

## **Analysis of Liquidity, Leverage, and Profitability and Their Influence on Company Value in Intellectual Capital**

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### **Abstract**

The purpose of this study is to examine the impact of liquidity, leverage, and profitability on firm value. This study examines public banking sector companies listed on the Indonesia Stock Exchange between 2024 and 2025. Secondary data is the source of data for this quantitative technique. A total of 39 companies were selected as samples over a six-year period; thus, a total of 234 data points were evaluated. Multiple regression analysis was conducted on the data. The research findings and data analysis lead to the conclusion that variables related to profitability and liquidity increase business value. Firm value is significantly and negatively affected by the leverage variable. The impact of liquidity and leverage factors on the firm value variable, represented by the Tobins'Q index, can be strengthened by the intellectual capital variable. The impact of the profitability variable on the firm value variable, represented by the Tobins'Q index, is mitigated by the intellectual capital variable.

**Keywords:** Liquidity, Leverage, Profitability, Intellectual Capital, Firm Value

### **INTRODUCTION**

Companies aim to maximize stock value (Jatmiko, 2020). When the company's value increases, shareholder value also increases, which is reflected in a higher rate of return on equity to shareholders. For companies that are not yet private or public companies, the company's value is determined by a valuation agency or company appraiser (Ernawati, 2020). For public companies, the company's value can be stated or implied based on a number of variables related to the company (Klaus Schwab, 2016) and (Azis & Rakib, 2022).

These variables are considered in the financial statements. Sri (2012) stated that company value is an investor's perception of a company and is often associated with stock prices. Because stock prices are based on investor supply and demand, stock prices can be used as an indicator of company value. High company value indicates that the company has good performance and is viewed favorably by potential investors. Ernawati (2020) For creditors, the value of a company depends on the company's ability to repay loans given by creditors (Dacholfany et al., 2023) and (Waseem, 2020).

Investors will lower the company's valuation if it is implied that the company is unable to repay loans from creditors. Liquidity is the ability of an entity to meet its financial obligations that must be met immediately (in the short term or within one year from the balance sheet date). Short-term liabilities or obligations on the balance sheet can be met or covered by current assets that also rotate in the short term. According to Rahardjo (2019), the liquidity ratio describes a company's ability to pay short-term debts (Wedawati & Setiawati, 2016).

High liquidity indicates a high ability to pay short-term debts. Liquidity can be said to be one of the factors that measures a company's ability to meet its obligations. This will have a significant impact on the value of the company when investors make decisions. High liquidity indicates that a company has a good reputation and is able to meet its short-term obligations. If the stock price rises, the company's value will definitely increase (Ariani, 2016) and (Rahima, Zahar, Rahim, & Hutabarat, 2023).

When liquidity increases, the company's value increases and vice versa. The lower the liquidity value, the lower the company's value (Sukarya and Baskara, 2019). The above opinion is in line with the research results of Triasesiarta Nur (2019), Choirul Iman et al. (2021), Mafizatun Nurhayati (2013) found that liquidity has a positive effect on company value. Different from the findings of Evryl Claudya Tarigan et al. (2018). It turns out that the theoretical facts above are not necessarily in accordance with the actual facts. Based on the analysis of the financial statements of the company Indian Bank Indonesia Tbk (BSWD), the BSWD liquidity ratio in 2024 was 0.93 in 2024 and decreased to 0.82 in 2020, but the company value in 2019 was 1,448 Indicating that it has been reported (Sholichah & Pahlevi, 2021).

In 2020 the number increased to 1,592 people. In addition to liquidity, leverage is also considered a variable that affects company value. This is based on research by several researchers such as Aris Riswanto (2021), Tony Soewignyo, N.J. Outside. Sepang (2021), Halim Tri Rejeki and Slamet Haryono (2021), Dwi Rahmawati and Dahlia Br.Pinem (2015) concluded that leverage has a negative effect on company value. Therefore, it can be interpreted that the higher the leverage ratio of a company, the lower the value of the company. The results of the research of several researchers above, in fact, contradict the conclusions of the research results conducted by Ayu Octaviany, et al. (2019), Yayan Hendayana and Nopita Riyanti (2019), Akhmad Darmawan, et al. (2018), and Fakhrana Oktaviarni, et al. (2019) which stated that leverage has a positive effect on company value. This means that the higher the leverage ratio, the higher the company value (Ordu, 2021) and (Phongsavath, Andriani, & Saputra Hutabarat, 2022).

