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The effect of liquidity, solvency, and profitability on company value in retail sub-sector companies listed on the Indonesia stock exchange for the 2019-2023 period

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ABSTRACT

This study aims to determine the influence of liquidity, solvency, and profitability on the value of the company. The population in this study is retail sub-sector companies listed on the Indonesia Stock Exchange. Based on the sampling technique with purposive sampling, a sample of nine companies was obtained. The data were analyzed using multiple linear regression analysis with the help of SPSS version 30. The results of the study show that partially liquidity and profitability do not have a significant effect on the company's value, while solvency has a positive and significant effect on the company's value. The results of the study simultaneously show that liquidity, solvency, and profitability have a positive and significant effect on the company's value.

Keywords: company value; liquidity; profitability; solvency

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1. INTRODUCTION

In an era of increasingly fierce competition, a company not only pursues to increase revenue but also strives to maintain and increase its value. A company's high value is often a key target because it reflects that the company has a strong foundation, the ability to grow, and provides attractive returns for investors. Among other developing countries, retail companies in Indonesia are well positioned for retail investments and have great potential in the medium-and long terms.

Company value is a condition achieved by a company as a reflection of public trust in the company after going through the process of its operational activities since its establishment. An increase in the value of the company aligns with the owners' expectations, as an increase in the company's value also enhances their welfare. The value of a company is reflected in its share price. The market price of the company's shares, formed between buyers and sellers at the time of the transaction, is called the company's market value because the market price of the shares is considered a reflection of the value of the company's actual assets (Putra, et al., 2022, p. 26).

The value of this company can be calculated using several approaches, namely, the asset, revenue, and market approaches. The asset approach is based on the value of the assets owned by a company, while the revenue approach focuses on the company's ability to generate revenue in the future. The market approach is based on the market price of a company's stock.

In the business world, determining the value of a company is essential for evaluating its performance, determining selling prices, acquisitions, and investment decisions. Therefore, companies must understand how to correctly calculate their value to make the right decisions.

The indicator used to measure the value of a company is Price to Book Value (PBV). PBV is a comparison of the stock price to book value calculated by dividing a company's shareholder's capital by the number of shares outstanding. This ratio shows how well a company creates company value with the amount of capital invested; therefore, the higher the PBV, the more successful the company is in creating value for shareholders, and vice versa. In addition, knowing the PBV can help investors identify which stocks are reasonably priced, too low, and too high.

A high value of a company or one that reaches more than one indicates that the market value of the stock is greater than its book value or that the company has good performance and prospects for investors. The volatility of the value of companies in the retail sub-sector can be influenced by various factors, including liquidity, solvency, and profitability.

According to Kariyoto (2017, p. 37) Liquidity is a company's ability to meet its short-term debt to short-term creditors. This ability usually uses working capital ratios, current ratios, quick ratios, receivables turnover, and inventory turnover. The more liquid a company is, the easier it will be for it to meet its short-term obligations without selling fixed assets or adding debt.

Based on previous research conducted by Hutami and Sofie (2022), Rizkia and Riduwan (2023) show that liquidity has a positive effect on company value. However, Ningsih and Wahyuati (2019), Andy and Jonnardi (2020), and Mufidah and Sunarto (2023) show that liquidity has a negative effect on company value. Mufidah and Sunarto (2023) showing results that liquidity has no effect on the value of the company.

According to Kasmir (2019, p. 112), solvency is a ratio used to measure the extent to which a company's assets are financed by its debt. That is, how much debt burden is borne by the company compared to its assets. In a broad sense, solvency is used to measure a company's ability to pay all its debts both short-term and long-term if the company is dissolved. Companies with high solvency are considered to be able to manage their debts well, while companies with low solvency are at risk of financial difficulties.

Based on previous research conducted by Yusmaniarti, et al. (2019), Susanto and Rahayu (2022) showed that solvency has a positive effect on company value. However, there are differences made by Mufidah and Sunarto (2023), Ilyas, et al. (2023) show that solvency has a negative effect on the company's value. And there are also differences made by A'isyah and Sudarsi (2024), Sabila, et al. (2024) showing that solvency has no effect on the value of the company.

According to Hutabarat (2023, p. 27), profitability is a tool used to measure the return on total assets after tax interest. This ratio can also be used to measure the overall effectiveness of management, which

is indicated by the small amount of profit generated related to sales and investments. Another definition of profitability is a tool that measures the level of income or profit compared to sales or assets.

