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The Effect of Profitability and Liquidity on Firm Value in Sub Manufacturing Companies Animal Feed Sector 2016-2020

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Abstract

This study aims to determine the effect of Profitability and Liquidity on Firm Value. The independent variables (X) studied are Profitability (X_1) and Liquidity (X_2) with the dependent variable (Y) being Firm Value (Y). The population used in this research is the Animal Feed Sub-Sector Manufacturing companies listed on the Indonesia Stock Exchange as many as 4 companies during 2016-2020. The sample selection used a purposive sampling technique which produced a sample of 20 samples. The data analysis technique used in this study is multiple linear regression analysis. The tests used are the normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. Hypothesis testing using the coefficient of determination, partial test (t), and simultaneous test (F). Based on the test results, it can be concluded that profitability has a significant effect on firm value, liquidity has no significant effect on firm value, and profitability and liquidity simultaneously have a significant effect on firm value in manufacturing companies in the animal feed sub-sector in 2016-2020. Researchers provide advice to companies to continue to improve and improve financial performance to be able to increase the company's ability to generate value for the company so that it is more efficient and effective. Suggestions for investors, namely investors before deciding to invest in a company should pay attention to the level of performance of a company and consider other factors that affect the value of the company. And for other researchers, it is suggested to use other variables that affect firm value.

Keywords: profitability, liquidity, firm value

INTRODUCTION

Competition in the world of business and business is getting tougher and global, the current uncertain economic situation makes companies must have the ability to survive. Efforts must be made by implementing various strategic policies that produce efficiency and effectiveness for the company. In general, the value of a company is a description of the condition of the company, whether the company is in good condition or not. Firm value is the investor's perception of the company's level of success, which is often associated with stock prices. High stock prices make the company value also high, and increase market confidence not only in the company's current performance but also in the company's prospects in the future. A high company value will make an investor's trust in the company's value increase. There are several factors in determining the value of a company, namely the profitability ratio and the liquidity ratio.

Profitability is a company's ability to manage capital for operational activities to generate profits. According to Kasmir (2017: 196), the profitability ratio is a ratio to assess a company's ability to make a profit. Profitability is a major concern for investors. Good profitability conditions will encourage investors to invest in a company.

Liquidity is a company's ability to meet its short-term obligations which must be met immediately by using the current assets it has. Companies with a high level of liquidity prefer to use internal funds. This is because the use of internal funds means that the company has a low debt level. A low debt level, will have a good impact on creditors who will invest in the company.

Formulation of the problem

1. Does profitability affect company value in animal feed sub-sector manufacturing companies in 2016-2020?
2. Does liquidity affect company value in animal feed sub-sector manufacturing companies in 2016-2020?
3. Do profitability and liquidity simultaneously affect firm value in manufacturing companies in the animal feed sub-sector in 2016-2020?

LITERATURE REVIEW

1. Corporate Values

Firm value is an investor's perception of the level of success of managers in managing the company's resources entrusted to them which is often associated with stock prices. Firm value is very important for the company because an increase in company value will be followed by an increase in share price which reflects an increase in shareholder prosperity.

According to Hery (2017: 5) company value is a certain condition that has been achieved by a company as an illustration of public trust in the company after going through a process of activity for several years, starting from when the company was founded until now. According to Silvia Indrarini (2019: 2) company value is an investor's perception of the level of success of managers in managing the company's resources entrusted to them which is often associated with stock prices.

According to Harmono (2017: 114), several indicators are used to assess companies consisting:

a. *Price Earning Ratio* (PER)

PER (Price Earning Ratio) is the amount of capital or money that investors are willing to spend to gain profit.

PER can be calculated by the following formula:

$$\text{PER} = \frac{\textit{Price Per Share}}{\textit{Earnings Per Share}}$$

b. *Price to Book Value Ratio* (PBV)

PBV (Price to Book Value Ratio) or in Indonesian it can be called the price to book value ratio is used to compare a company's market capitalization with its own (company) book value.

