SINTA-3

by Nurchayati Nurchayati

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THE INFLUENCE OF COMPANY DEBT AND PROFITABILITY ON COMPANY VALUE WITH PRODUCT QUALITIY AS A MODERATING VARIABLE

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Abstract

Good company values are the aspiration of a company to have a good image and be able to help the country, employees and local residents. Because the company values are good, everyone will experience prosperity. There are a number of factors that can influence a company, including a measurable debt policy and adequate profits so that they can help the company in difficulties and fund the company's large projects. Therefore, this research aims to analyze the influence of Company Debt and Profitability on Company Value. Different from previous studies, this research adds the Product Quality variable as a moderating variable. This research is a quantitative research with an explantory approach. The data used in this research is secondary data which was distributed through a questionnaire method to the Head of Finance and Employees in the Kuangan field at PT. Sawit Lestari Group Benkgukulu, Pt. Sumber Andalas Kencana, PT. Sawit Sumbermas, and PT. Astra Agra Palm Oil which is spread throughout Indonesia. The data used was analyzed with Smart PLS 3.0. The results show that the Corporate Debt and Profitability variables have a positive relationship and have a significant influence on the Company Value variable because each variable has a t-table value below the significance level of 0.05. Apart from that, the Product Quality variable can significantly moderate the influence of the Corporate Debt and Profitability variables on Company Value.

Keywords : *Company Debt, Profitability, Product Qualitiy, Company Value*

1. INTRODUCTION

A company is any form of business entity which is a gathering place for labor, capital, natural resources and entrepreneurship with the aim of obtaining maximum profit or profit. By getting maximum profit. So the company can maintain its survival and continue to grow and provide profitable returns for its owners in order to make the company owners prosperous. In today's increasingly competitive era of globalization, companies must increase their competitiveness both in the domestic market and in the international market to achieve the company's goals. so that the company must pay full attention to the company's operational and financial activities by employing experts or professionals to be positioned as managers or commissioners to manage the company. By placing expert and professional management in place, it is hoped that the company's performance will be more guaranteed and can survive and compete in the domestic and international markets(Putra & Gantino, 2021).

Company value can be defined as a reflection of the value of the assets owned by the company when they are sold. According to (Sartono, 2001)company value is defined as the price that potential investors are willing to pay if a company is to be sold. According to Maurice, quoted in (Rustendi, 2008), the value of the company is as follows: "Value of the firm is the price for which the firm can be sold, which equals the present value of future profits". Company value can be influenced by several factors, especially factors that are closely related to company finances. There are two factors that are closely related to finance, namely the debt factor and the company's financial performance factors. Company value is a reflection of the public's assessment of the company, which reflects the share price which is formed from supply and also from capital market demand. In general, management to achieve optimal company value is left to professionals because company value directly affects the welfare of shareholders if the share price in the entity can increase to the maximum (Anggraini, 2020). The efficiency of an entity can be calculated by shares. If share prices reflect all information about the company in the past, present and future, then an increase in share prices (company value) can be considered an indication of an efficient company (Gumanti, 2011).

Debt policy can be linked to company value. Debt policy is a company policy regarding how far a company uses debt funding. Debt is an important instrument for companies in meeting company needs. Some of the company's funds are funded by debt. The use of debt for a company has a sensitive influence on the level of company value. With debt, the higher the proportion of debt, the higher the company's share price, which means the higher the company value. However, debt that is too high can also reduce company value (Pratiwi, 2017). If the level of debt exceeds the proportion of debt set by the company, then the value of the company will decrease, because the benefits obtained from using debt are relatively small compared to the costs it incurs.

There are a number of studies that show debt has a positive relationship and has a significant effect on the Company Value variable, namely (Irwanto et al., 2019); (Togatorop & Susan, 2022); (Chandra & Budhidharma, 2022); (Dede et al., 2019); (Setyani, 2018) & (Putra & Gantino, 2021). Apart from debt policy. This research also uses company profitability which researchers believe can have a positive relationship and a significant influence on company value.

According to (Riny Chandra, 2017), profitability is the company's ability to generate profits from total assets, capital and sales. This will ensure the business continuity of a company so that from the start of a company's establishment, its main goal is to make a profit. The more an entity can earn large profits, the more it will influence the increase in share prices. Profitability which always increases will be followed by an increase in company value. Profitability measures the level of success or failure of a particular division for a certain period of time (Deriyarso, 2014). The prospects for a good corporate entity can be seen from its profitability which is not low so that positive responses are given by investors and therefore there is an increase in company value (Nadhilah et al., 2022).

