QR) and Good Corporate Governance (GCG). The analysis technique used is Partial Least Square using eviews version 9. The results showed a positive and significant relationship between Debt Equity Ratio (DER), Quick Ratio (QR) and Good Corporate Governance (GCG) with company value proximed from Price Book Value (PBV). The conclusion of this study is that the company's value will increase if it has: (1) Debt Equity Ratio that increases as long as the DER has not reached the optimum point in accordance with trade-off theory, (2) Quick Ratio (QR) increases, as long as there is an increase in Current Assets without inventory, (3) Good Corporate Governance (GCG) will increase as long as shareholders get accurate information and the company discloses all data from the company's activities.*

Keywords— *Capital structure, Liquidity, Good Corporate Governance and Firm value.*

I. INTRODUCTION

The era of Globalization in the business world makes it compete so fiercely with the growth of new companies in various sectors. The high level of competition makes companies have to be more effective and efficient in carrying out operational activities for their survival (Anaroga, 2008). This condition also applies to companies that have gone public. Go public companies are one way to increase working capital for companies through the capital market instruments offered. Capital market instruments, especially stocks, are one of the short-term investment alternatives for investors. Investors will get a return on the company's shareholding as measured by capital gains. For speculators who like capital gains, the capital market can be an attractive place. During the current pandemic, most people, including investors, do more activities from home which makes the current stock investment trend higher, especially for young people, because investors can buy when prices fall, and resell when prices rise. The difference seen abnormally is what the profit will be calculated. Companies that try to increase profits, the policy carried out by speculators is to carry out capital gains actions. The development of stocks in the Indonesian capital market can be seen from the trend of stock prices, stock market capitalization, the number of issuers and the number of investors. The trend can be seen in table 1 below:

TABLE 1. Stock Price, Stock Market Capitalization, Issuers and Investors Year 2015- 2020

Variable	Year				
	2016	2017	2018	2019	2020
Averange JCI (Closing)	5,296.71	6,355.65	6,194.50	6,299.54	5,082.99
Market Capitalization (trillion Rp.)	5,753.61	7,052.39	7,023.50	7,265.02	5,889.60
Issuer	537	566	619	668	697
Investtor (Million)	0,536	0,626	0,628	1,12	3,88

Source: www.idx.co.id (data processed)

Based on the table above, it can be seen that in 2020 there was a decrease from the JCI, market capitalization. Meanwhile, issuers and investors experienced an increase. A company is an institution (body or organization) where managers move the factors of their production (i.e. material, labor and capital) and try to provide goods and services needed by society, with the aim of seeking profit (Manullang, 2008). The purpose of the company according to Sudana (2009) is to maximize profits, but based on experts in the field of finance, formulating the normative goal of a company is to maximize company value.

The value of the company is the price that prospective buyers are willing to pay if the company is sold, the higher the value of a company, the greater the prosperity that will be received by shareholders (Husnan and Pudjiastuti, 2006). According to Keown *et al*., (2010) for shareholders, the stock market price will describe the value of the company. For investors, the value of the company is an important concept because the value of the company is an indicator of how the market values the company as a whole. The high value of the company is the desire of the company owners, because with a high value shows the prosperity of shareholders. One of the dictators that can be used in determining company value is PBV (Price Book Value) PBV (Price Book Value) is a ratio that describes how much the market values the book value of shares

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of a company. The PBV ratio of state-owned construction companies listed on the IDX is as follows.

TABLE 2. Price Book Value Ratio (PBV) State-Owned Construction Companies Listed on the IDX Year 2015-2020

Company Code	YEAR					
	2015	2016	2017	2018	2019	2020
ADHI	4,48	3,95	3,43	2,59	2,6	1,92
PTPP	4,25	2,4	1,4	0,8	0,7	0,9
WIKA	2,05	1,77	1,25	2,69	1,97	1,5
WSKT	0,79	1,51	2,86	2,02	4,75	2,59
Averange	2,89	2,41	2,24	2,03	2,51	1,73

Source: www.idx.co.id (data processed)