PBV can be calculated by the following formula:

$$\text{PBV} = \frac{\textit{Price Per Share}}{\textit{Book value share}}$$

2. Profitability

According to Pirmatua Sirait (2017: 139), the definition of Profitability is the company's ability to earn comprehensive profits and convert sales into profits and cash flow.

Kasmir (2017: 196) defines the Profitability Ratio is a ratio to assess a company's ability to make a profit.

Based on the opinions of several experts above, it can be concluded that the Profitability Ratio is the ratio used as a benchmark to determine the extent to which a company can generate profits from the activities it carries out.

According to Lela Nurlaela Wati (2019:27), there are several profitability indicators that are commonly used, including the following:

a. *Return On Assets* (ROA)

Return on assets is a ratio that shows how much the contribution of assets in creating net income. In other words, this ratio is used to measure how much net profit will be generated from each rupiah of funds embedded in total assets (Hery, 2018: 193).

ROA can be calculated by the following formula:

$$\text{ROA} = \frac{Net\ Profit\ after\ tax}{Total\ Assets}$$

b. *Return On Equity* (ROE)

According to Kasmir (2018: 204) Return on Equity (ROE) or profitability of own capital, is a ratio for measuring net profit after tax with own capital.

ROE can be calculated by the following formula:

$$\text{ROE} = \frac{Net\ Profit\ After\ Tax}{Ekuity}$$

3. Likuidity

Liquidity shows the company's ability to meet its financial obligations that must be met immediately, or the company's ability to meet financial obligations when billed (Munawir in Satriana, 2017:18).

Liquidity is one of the factors that determine the success or failure of a company. Provision of cash needs and sources to meet these needs determine the extent to which the company bears the risk.

According to Kasmir (2019: 129) there are several indicators that can be used to measure liquidity, namely:

a. Current Ratio

This ratio is called the current ratio which is used to measure a company's ability to meet short-term obligations using current assets (Kasmir, 2019: 134).

This ratio can be calculated by the formula:

$$\text{Current Ratio} = \frac{Current\ asset}{Current\ Liabilities}$$

b. Quick Ratio

This ratio is called the quick ratio which is used to measure a company's ability to pay current debt without taking into account the value of inventory. So inventory is ignored by subtracting the total current assets (Kasmir, 2019: 137).

$$Quick\ Ratio = \frac{Aktiva\ Lancar - Persedian}{Kewajiban\ Lancar}$$

c. *Cash Ratio*

This ratio is called the cash ratio which is used to measure how much cash is available to be used to pay short-term obligations (Kasmir, 2019: 138).

RESEARCH METHODS

Location and Research object

This research was conducted on the Indonesia Stock Exchange for Animal Feed Sub-Sector Manufacturing Companies listed on the Indonesia Stock Exchange for 2016-2020 which were accessed via the internet on the website www.idx.co.id.

Population and Sample

The population used in this research is the Animal Feed Sub-Sector Manufacturing companies listed on the Indonesia Stock Exchange for the 2016-2020 period as many as 4 companies. The sampling procedure used in this research is non-probability with purposive sampling technique. Purposive Sampling is a way of taking samples based on certain criteria.

RESULTS AND DISCUSSION

1. Deskriptif Analysis

Descriptive statistical analysis aims to describe data that can be seen from the mean, standard deviation, variance, sum, range, minimum, maximum, kurtosis, and distribution skew. This is the process of analyzing population data by describing the data. Good data is reasonable data. It is said to be reasonable if the data is greater than the standard deviation. The following are the results of the descriptive analysis of the research variables:

Table 1.
Development of Profitability, Liquidity and Company Value
PT Charoen Pokphand Indonesia Tbk (CPIN) Years 2016-2020