Based on previous research conducted by Jannah and Handayani (2022), Ningsih and Sari (2019) showed that profitability has a positive effect on company value. However, Ilyas, et al. (2023) demonstrated that profitability has a negative effect on company value. Yusmaniarti, et al. (2019), Mufidah and Sunarto (2023) found that profitability has no effect on company value.

2. THEORETICAL BACKGROUND

2.1. Agency Theory

Agency Theory is a working relationship between members in a company where the company owner and management are the main actors. The company owner is the party that gives the mandate to the management to act on behalf of the company owner, while the management is the party that is mandated by the company owner to run the company. Management is obliged to account for what has been mandated by the owner of the company. The relationship between agency theory and company value is that management is trusted by the company owner in maintaining a balance of stock prices so that the company's value is maintained and has considerations in making the right decisions.

Agency theory assesses the environment in which a decision should be useful in improving the capabilities of individuals, both principals and agents. In addition, this theory aims to facilitate the allocation of results between principals and agents in accordance with the employment contract by evaluating the results of decisions that have been made and determined.

2.2. Signal Theory

Signal theory is the theoretical basis underlying the relationship between the influence of financial performance on the value of the company. The information received by the investor is interpreted as a positive or negative signal. If the profit reported by the company increases, it is considered a positive signal because it indicates that the company is in a good condition. On the other hand, if the reported profit decreases, then the company is in bad condition, so it is considered a negative signal. Signal theory is a theory that discusses the ups and downs of prices in the market to influence investor decisions.

The relationship between signal theory and company value is that a good company value can be a positive signal and conversely a bad company value can be a negative signal. This is demonstrated by its liquidity, solvency, and profitability. The greater the liquidity, solvency, and profitability shown in financial statements, the greater the company's financial performance will reflect the company's future prospects, which are considered more promising. This good performance prospect will be accepted by investors as a positive signal so that later it can increase the company's value (Putra, et al., 2022, p. 23).

2.3. Company Values

According to Alamsyah (2023, p. 4), company value is a number that indicates the value or price that must be paid by the buyer if he wants to buy all of the company's assets and debts at this time. The value of this company can be calculated using several approaches, namely the asset approach, the revenue approach, and the market approach. Meanwhile, according to Putra, et al. (2022, p. 26), company value is a certain condition achieved by a company as an illustration of public trust in the company after going through a process of its operational activities, namely since the company was established. The increase in the value of the company is an achievement, which is in accordance with the wishes of the owners, because with the increase in the value of the company, the welfare of the owners will also increase. The value of the company will be reflected in its share price. The market price of the company's shares formed between the buyer and seller at the time of the transaction is called the company's market value, because the market price of the shares is considered a reflection of the value of the company's actual assets. In this study, the value of the company is PBV (Price to Book Value).

2.4. Liquidity

According to Thian (2022, p. 54), liquidity is a ratio that shows a company's ability to meet its obligations or pay its short-term debts. In other words, liquidity is a ratio that can be used to measure how far a company's ability to pay off its short-term debt is about to mature. Hery (2016, p. 149) also argues that liquidity is a ratio that shows a company's ability to meet or pay its short-term debts. In other words, liquidity is a ratio that can be used to measure how far a company's ability to pay off its short-term debt that will be due soon. If a company has the ability to pay off its short-term debt at maturity, then the company is said to be a liquid company. Conversely, if a company does not have the ability to pay off its short-term debt at maturity, it is said to be an illiquid company. To be able to meet its short-term debt that is about to mature, the company must have a good level of availability of cash or other current assets that can also be immediately converted into cash. In this study, the Current Ratio is used to measure liquidity.

2.5. Solvency

Solvency is a ratio used to measure a company's ability to pay debts, both short-term and long-term, using the company's assets and capital. Meanwhile, solvency is a ratio used to measure the extent to which a company's assets are financed by debt. That is, it indicates the company's debt burden relative to its assets. In this study, the one used to measure solvency is Debt to Asset Rasio (DAR).

2.6. Profitability

Profitability measures the return on total assets after tax interest. This ratio can also be used to measure the effectiveness of overall management aimed at the magnitude of the level of profit obtained in relation to sales and investments. Profitability is a ratio that provides an overview of the effectiveness of company management in generating profits. This ratio is a measure of whether the owner or shareholder can earn a decent rate of return on their investments. In this study, Return on Assets (ROA) was used to measure profitability.