Based on IDX's annual statistical report published by the official IDX website processed during the 2010-2020 research period, it shows that the average price book value (PBV) in STATE-OWNED Construction Companies fluctuated during the research period with a value of 2.89 percent in 2015, 2.49 percent in 2016, 2.24 percent in 2017, 2.03 percent in 2018, 2.51 in 2019 and 1.73 in 2020. The first factors that can affect the rise and fall of the company's value, one of which is the capital structure owned by the company. Keown *et al*., (2010) say that capital structure is a comparison or balance of a company's long-term funding aimed at by a comparison of long-term debt to sources of capital. Thus, debt is an element of the capital structure of the enterprise. According to Husnan and Pudjiastuti (2006) the best capital structure is a capital structure that can maximize the value of the company or the share price, so that companies that have a good capital structure will be able to increase the value of the company.

Major Theories of Capital Structure are MM theorem, Trade-off theory, Agency theory, Signaling theory, Pecking order theory and Market timing theory. The trade-off theory (Brigham *et al*., 1999) explains that (assuming the target point of the capital structure is not yet optimal) an increase in the debt ratio in the capital structure will increase the value of the company by the tax rate multiplied by the amount of debt. Therefore, the optimal capital structure has not been achieved, so based on trade-off theory predicts a positive relationship with the value of the company. Which is appropriate and expected to increase the value of the company. One of the variables of the capital structure is the debt equity ratio. The debt equity ratio of state-owned construction companies is as follows:

TABLE 3. Debt Equity Ratio (DER) State-Owned Construction Companies Listed on the IDX Year 2015-2020

Company Code	Year					
	2015	2016	2017	2018	2019	2020
ADHI	0,60	1,80	1,40	1,40	1,50	1,70
PTPP	2,73	2,89	1,93	2,22	2,48	2,81
WIKA	2,34	2,98	2,12	2,44	2,23	3,09
WSKT	2,12	1,50	1,93	3,31	3,21	2,36
Averange	1,95	2,29	1,85	2,34	2,36	2,49

Source: www.idx.co.id(data processed)

Based on IDX's annual statistical report published by the official IDX website processed during the 2010-2020 research period, it shows that the average Debt to Equity Ratio (DER) in SOE Construction Companies experienced fluctuations during the research period. DER ratio can affect company value as evidenced by Uzliawati, Nofianti, & Ratnasari (2016) and Vo & Ellis (2017). The second factor that can affect the value of the company is liquidity. A company that is able to fulfill its financial obligations in a timely manner means that the company is in a liquid state and the company has a means of payment or assets that are greater than its current debt. So, by looking at the liquidity of a company, the creditor can also judge the good and bad of the company.

If the creditor thinks the company is good, it will increase the creditor's interest in the company's shares. The high demand from stocks can increase the stock price which will then reflect the good value of the company. One of the ratios that is often used in calculating the level of liquidity is the current ratio. The current ratio measures a company's ability to meet its short-term debt by using its current assets. According to Aggarwal and Padhan (2017) and Jihadi *et al*., (2021); liquidity has a positive and significant effect on the value of the company. Based on the results of research conducted by Reschiwati *et al*., (2019), and Ningsih and Sari (2019) stated that liquidity does not have a significant effect on the value of the company. In this research, the liquidity in the proxi of the Quick Ratio and its description on the object of study are as follows.

TABLE 4. Quick Ratio (QR) State-Owned Construction Companies Listed on the IDX Year 2015-2020

Company Code	Year					
	2015	2016	2017	2018	2019	2020
ADHI	0,40	0,30	0,40	0,44	0,53	0,70
PTPP	0,46	0,54	0,56	0,61	0,60	0,71
WIKA	0,18	0,58	0,34	0,54	0,39	0,28
WSKT	0,16	0,17	0,98	0,80	0,90	0,67
Averange	**0,30**	**0,40**	**0,57**	**0,60**	**0,61**	**0,59**

Source: www.idx.co.id(data processed)

Based on IDX's annual statistical report published by the official IDX website processed during the 2010-2020 research period, it shows that the average Quick Ratio (QR) gain in SOE Construction Companies experienced fluctuations during the research period. Company value can also be influenced by good corporate governance. Good corporate governance can be defined as a process and structure used by company organs (shareholders, commissioners, and directors) to increase business success and company accountability in order to realize shareholder value while still paying attention to the interests of other stakeholders. The purpose of implementing good corporate governance of a company is to increase the value of the company. The value of a company is said to be good if corporate governance is implemented properly, and good management must implement good corporate governance (GCG).