	2016	2017	2018	2019	2020	Mean	Std Deviation
ROA	9%	10%	16%	12%	12%	12%	2,8%
ROE	16%	16%	24%	17%	16%	18%	3,5%
Cur_Rat	211%	234%	298%	250%	253%	249%	31,9%
Qui_Rat	125%	119%	168%	146%	146%	141%	19,5%
Cash_Rat	45%	35%	59%	38%	50%	45%	9,6%
PER	22,9%	19,7%	26%	29,3%	27,9%	25,2%	3,9%
PBV	3,6%	3,1%	6,1%	5,1%	4,6%	4,5%	1,2%

Source: processed data, 2022

Based on the data above, the company PT. Charoen Pokphand Indonesia (CPIN) shows that the development of Return On Assets (ROA), Return On Equity (ROE), Current Ratio, Quick Ratio, Cash Ratio, Price Earning Ratio (PER), and Price to The Book Value Ratio (PBV) during 2016-2020 experienced fluctuations, where the average Return On Assets (ROA) was 12% with a standard deviation of 2.8%. Return On Equity (ROE) of 18% with a standard deviation of 3.5%. The Current Ratio is 249% with a standard deviation of 31.9%. The Quick Ratio is 141% with a standard deviation of 19.5%. Cash Ratio of 45% with a standard deviation of 9.6%. The Price Earning Ratio (PER) is 25.2% with a standard deviation of 3.9%. The Price to Book Value Ratio (PBV) is 4.5% with a standard deviation of 1.2%.

Table 2.
Development of Profitability, Liquidity and Company Value
PT Japfa Comfeed Indonesia Tbk (JPFA) Years 2016-2020

	2016	2017	2018	2019	2020	Mean	Std Deviation
ROA	11%	5%	10%	7%	5%	8%	2,9%
ROE	23%	11%	22%	16%	11%	17%	5,8%
Cur_Rat	207%	235%	180%	173%	196%	198%	24,3%
Qui_Rat	107%	100%	67%	65%	81%	84%	19,1%
Cash_Rat	52%	34%	16%	13%	22%	28%	15,9%
PER	7,7%	14,8%	11,5%	10,2%	18,5%	12,5%	4,2%
PBV	1,8%	1,5%	2,5%	1,6%	1,5%	1,8%	0,4%

Source: processed data, 2022

Based on the data above, the company PT Japfa Comfeed Indonesia Tbk (JPFA) shows that the development of Return On Assets (ROA), Return On Equity (ROE), Current Ratio, Quick Ratio, Cash Ratio, Price Earning Ratio (PER), and Price to The Book Value Ratio (PBV) during 2016-2020 experienced fluctuations, where the average Return On Assets (ROA) was 8% with a standard deviation of 2.9%. Return On Equity (ROE) of 17% with a standard deviation of 5.8%. The Current Ratio is 198% with a standard deviation of 24.3%. The Quick Ratio is 84% with a standard deviation of 19.1%. Cash Ratio of 28% with a standard deviation of 15.9%. The Price Earning Ratio (PER) is 12.5% with a standard deviation of 4.2%. The Price to Book Value Ratio (PBV) is 1.8% with a standard deviation of 0.4%.

Table 3.
Development of Profitability, Liquidity and Company Value
PT Malindo Feedmill Tbk (MAIN) Years 2016-2020

	2016	2017	2018	2019	2020	Mean	Std Deviation
ROA	8%	1%	7%	3%	1%	4%	3,1%
ROE	17%	3%	15%	8%	2%	9%	7%
Cur_Rat	117%	87%	164%	118%	120%	121%	27,5%
Qui_Rat	83%	53%	94%	67%	67%	73%	15,9%
Cash_Rat	11%	9%	13%	7%	11%	10%	2,3%
PER	14,1%	47,6%	11%	14,8%	43,5%	26,2%	17,8%
PBV	2,2%	1,2%	1,6%	1,1%	0,8%	1,4%	0,5%

Source: processed data, 2022

Based on the data above, the company PT Malindo Feedmill Tbk (MAIN) shows that the development of Return On Assets (ROA), Return On

Equity (ROE), Current Ratio, Quick Ratio, Cash Ratio, Price Earning Ratio (PER), and Price to Book The Value Ratio (PBV) during 2016-2020 experienced fluctuations, where the average Return On Assets (ROA) was 4% with a standard deviation of 3.1%. Return On Equity (ROE) of 9% with a standard deviation of 7%. The Current Ratio is 121% with a standard deviation of 27.5%. The Quick Ratio is 73% with a standard deviation of 15.9%. Cash Ratio of 10% with a standard deviation of 2.3%. The Price Earning Ratio (PER) is 26.2% with a standard deviation of 17.8%. The Price to Book Value Ratio (PBV) is 1.4% with a standard deviation of 0.5%.