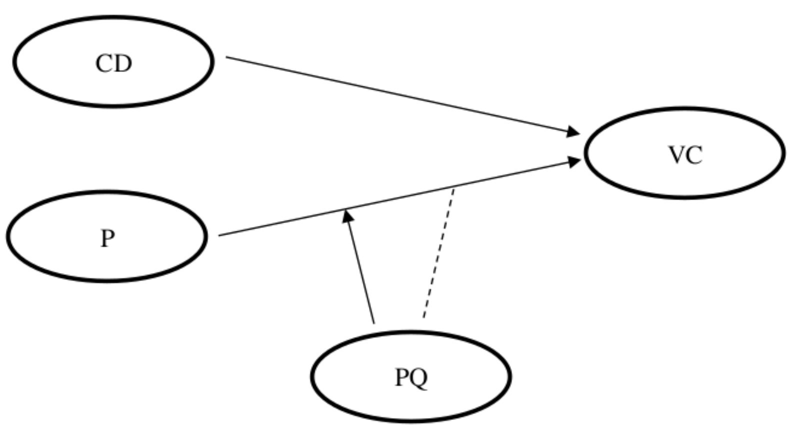
The relationship between sales, assets or the amount of assets and personal capital owned and whether or not a type of business is able to make a profit is called profitability (Herninta, 2019). The comparison ratio between the level of net profit after tax through personal capital is called Return on Equity (ROE) (Kasmir, 2016). The results of a good type of business activity are shown through an increase in ROE, which will attract investors' interest in investing their capital. ROE can be calculated through the ratio of net profit after tax to the equity invested by those who own shares in percentage form. The ROE formula is net profit after tax divided by the equity invested by shareholders(Horne, 2008).

There are a number of studies that show profitability variables have a positive relationship and significant influence on company value, namely (Putra & Gantino, 2021); (Nadhilah et al., 2022); (Sahyu & Maharani, 2023); (Harfani & Nurdiansyah, 2021) & (Deriyarso, 2014). Different from previous studies, this research uses the Product Qualitiy variable which researchers can strengthen the influence of the Debt and Profitability variables on Company Value.

2. RESEARCH METHODS

Quantitative research that has a numerical approach has its own suitability for research that uses numbers. Typically, quantitative research coexists with an exploratory approach, namely research that makes similar research into the most important source for discovering new variations. This research uses primary data which is distributed using a questionnaire method containing 28 question items on the variables Debt, Profitability, Company Value and Product Quality. The questionnaire, which contained 28 question items, was distributed by the company's Head of Finance, finance staff, and all employees concerned with finance at 50 companies spread throughout Indonesia. The questionnaire data consists of statements agree, strongly agree, normal/average, disagree, and strongly disagree. The data used in this research is secondary data which was distributed through a questionnaire method to the Head of Finance and Employees in the Kuangan field at PT. Sawit Lestari Group Benkgukulu, Pt. Sumber Andalas Kencana, PT. Sawit Sumbermas, and PT. Astra Agra Palm Oil which is spread throughout Indonesia. The data used in this research was analyzed using smart PLS 3.0 with the following model:

Figure 1
Mode Hypothesis



Noted:
CD: Company Debt

P: Profitabilitiy
V: Value Company
PQ: Product Qualitiy
Hypothesis:
1. The influence of Company Debt on Value Company
2. The influence of Profitabilitiy on Value Company
3. Product Qualitiy can moderates of Company Debt on Value Company
4. Product Qualitiy can moderates of Profitabilitiy on Value Company

3. RESULT AND DISCUSSION

3.1.Result

Convergent Validity

Convergent Validity is an instrument that is useful for validating the 28 question items asked in this research which include 8 question items for the Company Debt variable, 8 question items for the Profitability variable, 6 question items for the Product Quality variable, and 6 question items for the Company Value variable(Ghozali, 2016).