The implementation of good GCG can increase profits and reduce the risk of loss in the future so that the company's value increases. Good Corporate Governance in this study is measured using the Good Corporate Perception Index (CGPI), Good Corporate Perception Index (CGPI) is a research program and ranking the implementation of good corporate governance (GCG) in companies in Indonesia through research design that encourages companies to improve the quality of the application of the concept of corporate governance (CG) by carrying out evaluation and benchmarking as an effort to continuously improve improvement). The CGPI assessment includes four

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stages in accordance with the latest measurements in 2012 with value weights other than Self-assessment (15%), Company Document Collection (20%), Paper Preparation and Presentation (14%), Observation to the Company (51%). After that, to see the CGPI value is calculated by summing the final values of all the above stages. The level ratings on GGPI are: Highly Trusted (85.00-100), Trusted (70.00-84.99) and Quite Reliable (55.00-69.99).

TABLE 5. GCG Ratio of State-Owned Construction Companies Listed on the IDX Year 2015 – 2020

Variable	Code Issuer	Year					
		2015	2016	2017	2018	2019	2020
GCG	ADHI	86,37	83,40	81,60	86,90	84,48	92,96
	PTPP	91,16	92,23	92,77	92,83	92,88	92,04
	WIKA	90,35	92,93	93,93	92,92	93,94	93,82
	WSKT	86,64	86,44	88,24	87,67	88,76	88,80
Average		88,63	88,75	89,14	90,08	90,02	91,91

Source: www.idx.co.id(data processed)

Based on IDX's annual statistical report published by the official IDX website processed during the 2010-2020 research period, it shows that the average acquisition of Good Corporate Governance (GCG) in SOE Construction Companies experienced fluctuations during the research period.

By implementing good corporate governance, it is hoped that it can make the company better so that it will increase the value of the company and can also lift the company's stock price. The increase in company value is an achievement of the company's excellent financial performance results, with the increase in company value, the welfare of stakeholders will increase. Thus, the company must increase the value of the company so that it can attract the attention of potential investors, one of which is by improving the company's financial performance.

II. Literature Review

The value of the company according to Husnan (2007), if the company that has not gone public is the amount that the prospective buyer is willing to pay if the company is sold or liquidated and for companies that have gone public, the value of the company can be seen from the value of shares in the capital market. According to Sugiarto (2011) company value is an investor's perception of the company's success rate in managing resources which is reflected in the stock price. The higher the stock price means the higher the rate of return to investors and that means the higher also the value of the company associated with the goal of the company itself, which is to maximize the prosperity of shareholders.

Meanwhile, according to Chaidir (2015), the value of a company is an investor's assessment of the level of success and performance of the company which is reflected through the share price in the stock market. Thus, the higher this ratio, the higher the level of market confidence in the company's prospects. The summarization of company values from many researchers uses Tobin's Q ratio. However, this study used PBV (Price Book Value) or the ratio of price per book value.

$$PBV = \frac{Market\ Price\ Per\ Share\ Stock}{Book\ Value}$$

Capital structure according to Baker and Martin (2011), is a mixture of debt and equity that a company uses to finance productive assets, operations, and future growth and Cuong & Canh (2012) also states the same thing where capital structure is the source of a company's funding for its assets as well as a mix of debt and equity. While Awais *et al*., (2016) and Wu (2019) stated the capital structure is the financing structure of the general operations and growth of the company, which involves a certain mix of retained earnings, short-term debt, long-term debt, equity capital and preferred shares. Several studies related to capital structure and its relationship with company value include by Dang *et al*., 2019, Princess & Rahyuda (2020), Cuong & Canh (2012) and Cheng & Tzen (2011) with significant results. In this study, the market structure is proxied with DER (debt to equity ratio), where debt to equity ratio is a comparison of debt and equity in company funding and this shows the ability of the company's own capital to fulfill all its obligations. In this case, the DER Ratio can be used to measure the level of utilization of debt to equity owned by the company.