Table 4.
Development of Profitability, Liquidity and Company Value
PT Sreeya Sewu Indonesia Tbk (SIPD) Years 2016-2020

	2016	2017	2018	2019	2020	Mean	Std Deviation
ROA	1%	16%	1%	3%	1%	4%	6,5%
ROE	1%	45%	3%	9%	3%	12%	18,5%
Cur_Rat	139%	109%	110%	118%	108%	117%	13%
Qui_Rat	98%	72%	72%	87%	71%	80%	12,1%
Cash_Rat	37%	23%	18%	25%	15%	24%	8,5%
PER	68%	3,5%	53,9%	14,2%	60,1%	39,9%	29,1%
PBV	0,8%	1,6%	1,6%	1,2%	1,8%	1,4%	0,4%

Source: processed data, 2022

Based on the data above, the company PT Sreeya Sewu Indonesia Tbk (SIPD) shows that the development of Return On Assets (ROA), Return On Equity (ROE), Current Ratio, Quick Ratio, Cash Ratio, Price Earning Ratio (PER), and Price to The Book Value Ratio (PBV) during 2016-2020 experienced fluctuations, where the average Return On Assets (ROA) was 4% with a standard deviation of 6.5%. Return On Equity (ROE) of 12% with a standard deviation of 18.5%. The Current Ratio is 117% with a standard deviation of 13%. The Quick Ratio is 80% with a standard deviation of 12.1%. Cash Ratio of 24% with a standard deviation of 8.5%. The Price Earning Ratio (PER) is 39.9% with a standard deviation of 29.1%. The Price to Book Value Ratio (PBV) is 1.4% with a standard deviation of 0.4%.

2. Classic Assumption Test

In this study, researchers will carry out 4 tests, namely the normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test.

2.1 Normality Test

The data normality test is used to test whether the residual or confounding variables in the regression model are normally distributed or not. Data or variables can be said to be normally distributed if the significance value in the Kolmogorov-Smirnov table is above 0.05 or 5%. The following are the results of the normality test for all research variables.

One-Sample Kolmogorov-Smirnov Test	
	Unstandardized Residual
N	20
Test Statistic	0.107
Asymp. Sig. (2-tailed)	0.200[c.d]

Figure 1. Normality Test

Based on the results of the analysis, it can be concluded that the processed data is normally distributed data because the significance value is 0.200 > 0.05, so the normality test is fulfilled.

2.2 Multikolinerity Test

The multicollinearity test was used to see whether the regression model found a relationship between the independent variables. A good regression model should have no influence between independent variables with a tolerance value > 0.10 and a VIF value < 10.

Variable	Tolerance	VIF	Conclusion
Profitability (X_1)	0.879	1.137	Free from multicollinearity symptoms
Likuidity (X_2)	0.879	1.137	Free from multicollinearity symptoms

Figure 2. Multikolinerity Test

Based on the results of the analysis, it is stated that multicollinearity does not occur because the tolerance value is > 0.10 and the VIF value is < 10, namely the profitability and liquidity tolerance value is 0.879. The VIF value of profitability and liquidity is 1,137.