## LITERATURE REVIEW

Previous research results show that the effect of leverage on company value is inconsistent, some studies show a negative effect while other studies provide a positive effect. Some research results on the effect of leverage on company value also provide inconsistent results in terms of significance. Some studies provide a significant or real effect, but in other studies, the opposite occurs, namely it does not provide a significant effect. This is revealed from the results of research conducted by Ayu Octaviany, et al. (2019), Tony Soewignyo and N.J. Sepang (2021), et al. (2018), and Fakhrana Oktaviarni, et al. (2019)

which states that the effect of leverage on company value is significant.

Meanwhile, the results of research conducted by Aris Riswanto (2021), Yayan Hendayana and Nopita Riyanti (2019), Halim Tri Rejeki and Slamet Haryono (2021), and Dwi Rahmawati and Dahlia Br. Pinem (2015) provide different conclusions, namely that the effect of leverage on company value is not significant. According to Gulan (2020) if the research results show something inconsistent, then the researcher must consider several other variables that may interfere with the influence of a variable. Interfering variables in the research concept can be placed in four types or parts, namely moderating variables, intervening variables, control variables, and weighting factors.

According to Solimun, et al. (2022) moderating variables act as variables that strengthen or weaken the influence of independent variables on dependent variables. The testing area of moderating variables is on the significance of the influence of independent variables on dependent variables. This means that if an independent variable has an insignificant effect on the dependent variable, then the variable that is chosen as a moderating variable can strengthen or weaken that influence.

Strengthening influence means that the presence of a moderating variable will cause the insignificant influence of the independent variable on the dependent variable to change into a significant influence. Likewise, a significant influence can change into an insignificant influence, if the role of the moderating variable is to weaken the influence of the independent variable on the dependent variable. However, if the variable cannot change the significance of the influence of the dependent variable on the independent variable, then the variable can be said to be unable to be used as a moderating variable (Suratno, Saputra Hutabarat, & Sari, 2018) and (Ordu, 2021).

In accordance with Wahyudiono's opinion (2018) above, it can be understood that leverage will have a positive or negative effect on the company's value, if the company's leverage is higher but must be followed by higher profits. However, if the leverage is high but cannot provide a high increase in profits, then the leverage will cause the company's value to decrease. Because, high leverage will cause the risk of investors facing higher losses. This is in line with the concept of investment, high risk will cause high profits, and low risk will also cause low profits (Mayasari et al., 2024) and (Dabo, 2018).

The above statement reflects the fact that Bank Danamon Tbk in 2016 reported that its debt ratio decreased from 0.83 in 2016 to 0.78 in 2024. The company's value also decreased from 2,056 in 2016 to 1,337 in 2025. It can be seen that along with the decline in the company's value, profitability also increased from 0.041 in 2016 to 0.294 in 2024. Profitability is a measure of a company's efficiency in generating profits from its capital (Pratiwi & Hutabarat, 2024) and (Manik et al., 2023).

## RESEARCH METHOD

The object of this study. This study targets general banking companies listed on the Indonesia Stock Exchange (IDX) in 2024 and 2025. The sample of this study consists of 42 banking companies. This survey does not survey all general banking companies, but only those that meet the criteria. This study uses a quantitative approach with an associative approach. This type of research is a causal (causal) or associative type of research. This is based on the problem being studied: testing the effect of variations in liquidity, leverage,

and profitability on company value adjusted for variations in intellectual capital. The analysis technique used is multiple linear regression analysis. Multiple linear analysis is used to determine the effect of independent variables (free) on dependent variables (combined). The independent variables used in this study are liquidity (X1), leverage (X2), and profitability (X3). Intellectual capital (Xm) as a moderating variable and company value (Y) as a dependent variable. A computer tool called SPSS (Statistical Package for The Social Science) is used to calculate the analysis. The level of significance here is 5%.

## RESULTS AND DISCUSSION

The R2 result for the regression of the influence of the Liquidity variable on the company value variable proxied by the Tobins'Q Index is 0.028. While the R2 value of the influence of the Liquidity variable after being moderated by the Intellectual Capital variable is 0.106. Thus, it can be seen that the R2 value of the influence of the Liquidity variable on the company value variable proxied by the Tobins'Q Index increased from 0.028 to 0.106 after the Liquidity variable was modernized with Intellectual Capital. Therefore, it can be concluded that the Intellectual Capital variable is able to strengthen the influence of the Liquidity variable on the company value variable proxied by the Tobins'Q Index (Mugiasih, Sudarsana, & Alit, 2018).

Liquidity reflects the company's prospects in the future. A company that has high Liquidity means that the company is able to generate high profits in the future. Because companies that have Liquidity will usually carry out investment activities, so that they are able to generate high profits. Therefore, companies that have high liquidity will receive a positive response from shareholders who expect high returns from the company. According to research conducted by Suardana and Dharmadiaksa (2018), shareholders respond positively to companies that have high liquidity. Because it is considered to provide great benefits in the future for investors, so that the company's value will increase (Goodwin, Harris, Nelson, Roach, & Torras, 2020).