Table 1
Convergent Validity

Variable	Question Item	Loading Factor
Company Debt (X1)	Debt is a solution for companies when they experience financial problems	0.899
	Debt is not too risky if it can be managed well	0.842
	Using debt as business development is a wise action	0.831
	The company's ability to pay off debt	0.822
	Previous businesses were successful and made big profits even though they had to go into debt first	0.819
	Even though the company has high profits, there is no problem with debt if it can develop other projects to get higher profits	0.845
	The company's dependence on debt, especially in financing large projects	0.855
	Debt is normal and understandable in a	0.821

	company	
Profitability (X2)	Company profits are always stable	0.889
	Company profits almost always increase	0.878
	The company's minimum profit threshold is still capable of completing all of the company's obligations	0.856
	Company profits can be used to compensate employees who have provided services	0.863
	Company profits are used as well as possible	0.871
	Company profits are the breath of the company	0.877
	Company profits must continue to be increased	0.859
Product Qualityy (Z)	The quality of the COMPANY's CPO is better than competitors	0.910
	CPO price goes hand in hand with quality	0.911
	FFA power is better than competitors	0.908
	The processing area is cleaner, resulting in better products	0.907
	Because the product quality is good, more and more buyers come	0.915
	Profits go hand in hand with product quality	0.920
Value Company (Y)	The company has good local capital	0.888
	The company has good foreign capital	0.879
	The income ratio is much greater than expenditure	0.876
	Always successful in completing obligations	0.905
	Be an example for other companies	0.885
	The employees are	0.910

	prosperous	

Data processed by researcher, 2023
Valid : > 0.70

Realibility Test

After ensuring that the 27 question items from 4 variables can be validated, the next process is the Reliability Test by knowing the true value of a construct and the lower value of a construct or often known as Composite Reliability and Cronbach Alpha as follows(Sarstedt et al., 2014):

Table 2
Realibility Test

Variable	Composite Realibility	Cronbach Alfa
Company Debt	0.850	0.810
Profitabilitiy	0.870	0.830
Product Quality	0.930	0.890
Company Value	0.890	0.850

Data processed by researcher, 2023
Reliable > 0.70

Path Coefisien

After ensuring with certainty that each question item is valid and the 4 variables are reliable. So then we move on to the path coefficient stage which functions to determine the direction of the relationship between the independent variable and the dependent variable, whether positive or negative, to find out whether the independent variable has an effect on the dependent variable or not, and to find out whether the moderating variable can strengthen the influence of the dependent variable on the independent variable.

Table 3
Path Coefisien

	Variable	T-Table	Noted
Direct Influence	CD -) CV	0.017	Acceptable
	P-) CV	0.008	Acceptable
Indirect Influence	PQ*-) CD -) CV	0.000	Acceptable
	PQ*-) P-) CV	0.000	Acceptable

Data processed by researcher, 2023
Level of Significance : 0.05

H1: The influence of Company Debt on Value Company

Corporate debt is a solution for companies to solve financial problems, develop the company, and stabilize the process. In accordance with this statement and the results of the table above, it can be concluded concretely and convincingly that the Company Debt variable has a positive relationship direction and has a significant influence on company value. This is in line with research (Irwanto et al., 2019); (Togatorop & Susan, 2022); (Chandra & Budhidharma, 2022); (Dede et al., 2019); (Setyani, 2018) & (Putra & Gantino, 2021). Thus, the first hypothesis in this research can be accepted.

H2: The influence of Profitabilitiy on Value Company

Profitability is the heart of a company that must be achieved by a company in order to fulfill its obligation and achieve greater achievements. Based on the results of table 3 of the path coefficients above, it can be concluded that the Profitability variable has a positive relationship and has a significant influence on the variable because the t-table value is positive and its value is below the significance level of 0.008, namely 0.000. This is in line with research (Putra & Gantino, 2021); (Nadhilah et al., 2022); (Sahyu & Maharani, 2023); (Harfani & Nurdiansyah, 2021) & (Deriyarso, 2014).. Thus, it can be concluded that the second hypothesis in this research can be **accepted**.

H3: Product Qualitiy can moderates of Company Debt on Value Company

Even though it has good finances and adequate profits, a company must also have extraordinary product quality so that profits can be increased and finances more stable. Based on the results of table 3 of the path coefficients above, it can be concluded that the Product Quality variable can moderate the influence of Company Debt on Company Value because the direction is positive and is below the 0.05 significance level, namely 0.000. There is even a quite significant shift in the value from direct testing, namely from 0.017 to 0.000. Thus, the third hypothesis in this research can be **accepted.**

H4: Product Qualitiy can moderates of Profitabilitiy on Value Company

Even though it has good finances and adequate profits, a company must also have extraordinary product quality so that profits can be increased and finances more stable. Based on the results of table 3 of the path coefficients above, it can be concluded that the Product Quality variable can moderate the influence of Profitability on Company Value because the direction is positive and is below the 0.05 significance level, namely 0.000. There is even a quite significant shift in the value from direct testing, namely from 0.008 to 0.000. Thus the fourth hypothesis in this research can be accepted.