3. METHODOLOGY

3.1. Types of Research and Overview of the Research Population

This study uses a quantitative approach and secondary data sourced from the Indonesia Stock Exchange. The secondary data used in this study are the financial statements of retail sector companies listed on the Indonesia Stock Exchange for the period 2019–2023.

3.2. Sampling Methods

A sample is a part of the selected population and represents that population. Partial and representative within boundaries are two keywords and refer to all population characteristics in a limited number of each of its characteristics (Yusuf, 2017, p. 150). The population used in this study is 31 retail sub-sector companies listed on the Indonesia Stock Exchange for the 2019-2023 period. The sampling technique used in this study is purposive sampling, which is a sampling technique with certain considerations. After sampling, 9 companies were obtained that were the sample of this study. The criteria used in sampling are as follows: (1) Retail Sub-Sector Companies Listed on the IDX for the 2019-2023 period. (2) Retail Sub-Sector Companies whose financial statements are incomplete consecutively on the IDX in the 2019-2023 period. (3) Retail Sub-Sector Companies that are delisted from the IDX for the 2019-2023 period.

3.3. Data Collection Methods

The data source used in this study is secondary data in the form of financial statements of retail sector companies listed on the Indonesian Stock Exchange for the period 2019–2023. The data collection techniques used in this study are documentation and literature reviews. The author collects data obtained from various sources, namely data obtained from the Indonesia Stock Exchange website www.idx.co.id, books, journals, and other sources related to the problems in the research.

3.4. Variable Operations

This study used three independent variables and one dependent variable. Liquidity, solvency, and profitability were independent variables, and the value of the company was the dependent variable. The variables in this study are as follows:

3.4.1. Company Values

Company value is the value or price that must be paid by the buyer if he wants to buy all of the company's assets and debts at this time (Alamsyah, 2023, p. 4). In this study, the value of the company is PBV (Price to Book Value). Price to Book Value (PBV) is a comparison between the market price and the book value of a stock.

$$\text{PBV} = \frac{Harga\ Saham\ (Stock\ Price)}{Nilai\ Buku\ Saham\ (Book\ Value\ of\ Stock)}$$

3.4.2. Liquidity

Liquidity is a ratio that shows a company's ability to meet or pay its short-term debts (Hery, 2016, p. 149). In this study, the Current Ratio is used to measure liquidity. The Current Ratio shows the amount of current debt that is guaranteed to be repaid by the current asset. The higher the ratio of current assets to current debt, the higher the company's ability to cover its short-term debt (Hantono, 2018, p. 9).

$$\text{Current Ratio} = \frac{Aset\ Lancar\ (Current\ Assets)}{Utang\ Lancar\ (Current\ Debt)}$$

3.4.3. Solvency

Solvency is a ratio used to measure a company's ability to pay its debt as a whole, both short-term and long-term debt, using the company's assets and capital (Ratih, 2023, p. 47). In this study, the one used to measure solvency is DAR (Debt to Asset Ratio). Debt to Asset Ratio is useful to find out how much a company's assets are financed by debt or how much the company's debt affects asset management. The lower this ratio, the better (Suhatmi, 2022, p. 34).

$$\text{DAR} = \frac{Total\ Utang\ (Total\ Debt)}{Total\ Aset\ (Total\ Assets)}$$

3.4.4. Profitability

Profitability is a ratio that provides an overview of the level of effectiveness of company management in generating profits. In this study, Return on Assets (ROA) was used to measure profitability. ROA shows a company's ability to use all owned assets to evaluate the effectiveness and efficiency of the company's management in managing all company assets.

$$\text{ROA} = \frac{Laba\ Setelah\ Pajak\ (Profit\ after\ Tax)}{Total\ Aset\ (Total\ Assets)}$$

4. RESULTS AND DISCUSSION

4.1. Descriptive Analysis

Descriptive analysis is a statistical analysis method that provides a description or description of the research subject based on variable data obtained from a certain group of subjects. Descriptive analysis can be displayed in the form of frequency distribution tables, histogram tables, mean values, standard deviation values, and other forms. See Table 1