With the implementation of good corporate governance in the company, the company's activities and governance run in accordance with applicable regulations. Intellectual Capital is one way to minimize agency conflict. Because with good Intellectual Capital, the directors and management will act in line with the interests of stakeholders and shareholders. So that with the implementation of Intellectual Capital in the company, it will increase investor confidence in the company's performance and the decisions taken by the company's management. Therefore, if the company announces profits and carries out investment activities to obtain increased profits, investors are sure that the decision has considered the interests of shareholders. According to research conducted by Kurnia, Diana, Mawardi (2019), Intellectual Capital has a significant positive effect on Company Value.

The R2 result for the regression of the influence of the Leverage variable on the company value variable proxied by the Tobins'Q Index is 0.141. While the R2 value of the influence of the Leverage variable after being moderated by the Intellectual Capital variable is 0.216. Thus, it can be seen that the R2 value of the influence of the Leverage variable on the company value variable proxied by the Tobins'Q Index increased from 0.141 to 0.216 after the Leverage variable was modernized with Intellectual Capital. Therefore, it can be concluded that the Intellectual Capital variable is able to strengthen the influence of the Leverage variable on the company value variable proxied by the Tobins'Q Index (Hanushek, 2006).

Leverage (LE) in a banking company is directly related to the level of non-performing loans that occur in a bank. Banks that have an LE level that exceeds Bank Indonesia standards will cause a decrease in profits obtained, because high LE will reflect the increasingly poor quality of credit distributed by the bank, which means that the amount of non-performing loans is getting bigger. The high LE of a general bank will disrupt the company's operational activities so that it will have an impact on the decline in profits obtained by the bank. High leverage can cause problems for banks and can even cause the bank to experience business failure. A high LE level causes the capital owned by the bank to decrease because the funds that have been distributed to problematic debtors cannot be returned to the bank (Hamilton, Mittal, Shah, Thompson, & Griskevicius, 2019).

This condition will disrupt the bank's liquidity so that the bank is unable to pay third parties such as creditors. In a company, there is usually asymmetric information between management and shareholders. Because management knows more about the information in the company because management is an agent or party that acts to carry out the company's operational activities, while shareholders do not obtain complete information. With the imbalance of information obtained between the two parties, it can cause management to use the information for their personal interests. Therefore, the company must take action to minimize this by providing a portion of ownership to the company's management so that management will act in line with the interests of shareholders. That way, the information obtained about the company by shareholders can be used to make decisions. According to research conducted by Kurnia, Diana, Mawardi (2019) that Intellectual Capital has a significant positive effect on Company Value.

The R2 result for the regression of the influence of the profitability variable on the company value variable proxied by the Tobins'Q Index is 0.207. While the R2 value of the influence of the profitability variable after being moderated by the Intellectual Capital variable is 0.140. Thus, it can be seen that the R2 value of the influence of the profitability variable on the company value variable proxied by the Tobins'Q Index decreased from 0.207 to 0.140 after the profitability variable was modernized with Intellectual Capital. Therefore, it can be concluded that the Intellectual Capital variable weakens the influence of the profitability variable on the company value variable proxied by the Tobins'Q Index (Hutabarat, 2023) and (Utami et al., 2017).

Profitability as measured by ROI can reflect how the company's performance is in generating profits compared to the capital it has. So that it can be seen the level of effectiveness of the company's use of capital to generate profits. The higher the profitability of a company, the higher the level of return that will be obtained by the company, so that investors will be interested in investing in companies with high profitability (Almaududi, Simarmata, Hutabarat, & Teffu3, 2023) and (Mukherjee & Singha, 2019).

With the implementation of Good Corporate Governance with the optimization of Intellectual Capital, the management will act by prioritizing the interests of the company above their personal interests. Because the management feels like they are part of the company. So that every policy and decision taken to be implemented in the company is aimed at the progress of the company. That way, the management will try to make the right decision to increase the company's profit. Increased profits will provide a positive response from investors, thereby increasing investor interest in investing. So with intellectual capital capabilities, it will strengthen the relationship between profitability and Company Value (Mayasari, Siti Syuhada, & Zuhri, 2023), (Rosmiati & Hutabarat, 2023) and (Goodpasture, Speece, & Cripps, 2020).

## CONCLUSION

Based on the findings and data analysis that have been explained in the previous section, this study allows us to conclude that the liquidity and profitability variables have a positive influence on firm value. The leverage variable has a negative and significant influence on firm value. The "intellectual capital" variable can strengthen the influence of the liquidity and leverage variables on the "goodwill" variable expressed by the Tobins Q index. The intellectual capital variable weakens the influence of the profitability variable on the firm value variable represented by the Tobins'Q index.

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