2.3 Heteroscedasticity Test

The heteroscedasticity test aims to prove whether there is residual variance from one observation to another in the regression model. A good model is a model where heteroscedasticity does not occur, namely the data does not create rules and is distributed above or below 0. The following are the results of the heteroscedasticity test via a scatterplot graph:

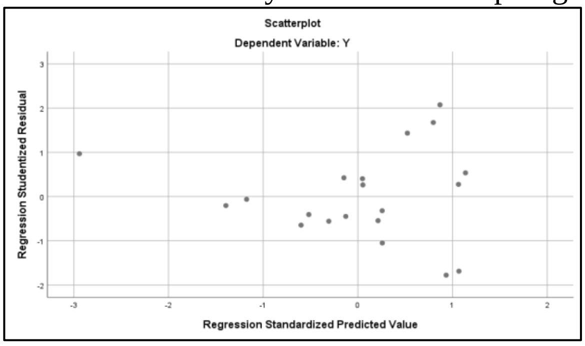

Figure 3. Heteroscedasticity Test

Based on the results of the analysis above where the data processing result points are distributed above and below the origin point. The data points do not form any pattern. Thus, it can be concluded that the regression equation is free from heteroscedasticity symptoms.

2.4 Autocorrelation Test

The autocorrelation test aims to test whether in the regression model there is a correlation between usage errors in period t and user errors in period t-1 in the regression model. To test whether there are autocorrelation symptoms, you can use the Runs Test. The following are the results of the autocorrelation test with the Runs Test.

Runs Test	
	Unstandardized Residual
Z	-0.230
Asymp. Sig. (2-tailed)	0.818

Figure 4. Autocorrelation Test

The criterion in the Runs test is if the significance value is > 0.05 then it is free from autocorrelation symptoms. Based on table 4.7 that the value of Asymp.Sig. is 0.818 > 0.05, it means that there are no symptoms of autocorrelation.

3. Multiple Linear Regression Analysis

3.1 Profitability Against Company Value

The partial effect of Profitability on Firm Value in Animal Feed Sub-Sector Manufacturing companies listed on the Indonesia Stock Exchange for the 2016-2020 period, can be described as follows:

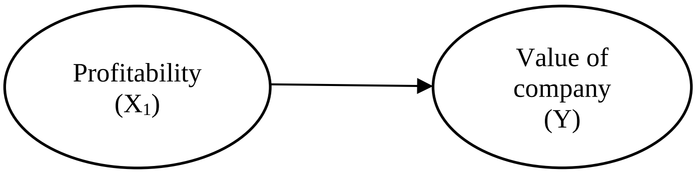

Figure 5. Variable Constellation X_1 to Y

Source: processed data, 2022

$$\mathbf{Y = \alpha + \beta x_1 + e_i}$$
$$\mathbf{Y = 35{,}759 + (-0{,}654)\, X_1 + e_i}$$
$$\mathbf{R^2 = 0{,}317}$$
$$\mathbf{T_{count} = -2{,}893}$$
$$\mathbf{t_{table(n-1)} = 1{,}729}$$

Based on the above analysis, the tcount is -2.893 and when compared to the ttable value of 1.729 it can be stated that $t_{count} > t_{table}$ means a significant effect, so it can be stated that the profitability variable has a significant effect on firm value. The coefficient of determination has an R2 value of 0.317 if the percentage is 31.7%. These results indicate that 31.7%

of the profitability variable has a partial effect on firm value and the remaining 68.3% is influenced by other factors.

3.2 Liquidity Against Company Value

The partial effect of Liquidity on Firm Value in Animal Feed Sub-Sector Manufacturing companies listed on the Indonesia Stock Exchange for the 2016-2020 period, can be described as follows:

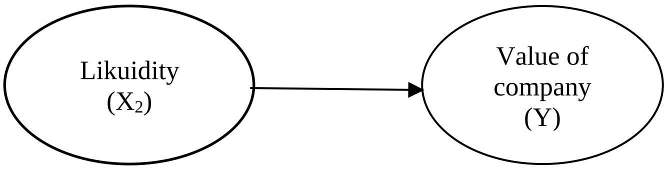

Figure 6. Variable Constellation X_2 to Y

Source: processed data, 2022

$$Y = \alpha + \beta x_2 + e_i$$
$$Y = 28,884 + (-0,174)\ X_2 + e_i$$
$$R^2 = 0,001$$
$$T_{count} = -0,098$$
$$t_{table(n-1)} = 1,729$$