Table 1. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Liquidity	45	.49	12.05	2.9249	2.54050
Solvency	45	.12	.99	.4520	.22379
Profitability	45	-.15	.28	.0546	.08463
Company Values	45	.33	147.07	5.9496	21.75611
Valid N (listwise)	45				

Source: Data processed SPSS 30

Based on Table 1, the number of research on retail companies listed on the Indonesia Stock Exchange for the 2019-2023 period is 45 data. From the results of the descriptive statistical analysis, it is explained that:

The liquidity variable with the CR indicator obtained an average of 2.9249, with a standard deviation of 2.54050. The lowest liquidity value of 0.49 is PT Matahari Department Store Tbk in 2023. Meanwhile, the highest score of 12.05 is PT Sona Topas Tourism Industry Tbk in 2021.

The solvency variable with the DAR indicator obtained an average of 0.4520 with a standard deviation of 0.22379. The lowest solvency value of 0.12 is PT Sona Topas Tourism Industry Tbk in 2021. Meanwhile, the highest value of 0.99 is PT Matahari Department Store Tbk in 2023.

The profitability variable with the ROA indicator obtained an average of 0.0546 with a standard deviation of 0.08463. The lowest profitability value of -0.15 was PT Sona Topas Tourism Industry Tbk in 2020. Meanwhile, the highest value was 0.28 PT Matahari Department Store Tbk in 2019.

The company's value variable with the PBV indicator obtained an average of 5.9496 with a standard deviation of 21.75611. The lowest value of the company's value of 0.33 is PT Electronic City Indonesia Tbk in 2023. Meanwhile, the highest score of 147.07 is PT Matahari Department Store Tbk in 2023.

4.2. Classic Assumption Test

4.2.1 Normality Test

The normality test in the regression model is used to test whether the residual value is normally distributed or not. A good regression model is one that has a normally distributed residual value (Priyatno, 2022, p. 100). The decision-making criteria are: (1) If the significance value or probability value > 0.05, then the data distribution is normal. (2) If the significance value or probability value < 0.05, then the data distribution is abnormal. See Table 2

Table 2. Normality Test

One-Sample Kolmogorov-Smirnov Test			
			Unstandardized Residual
N			45
Normal Parameters[a,b]	Mean		.0000000
	Std. Deviation		.89494645
Most Extreme Differences	Absolute		.120
	Positive		.120
	Negative		-.095
Test Statistic			.120
Asymp. Sig. (2-tailed)[c]			.108
Monte Carlo Sig. (2-tailed)[d]	Sig.		.106
	99% Confidence Interval	Lower Bound	.098
		Upper Bound	.114
a. Test distribution is Normal.			
b. Calculated from data.			
c. Lilliefors Significance Correction.			

d. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 2000000.

Source: Data processed SPSS 30

Based on Table 2 of the results of the normality test using the One-Sample Kolmogorov-Smirnov Test, an Asymp value was obtained. Sig (2-tailed) is 0.108 which means that the value is greater than 0.05 so that it can be concluded that the data used is normally distributed.

4.2.2. Multicollinearity Test

The multicollinearity test is a test that is carried out to determine whether in a regression model there is an intercorrelation or collinearity between independent variables. The basis for decision-making in the multicollinearity test can be done in two ways, namely: (1) Looking at the tolerance value: If the tolerance value > 0.10, then there is no multicollinearity of the data tested; if the tolerance value < 0.10, then there is multicollinearity of the tested data. (2) Looking at the VIF (Variance Inflation Factor) value: if the VIF value is < 10, then there is no multicollinearity of the data being tested and if the VIF value is > 10, there is multicollinearity of the tested data. See Table 3

Table 3. Multicollinearity Test

Coefficients[a]			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Liquidity	.451	2.219
	Solvency	.451	2.217
	Profitability	.980	1.020
a. Dependent Variable: Company Value			

Source: Data processed SPSS 30

Based on Table 3 of the results of the multicollinearity test, it can be seen that the tolerance value of the liquidity variable is 0.451 > 0.10, solvency 0.451 > 0.10, and profitability 0.980 > 0.10. The value of the liquidity variable VIF is 2.219 < 10, solvency is 2.217 < 10, and profitability is 1.020 < 10. Therefore, it can be concluded that there is no multicollinearity between the independent variables in the regression model.