In research Hirdinis M (2019) stated that the higher the DER value, the company's value will increase, as long as the DER has not reached the optimum point in accordance with the trade-off theory. And Sutrisno (2016), stated that a high DER value indicates that the company's dependence on external parties is high and this will affect profits. In contrast to Manoppo & Arie (2016), Lasminar Sihombing *et al*., (2021) stated that the capital structure proxinated by DER has no impact on the value of the company. Meanwhile, according to Hasanudin (2022), company funding through debt is considered by investors as the right step and the decision to fund through the debt will increase the value of the company in the eyes of investors. Liquidity is the ability of an enterprise to fulfill its financial obligations that must be fulfilled immediately (in the short term or one year from the date the balance sheet is created). The most severe problem in liquidity is the difficulty of the company fulfilling current obligations. This problem can lead to the sale of investments and assets and can lead to insolvency and bankruptcy. According to Lutfi Auliarahman *et al*., (2021) there are three types of liquidity measurements, namely the Cahs ratio Quick ratio and the Current Ratio. The indicators used in this study used a Quick ratio (Al-Nasser, 2014).

$$Quick\ Ratio = \frac{\text{Current Asset} - \text{Inventory}}{\text{Current Liabilities}} \times 100\%$$

Good Corporate Governance is definitively a system that regulates and controls the company to create value added for all stakeholders. There are two things that are emphasized in this concept, first, the penitngnya of the right of shareholders to obtain information correctly (accurately) and accurately in time and, secondly, the obligation of the company to make disclosures accurately, timely, and transparently to all information on the company's performance, ownership, and stakeholders. The Organization for Economic Cooperation and Development (OECD) revealed that in general there are five principles of good corporate governance, namely Fairness, transparency, accountability, Responsibiliy and Independency. Dan Mahrani & Soewarno, (2018) stated that good GCG can

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protect shareholders to get a fair, precise, and efficient return on investment.

Meanwhile, the consistent implementation of GCG principles can improve the quality of financial statements. Thus the maintenance of good governance (GCG) must be carried out to maximize the value of the company and compete in the Global Market. One of the widely used GCG measurement tools is the Corporate Governance Perception Index (CGPI). The Corporate Governance Perception Index (CGPI) assessment includes four stages in accordance with the latest measurements in 2019 with value weights: Self-assessment (15%), Company Document Collection (20%), Paper Preparation and Presentation (14%), Observation to the Company (51%). The rating levels on the CGPI are:

Research that discusses the relationship between Good Corporate Governance and company values was discussed by Evi Dwi Kartikasari (2019); Agung Hermantono and Annita Mahmudah (2018); Eko Edy Susanto (2021): Awais Javeed

TABLE 6. GCG Rating Score

No.	Predicate	Score
1	Highly Trusted	85,00 – 100
2	Trusted	70,00 – 84,99
3	Pretty Reliable	55,00 – 69,99

Source: GGPI Report 2017

III. Research Methods

Researchers used multiple linear regression analysis techniques. Multiple linear regression analysis was used to determine the changes that occurred in the dependent variables caused by several independent variables used in this study (DER, DR and GCG. By using multiple linear regression analysis, it can measure changes in dependent variables based on changes in independent variables, this can be seen from figure 1 below:

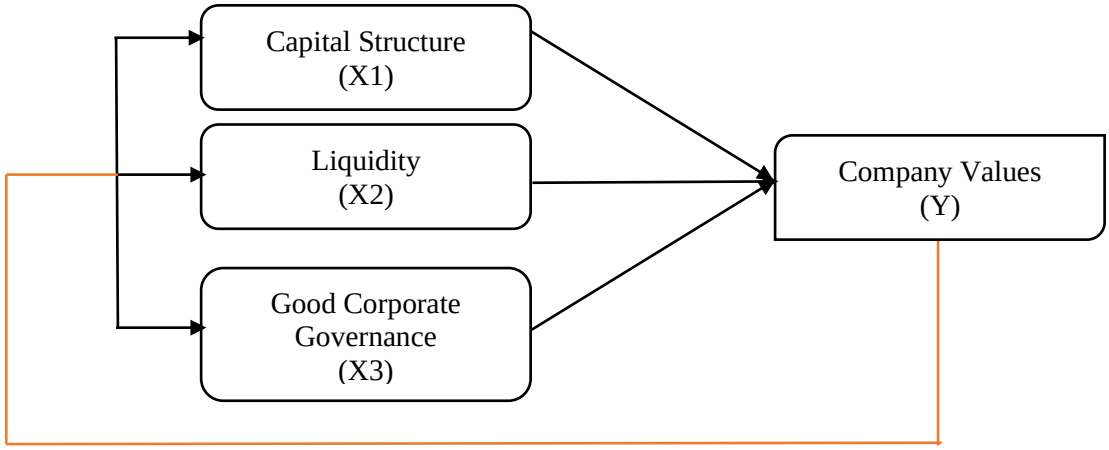

Fig. 1. Conceptual Frame work

To analyze the panel data requires a proper model specification test to describe the data. The tests are: Chow Test, Hausman Test and Lagrange Multiplier Test. From the selected model, classical assumption testing was carried out consisting of normality test, multi cholinearity test, heteroskedasticity test and auto correlation test. After the regression model is free from the deviation of classical assumptions, multiple regression analysis is carried out aimed at seeing the influence between independent variables and dependent variables. This test was carried out using the software program Eviews 9 for windows operating system. And the next step is carried out a statistical test consisting of a t-test and an F test. The analysis of the formed multiple regression is the following formula:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Information:
Y = Company Value
a = Constant.
b1 = First Regression Coefficient
b2 = Second Regression Coefficient
b3 = Third Regression Coefficient
X1 = Capital Structure (DER)
X2 = Liquidity (QR)
X3 = Good Corporate Governance (GCG)
e = Error/Epsilon

To determine the t-statistical value of the table is determined with a significant degree of 5% the result of the comparison of probability (sig t) with a tolerant significance level of α = 5% will be used as the basis for decision making in the test of the research hypothesis. The hypothesis in this study is;

a. How much influence does the capital structure proxis of the Debt Equity Ratio (DER) have on the value of the company that is proxied from the Price Book Value (PBV)?
b. How much influence does the Liquidity that is proxied from the Quick Ratio (QR) have on the value of the company that is proxied from the Price Book Value (PBV) ?
c. How much influence does Good Corporate Governance have on the value of the company that is proxied from the Price Book Value (PBV) ?

IV. Research Results and Discussion

Testing for the determination of selected models from three regression models of the Common Effect Model (CEM), Fixed Effect Model (FEM) and Random Effect Model (REM) was

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carried out through the Chow test and the Hausman test. Based on this test, the right model to see the influence of Capital Structure (DER), Liquidity (QR), and Good Corporate Governance (GCG) on Company Value (PBV) is the Fixed Effect Model (FEM).

With the selected model, a Classical Assumption test was carried out which showed that: (a) The Normality Test for Company Value (Y), Debt to Equity Ratio (X1), Quick Ratio (X2), Good Corporate Governance (X3) has a J-B value of 0.361316 less than 2 and a probability of 0.834721 greater than 0.05 therefore it can be expressed nomal distributed data. (b) The multicholinearity test showed that the data used showed that there was no high correlation value between the free variables (not exceeding 0.90; Ghozali, 2013) so it can be concluded that there is no multicholinearity between free variables. (c) Heteroskedasticity Test, based on the test results where the Probability Chi- square value is greater than 0.05 which means that the equation regression model is free from symptoms of heteroskedasticity. (d) The Autocorrelation test shows that the Durbin-Watson (DW) value number of 1.905723 and this value is greater than the upper limit (dU) of 1.7200 and less than 4 – dU of 2.2800 means that the regression model is free from autocorrelation or no autocorrelation occurs. Based on the eviews program version 9 fixed effect model generated is as follows:

TABLE 7. Fixed Effect Model

Dependent Variable: Nilai Perusahaan
Method: Panel Least Squares
Date: 03/15/22 Time: 11:33
Sample: 2010 2020
Periods included: 11
Cross-sections included: 4
Total panel (balanced) observations: 44

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-7.676593	1.640297	-4.680003	0.0000
DER	0.362073	0.134453	2.692923	0.0106
QR	0.557348	0.310321	1.796035	0.0107
GCG	0.001150	0.000213	5.406382	0.0000

R-squared	0.794622	F-statistic	23.85923
Adjusted R-squared	0.761317	Prob(F-statistic)	0.000000

Source: Eviews 9 processed data

Based on table, the resulting multiple linear regression equation is as follows;

$$Y= -7.676593+ 0.362073 (X1) +0.557348 (X2) +0.001150 (X3) + ei$$

The multiple linear regression equation above explains:

1. The dependent variable (Company Value) will decrease by -7.676593 if the three independent variables (DER, GR, GCG) do not experience an increase or change.
2. Capital Structure (DER) affects the company's value with a value of 0.362073 and is marked positively, meaning that every increase in 1 unit of Debt to Equity Ratio will affect the Company Value of 0.362073. This shows that the large changes of DER have only a small influence on the value of the company and the form of relationship that occurs is inelastic and positive.
3. The Quick Ratio (QR) affects the Company Value which is shown by the coefficient value of 0.557348 and is marked positively, meaning that every increase of 1 CR unit will affect the Company Value of 0.557348. This shows that the big change from QR only has a small influence on the value of the company and the form of relationship that occurs is also inelastic and positive.
4. Good Corporate Governance (GCG) affects the Company Value with a value of 0.001150 and is marked positively, meaning that every increase in 1 GCG unit will affect the Company Value only by 0.001150. This shows that the large changes in GCG only have a small influence on company values and the form of relationships that occur is inelastically positive.

To determine the relationship between independent variables together affecting the dependent variables, an F test is carried out. The calculation results show a probability value of 0.000000< 0.05 which means that the variables of Capital Structure (DER), Liquidity (QR), Good Corporate Governance (GCG), simultaneously have an influence on the Value of STATE-OWNED Companies in the Construction Sector.

And the form of relationship that occurs is significant and positive. Based on table 6 above, it can also be explained the hypothesis that occurred. To explain the hypothesis, the t test (partially) between DER, QR and GCG is used against the company's value as follows:

1. Capital Structure (DER) has a positive and significant effect on the Company's Value with a t-statistical value of 2.692923 and a probability value of 0.0106.
2. Liquidity (QR) has a positive and significant effect on the Company's Value with a t-statistical value of 1.796035 and a probability value of 0.0107.
3. Good Corporate Governance (GCG) has a positive and significant effect on Company Value with a t-statistic value of 5.406382 and a probability value of 0.0000.

To measure the model's ability to explain the relationship between independent variables and dependent variables, it is shown by an Adjusted Square R value of 0.761317. The R Adjusted Square figure shows that the contribution of the influence of Capital Structure (DER), Liquidity (QR) and Good Corporate Governance (GCG), on the Value of STATE-OWNED Construction Companies is 76.13%. While the remaining 23.87% is the influence of other factors outside the study.

V. CONCLUSION

The conclusions of this study show that the value of the company will increase if it has a strong capital structure, where the relationship that occurs is positive and significant. And liquidity (QR) that increases also results in the value of the company increasing, because the relationship that occurs is also positive and significant. Likewise with the variables of Good Corporate Governance (GCG). The form of the relationship that occurs from independent variables with such dependent variables is inelastic.

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This means that the large coronation of independent variables has only a small impact on the value of the company. However, the results of the study are expected to provide benefits and contributions to stakeholders and shareholders for decision-making on the policies used in relation to the value of the company and the benefits that will be obtained by shareholders. In addition, advice for investors and potential investors is that the variables of capital structure (DER), Liquidity (QR) and Good Corporate Governance (GCG) can be used as a reference to be considered in making investment decisions because these variables have more opportunities to increase the value of the company and automatically increase the level of company profits.

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