4. CONCLUSION

Based on the results of the presentation above, it can be concluded that the Corporate Debt and Profitability variables have a positive relationship and have a significant influence on the Company Value variable because each variable has a t-table value below the significance level of 0.05. Apart from that, the Product Quality variable can significantly moderate the influence of the Corporate Debt and Profitability variables on Company Value. Simply put, measurable and well-managed debt and adequate profits from a company can increase company value. The value of the company will be further increased if measurable debt and adequate profits are accompanied by good product quality.

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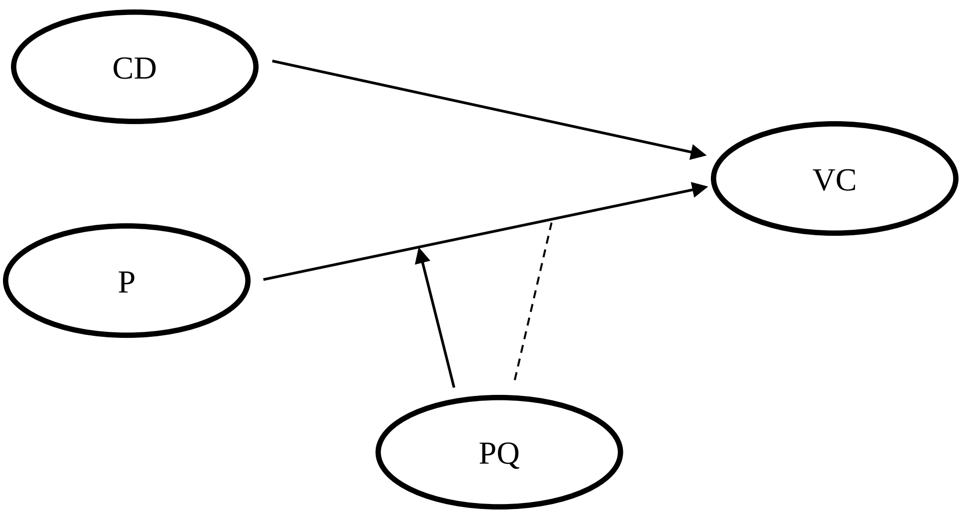

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2. The influence of Profitabilitiy on Value Company
3. Product Qualitiy can moderates of Company Debt on Value Company
4. Product Qualitiy can moderates of Profitabilitiy on Value Company

3. RESULT AND DISCUSSION

3.1.Result

Convergent Validity

Convergent Validity is an instrument that is useful for validating the 28 question items asked in this research which include 8 question items for the Company Debt variable, 8 question items for the Profitability variable, 6 question items for the Product Quality variable, and 6 question items for the Company Value variable(Ghozali, 2016).

Table 1
Convergent Validity

Variable	Question Item	Loading Factor
Company Debt (X1)	Debt is a solution for companies when they experience financial problems	0.899
	Debt is not too risky if it can be managed well	0.842
	Using debt as business development is a wise action	0.831
	The company's ability to pay off debt	0.822
	Previous businesses were successful and made big profits even though they had to go into debt first	0.819
	Even though the company has high profits, there is no problem with debt if it can develop other projects to get higher profits	0.845
	The company's dependence on debt, especially in financing large projects	0.855
	Debt is normal and understandable in a company	0.821

Profitability (X2)	Company profits are always stable	0.889
	Company profits almost always increase	0.878
	The company's minimum profit threshold is still capable of completing all of the company's obligations	0.856
	Company profits can be used to compensate employees who have provided services	0.863
	Company profits are used as well as possible	0.871
	Company profits are the breath of the company	0.877
	Company profits must continue to be increased	0.859
Product Qualityy (Z)	The quality of the COMPANY's CPO is better than competitors	0.910
	CPO price goes hand in hand with quality	0.911
	FFA power is better than competitors	0.908
	The processing area is cleaner, resulting in better products	0.907
	Because the product quality is good, more and more buyers come	0.915
	Profits go hand in hand with product quality	0.920
Value Company (Y)	The company has good local capital	0.888
	The company has good foreign capital	0.879
	The income ratio is much greater than expenditure	0.876
	Always successful in completing obligations	0.905
	Be an example for other companies	0.885
	The employees are prosperous	0.910