4.2.3. Autocorrelation Test

The autocorrelation test is to see if there is a correlation between a period t and the previous period (t-1). In simple terms, regression analysis wants to see the influence between independent variables and bound variables, so there should be no correlation between observations and previous observation data. The basis for decision-making with the Durbin-Watson Test: (1) If d < dL, it means that there is a positive autocorrelation. (2) If d > (4-dL), it indicates negative autocorrelation. (3) If dU < d < (4-dL), it indicates no autocorrelation. (4) If dL < d < dU or (4-dU), it cannot be inferred. See Table 4

Table 4. Autocorrelation Test

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.494a	.244	.188	19.59910	1.835
a. Predictors: (Constant), Profitability, Solvency, Liquidity					
b. Dependent Variable: Company Value					

Source: Data processed SPSS 30

Based on Table 4, the results of the autocorrelation test were obtained with a Durbin-Watson value of 1.835. By looking at the DW table, with the number of independent variables 3 (k=3) and the number of samples as many as 45 (n=45), the values dL = 1.42980, (4-dL) = 2.5702, dU = 1.61482, and (4-dU) = 2.38518 were obtained. The regression model met the Durbin-Watson criteria, which was dU < d < (4-dL) or 1.61482 < 1.835 < 2.5702. Therefore, it can be concluded that this regression model does not have autocorrelation.

4.2.4. Heteroscedasticity Test

The heteroscedasticity test examines whether there is an inequality of variance from one observation to another in a regression model. If the variance from one observation to another is fixed, it is called homoscedasticity; if it is different, it is called heteroscedasticity. The basis for decision-making using the Glejser test, namely: (1) If the significance value > 0.05, then heteroscedasticity does not occur. (2) If the significance value < 0.05, heteroscedasticity occurs. See Table 5

Table 5. Heteroscedasticity Test

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.589	.356		1.653	.106
	Liquidity	-.036	.369	-.046	-.099	.922
	Solvency	.369	.567	.302	.650	.519
	Profitability	2.058	1.302	.231	1.580	.122
a. Dependent Variable: AbsRES						

Source: Data processed SPSS 30

Based on Table 5, the results of the heteroscedasticity test using the Glejser test obtained a significance value of the liquidity variable of 0.922, solvency of 0.519, and profitability of 0.122. The value is greater than 0.05, which means that heteroscedasticity does not occur.

4.3. Multiple Linear Regression Analysis

Multiple linear regression is a linear regression in which the bound variable (variable Y) is connected to two more independent variables (variable X) (Misbahuddin & Iqbal, 2017, p. 88). The regression model can be formulated as follows:

$Y = a + b_1X_1 + b_2X_2 + b_3X_3$

Information:

Y = Company Value

a = Constant

b = Regression coefficient

X1 = Liquidity

X2 = Solvabilitas

X3 = Profitability

See Table 6

Table 6. Multiple Linear Regression Analysis

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-33.860	13.513		-2.506	.016
	Liquidity	3.039	1.733	.355	1.754	.087
	Solvency	64.258	19.661	.661	3.268	.002
	Profitability	34.395	35.263	.134	.975	.335
a. Dependent Variable: Company Value						

Source: Data processed SPSS 30

Based on Table 6, the results of the multiple linear regression analysis can be explained using the following equation:

$$Y = -33{,}860 + 3{,}039\ X1 + 64{,}258\ X2 + 34{,}395\ X3 \text{ or}$$
$$\text{Company Value} = -33{,}860 + 3{,}039\ \text{Liquidity} + 64{,}258\ \text{Solvency} + 34{,}395\ \text{Profitability}$$

The interpretation of the regression equation is as follows: (1) the constant value of -33,860 states that if the liquidity, solvency and profitability values are zero, then the value of the company is -33,860, (2) the liquidity regression coefficient (X_1) of 3.039 indicates that every 1 unit increase in liquidity, assuming the other variables are fixed, will increase the company's value by 3.039, (3) the solvency regression coefficient (X_2) of 64.258 indicates that every increase of 1 unit of solvency, assuming the other variables are fixed, will increase the company's value by 64.258, and (4) the profitability regression coefficient (X_3) of 34.395 indicates that every increase of 1 unit of profitability, assuming the other variables are fixed, will increase the value of the company by 34.395.

4.4. Hypothesis Test

4.4.1. Partial Test (t-test)

The t-test is used to find out whether the regression model of partially independent variables has a significant effect on dependents (Priyatno, 2022, p. 124).

Hipotesis:

Ho: There is no partial influence of independent variables on dependent variables.

Ha: There is a partial influence of independent variables on dependent variables.

Decision-making criteria:

Based on the t-value of the calculation: (1) Ho is accepted when -t counts ≥ -t table or t counts ≤ t table (no effect); (2) Ho is rejected if -t counts < -t table or t counts > t table (affects)

Based on significance values: (1) Ho is accepted when the significance is > 0.05 (no effect); (2) Ho is rejected when the significance is ≤ 0.05 (affects). See Table 7

Table 7. T test

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-33.860	13.513		-2.506	.016
	Liquidity	3.039	1.733	.355	1.754	.087
	Solvency	64.258	19.661	.661	3.268	.002
	Profitability	34.395	35.263	.134	.975	.335
a. Dependent Variable: Company Value						

Source: Data processed SPSS 30

Based on Table 7, the results of the t-test for each variable are described as follows: (1) The liquidity variable obtained a calculated t-value of 1.754 with a significance value of 0.087. T table is searched at a significant 0.05 with degrees of freedom (df) = n-k-1, i.e. 45-3-1 = 41. The result obtained from t table is 2.020. Since the value t is calculated as 1.754 < t table 2.020, Ho is accepted and Ha is rejected. The significance value is 0.087 > 0.05, so the liquidity variable has no effect and is not significant to the company's value; (2) The solvency variable obtained a calculated t-value of 3.268 with a significance value of 0.002. T table is searched at a significant 0.05 with degrees of freedom (df) = n-k-1, i.e. 45-3-1 = 41. The result obtained from t table is 2.020. Since the value of t is calculated as 3.268 > t table 2.020, then

Ha is accepted and Ho is rejected. With a significance value of 0.002 < 0.05, the solvency variable has a significant effect on the company's value; (3) The profitability variable obtained a calculated t-value of 0.975 with a significance value of 0.335. T table is searched at a significant 0.05 with degrees of freedom (df) = n-k-1, i.e. 45-3-1 = 41. The result obtained from t table is 2.020. Since the value t is calculated as 0.975 < t of the table is 2.020, then Ho is accepted and Ha is rejected. With a significance value of 0.335 > 0.05, the profitability variable has no effect and is not significant to the company's value.

4.4.2. Simultaneous Test (F Test)

The F test is used to find out whether independent variables together have a significant effect on dependent variables (Priyatno, 2022, p. 125).

Hipotesis:

Ho: There is no influence of independent variables together on dependents.

Ha: There is an influence of independent variables together on dependents.

Decision-making criteria:

Based on the value of F, calculate:

Ho is accepted when F calculates ≤ F table (no effect)

Ho is rejected when F calculates > F table (affects)

Based on significance values:

Ho is accepted when the significance is > 0.05 (no effect)

Ho is denied when the significance ≤ 0.05 (affects)

Table 8. Test F

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5077.326	3	1692.442	4.406	.009b
	Residual	15749.113	41	384.125		
	Total	20826.440	44			
a. Dependent Variable: Company Value						
b. Predictors: (Constant), Profitability, Solvency, Liquidity						

Source: Data processed SPSS 30

Based on Table 8, the results of the F test show that the F value is calculated as 4.406 with a significance of 0.009. F table is searched for a distribution of 0.05 based on k = 3 and n-k-1 is 45-3-1 = 41, then the value of F of the table = 2.83 is obtained. Because the value of F is calculated as 4.406 > F is a table of 2.83, then Ha is accepted and Ho is rejected. The significance value is 0.009 < 0.05, so the variables of liquidity, solvency, and profitability simultaneously have a significant effect on the company's value.

4.4.3. Correlation Coefficients

The correlation coefficient is to measure how strong the relationship between two variables is. Correlation values can be grouped as follows: (1) 0.00–0.20 Very weak tightness correlation, (2) 0.21–0.40 Weak Tightness Correlation, (3) 0.41–0.70 Strong Tightness Correlation, (4) 0.71–0.90 Very strong tightness correlation, (5) 0.91–0.99 Very strong correlation, and (6) 1 means perfect tightness correlation.