Data processed by researcher, 2023

Valid : > 0.70

Realibility Test

After ensuring that the 27 question items from 4 variables can be validated, the next process is the Reliability Test by knowing the true value of a construct and the lower value of a construct or often known as Composite Reliability and Cronbach Alpha as follows(Sarstedt et al., 2014):

Table 2

Realibility Test

Variable	**Composite Realibility**	**Cronbach Alfa**
Company Debt	0.850	0.810
Profitabilitiy	0.870	0.830
Product Quality	0.930	0.890
Company Value	0.890	0.850

Data processed by researcher, 2023

Reliable > 0.70

Path Coefisien

After ensuring with certainty that each question item is valid and the 4 variables are reliable. So then we move on to the path coefficient stage which functions to determine the direction of the relationship between the independent variable and the dependent variable, whether positive or negative, to find out whether the independent variable has an effect on the dependent variable or not, and to find out whether the moderating variable can strengthen the influence of the dependent variable on the independent variable.

Table 3

Path Coefisien

<table>
<tr><td rowspan="3">Direct Influence</td><td>Variable</td><td>T-Table</td><td>Noted</td></tr>
<tr><td>CD -) CV</td><td>0.017</td><td>Acceptable</td></tr>
<tr><td>P-) CV</td><td>0.008</td><td>Acceptable</td></tr>
<tr><td rowspan="2">Indirect Influence</td><td>PQ*-) CD -) CV</td><td>0.000</td><td>Acceptable</td></tr>
<tr><td>PQ*-) P-) CV</td><td>0.000</td><td>Acceptable</td></tr>
</table>

Data processed by researcher, 2023

Level of Significance : 0.05

H1: The influence of Company Debt on Value Company

Corporate debt is a solution for companies to solve financial problems, develop the company, and stabilize the process. In accordance with this statement and the results of the table above, it can be concluded concretely and convincingly that the Company Debt variable has a positive relationship direction and has a significant influence on company value. This is in line with research (Irwanto et al., 2019); (Togatorop & Susan, 2022); (Chandra & Budhidharma, 2022); (Dede et al., 2019); (Setyani, 2018) & (Putra & Gantino, 2021). Thus, the first hypothesis in this research can be **accepted**.

H2: The influence of Profitabilitiy on Value Company

Profitability is the heart of a company that must be achieved by a company in order to fulfill its obligations and achieve greater achievements. Based on the results of table 3 of the path coefficients above, it can be concluded that the Profitability variable has a positive relationship and has a significant influence on the variable because the t-table value is positive and its value is below the significance level of 0.008, namely 0.000. This is in line with research (Putra & Gantino, 2021); (Nadhilah et al., 2022); (Sahyu & Maharani, 2023); (Harfani

& Nurdiansyah, 2021) & (Deriyarso, 2014).. Thus, it can be concluded that the second hypothesis in this research can be **accepted**.

H3: Product Qualitiy can moderates of Company Debt on Value Company

Even though it has good finances and adequate profits, a company must also have extraordinary product quality so that profits can be increased and finances more stable. Based on the results of table 3 of the path coefficients above, it can be concluded that the Product Quality variable can moderate the influence of Company Debt on Company Value because the direction is positive and is below the 0.05 significance level, namely 0.000. There is even a quite significant shift in the value from direct testing, namely from 0.017 to 0.000. Thus, the third hypothesis in this research can be **accepted.**

H4: Product Qualitiy can moderates of Profitabilitiy on Value Company

Even though it has good finances and adequate profits, a company must also have extraordinary product quality so that profits can be increased and finances more stable. Based on the results of table 3 of the path coefficients above, it can be concluded that the Product Quality variable can moderate the influence of Profitability on Company Value because the direction is positive and is below the 0.05 significance level, namely 0.000. There is even a quite significant shift in the value from direct testing, namely from 0.008 to 0.000. Thus the fourth hypothesis in this research can be accepted.

4. CONCLUSION

Based on the results of the presentation above, it can be concluded that the Corporate Debt and Profitability variables have a positive relationship and have a significant influence on the Company Value variable because each variable has a t-table value below the significance level of 0.05. Apart from that, the Product Quality variable can significantly moderate the influence of the Corporate Debt and Profitability variables on Company Value. Simply put, measurable and well-managed debt and adequate profits from a company can increase company value. The value of the company will be further increased if measurable debt and adequate profits are accompanied by good product quality.

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