The correlation value ranges from 1 to -1. If the correlation value is getting closer to 1 or -1, it means that the relationship between the two variables is getting stronger. Conversely, if the value is close to 0, it means that the relationship between the two variables is getting weaker. A positive value indicates a unidirectional relationship (X goes up, then Y goes up), while a negative value indicates the opposite relationship (X goes up, then Y goes down). See Table 9

Table 9. Correlation Coefficient and Coefficient of Determination

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.494a	.244	.188	19.59910
a. Predictors: (Constant), Profitability, Solvency, Liquidity				

Source: Data processed SPSS 30

Based on Table 9, the results of the correlation coefficient obtained an R value of 0.494 which means that there is a fairly strong correlation or relationship between the dependent variables, namely the value of the company and its independent variables, namely liquidity, solvency, and profitability. This value shows that the three independent variables have a positive and strong relationship to the company's value.

4.4.4. Coefficient of Determination

The value of the determination coefficient indicates how large a percentage of the regression model is able to explain the dependent variable. The limit of R^2 value is $0 \leq R^2 \geq 1$ so $R^2 = 0$ means that the dependent variable cannot be explained by the independent variable simultaneously, whereas when $R^2 = 1$ means that the independent variable can explain the dependent variable simultaneously. The Adjusted R Squre is the value of R square (R^2) that has been corrected, where this value is to cover the weakness of the R square where the value will always improve if the variable is added, while the Adjusted R Square value does not always increase when the variable is added (Priyatno, 2022, p. 126).

Based on Table 9, the determination coefficient results obtained an Adjusted R Square value of 0.188 or 18.8%. This shows that the variables of liquidity, solvency, and profitability together affect the company's value by 18.8%. While the remaining 81.2% was influenced by other variables that were not included in the study.

4.5. Discussion

4.5.1. The Effect of Liquidity on Company Value

Based on the results of the t-test, a t-value of 1.754 < t table 2.020 and a significance value of 0.087 > 0.05 which means that liquidity has no effect on the company's value. Thus, the first hypothesis (H1) that states that liquidity has a positive effect on the company's value is rejected.

The results of this study are not in line with previous research conducted. However, this research is in line with previous research conducted by Mufidah and Sunarto (2023) and Susanto and Rahayu (2022) which stated that liquidity has no effect on company value. This can indicate that even though a company has a high level of liquidity, investors do not always consider it a key indicator in assessing the value of the company, as it is possible that the current funds are not used productively to create more value.

4.5.2. The Effect of Solvency on Company Value

Based on the results of the t-test, a t-value of 3.268 > t table 2.020 and a significance value of 0.002 < 0.05 which means that solvency has a positive and significant effect on the company's value. Thus, the second hypothesis (H2) which states that solvency has a positive effect on the company's value is accepted. The results of this study are in line with previous research conducted which stated that solvency has a positive effect on company value. This shows that companies that are able to manage their debt optimally and are responsible for their long-term obligations tend to give investors confidence that the company has good long-term prospects. High solvency reflects a company's ability to pay off debt and keep growing, thereby increasing investor confidence and attractiveness in the capital market.

4.5.3. The Effect of Profitability on Company Value

Based on the results of the t-test, a t-value of 0.975 < t table 2.020 and a significance value of 0.335 > 0.05 which means that profitability has no effect on the company's value. Thus, the third hypothesis (H3) which states that profitability has a positive effect on the company's value is rejected.

The results of this study are not in line with previous research conducted which stated that profitability has a positive effect on company value. However, this research is in line with previous research conducted by Yusmaniarti et al. (2019), Mufidah and Sunarto (2023), and Rizkia and Riduwan (2023), which state that profitability has no effect on company value. This can indicate that even though the company has a high level of profitability, investors do not necessarily value the company higher. Many investors consider other factors, such as long-term growth prospects, operational stability, and dividend policies. In other words, a high level of profitability is not sufficient to increase a company's value if it is not accompanied by investor confidence in the company's business prospects and the sustainability of the company's performance in the future.

4.5.4. The Influence of Liquidity, Solvency, and Profitability on Company Value

Based on the results of the F test, F was obtained as a calculation of 4.406 > F table 2.83 and a significance value of 0.009 < 0.05, which indicates that liquidity, solvency, and profitability simultaneously have a positive and significant effect on the company's value. Thus, the fourth hypothesis (H4) which states that liquidity, solvency, and profitability simultaneously have a positive and significant effect on the company's value is accepted.

The results of this study are in line with previous research, which states that liquidity, solvency, and profitability simultaneously have positive and significant effects on company value. These results show that although not all variables partially have a significant influence on the company's value, the three variables can explain the change in the company's value in a meaningful way. This reflects that when making investment decisions or valuing a company, investors do not only consider one financial aspect but look at the overall financial condition of the company.

5. CONCLUSION AND SUGGESTION

5.1. Conclusion

Based on the results of the research and discussion on the influence of liquidity, solvency, and profitability on the company's value described in the previous chapter, the following conclusions were obtained:

First, liquidity has no effect on the value of companies in the retail sub-sector listed on the Indonesia Stock Exchange for the 2019-2023 period. This shows that a company's ability to meet short-term obligations does not necessarily have a direct impact on increasing the company's value.

Second, solvency has a positive and significant effect on the value of companies in the retail sub-sector listed on the Indonesia Stock Exchange for the 2019-2023 period. This indicates that the higher a company's ability to fulfill its long-term obligations, the more investor confidence will increase its value.

Third, profitability has no effect on the value of companies in the retail sub-sector listed on the Indonesia Stock Exchange for the 2019-2023 period. This shows that even though a company has a high level of profitability, it is not necessarily immediately appreciated by the market or has an impact on the company's value if it is not accompanied by investors' confidence in the company's business prospects and the sustainability of the company's future performance.

Fourth, liquidity, solvency, and profitability simultaneously have a positive and significant effect on the company's value in the retail sub-sector listed on the Indonesia Stock Exchange for the 2019-2023 period. This shows that the combination of a company's ability to manage short-term liabilities, long-term liabilities, and overall profit-generating ability makes a meaningful contribution to the formation of a company's value in the eyes of investors.

5.2. Suggestion

The first is liquidity. The results of the study show that liquidity does not affect the company's value. However, companies must maintain a balance of liquidity levels. High liquidity can indicate the existence of unproductive idle funds, while too low can cause problems in fulfilling short-term obligations. Therefore, the management of cash and assets needs to be carried out effectively in order to continue to support smooth operations while contributing to increasing the company's value through optimal use of funds.

The second is profitability. The results of the study show that profitability does not affect the company's value, but companies still have to pay attention to the level of profitability because high profits reflect healthy performance. In addition, profitability results must be leveraged to support growth strategies, such as product development and market expansion, to create positive prospects that attract investors. Transparent financial information is also important so that profitability can be a signal that the market trusts.

The third is for companies. Company management is expected to pay more attention to capital structure and funding strategies to maintain solvency at an optimal level. Because the results of the study show that solvency has a significant effect on the company's value, efforts to maintain a healthy debt ratio can be one of the strategies to increase investors' perception of the company's performance and prospects.

The fourth is for investors. Investors are advised not only to focus on liquidity or profitability indicators when evaluating investment potential but also to pay attention to the solvency ratio as an important indicator that reflects the company's long-term ability to meet its obligations. This study shows that a company's long-term financial structure can affect the market's perception of the company's value; therefore, the analysis of the debt ratio is important for making more informed investment decisions.

The fifth is for the community. The public, especially prospective individual investors, is expected to understand that the value of a company in the capital market is influenced by various interrelated financial aspects. Knowledge of financial indicators such as liquidity, solvency, and profitability can help people make more rational economic decisions, especially in investment or entrepreneurial activities.

The sixth is for the next researcher. Researchers are further advised to add other variables such as dividend policy, company size, sales growth, or corporate governance to expand the scope of the analysis. In addition, the object of the research can be extended not only to the retail sub-sector, but also to include other sectors such as manufacturing, property, or services to compare the influence of financial variables on the value of companies in various industry sectors.

Ethical approval

Not Applicable

Informed consent statement

Not applicable.

Authors' contributions

SA conceptualized the study, developed the research design and variables (liquidity, solvency, profitability, and company value), compiled the 2019–2023 panel data from Indonesia Stock Exchange retail sub-sector firms, conducted the purposive sampling and SPSS-based multiple linear regression analysis, and drafted the manuscript. APEP contributed to data verification and cleaning, supported the operationalization of indicators, assisted in interpretation of statistical outputs, and improved the structure of the results and discussion sections. AKS assisted in literature review and theoretical framing, reviewed the methodology and robustness of the analysis, and performed critical revision and final editing. All authors have read and approved the final version of the manuscript.

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Data availability statement

The data presented in this study are available on request from the corresponding author due to privacy reasons.

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