Based on the analysis above, the tcount is -0.098 and when compared to the ttable value of 1.729 it can be stated that tcount <ttable means that it has no significant effect, so it can be stated that the liquidity variable has no significant effect on firm value. The coefficient of determination has an R2 value of 0.001 if the percentage is 0.1%. These results indicate that 0.1% of the liquidity variable has a partial effect on firm value and the remaining 99.9% is influenced by other factors.

3.3 Profitability and Liquidity Against Company Value

The Effect of Profitability and Liquidity on Firm Value in Animal Feed Sub-Sector Manufacturing companies listed on the Indonesia Stock Exchange for the 2016-2020 period, can be described as follows:

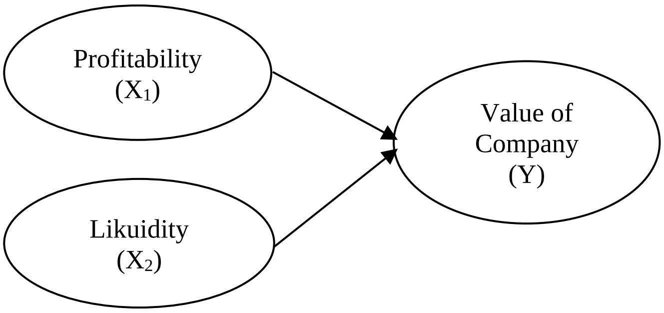

Figure 7. Variable Constellation X_1 and X_2 to Y

Source: processed data, 2022

$$Y = \alpha + \beta x_1 + \beta x_2 + e_i$$
$$Y = 44,020 + (-0,754)\ X_1 + (-1,878)\ X_2 + e_i$$
$$R^2 = 0,298$$
$$F_{count} = 5,031$$
$$F_{table(n-2)} = 3,55$$

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Based on the above analysis, the Fcount value is 5.031 with a significance level of 0.019 and Ftable of 3.55. So from these data it is known that the Fcount value is greater than Ftable (5.031 > 3.55), and the significance value of 0.019 is less than 0.05 (0.019 <0.05). Then the results for testing h0 are rejected and ha is accepted, so it can be concluded that profitability and liquidity simultaneously affect company value in Animal Feed Sub-Sector Manufacturing companies listed on the Indonesia Stock Exchange in 2016-2020. Adjusted R square (R2) value is 0.298, which means that 29.8% of the firm value variable can be explained by the two independent variables consisting of profitability and liquidity, while the remaining 70.2% of the firm value variable is influenced by other variables not included in the research model. this.

4. Hypothesis Testing

Pengujian hipotesis dalam penelitian ini bertujuan untuk mengetahui ada atau tidaknya pengaruh profitabilitas dan likuiditas terhadap nilai perusahaan secara parsial dan simultan. Hasil pengujian hipotesis dapat dilihat pada tabel berikut:

Tabel 5. Hasil Pengujian Hipotesis

Hypothesis	R^2	t_{count}	t_{table}	Sig	Information
$X_1 \rightarrow Y$	**0,317**	**-2,893**	**1,729**	**0,010**	**Significant**
$X_2 \rightarrow Y$	**0,001**	**-0,098**	**1,729**	**0,923**	**Not Significant**
$X_1, X_2 \rightarrow Y$	**R^2**	**F_{hitung}**	**F_{tabel}**	**0,019**	**Significant**
	0,298	**5,031**	**3,55**		

Source: processed data, 2022

Based on the table above, the results of hypothesis testing can be explained as follows:

1. The first hypothesis (H1) is accepted, it can be seen that the tcount value is -2.893 with a significance level of 0.010 meaning that tcount > ttable (-2.893 > 1.729) and probability < significance level (0.010 <0.05) indicates that the profitability variable partially has a significant effect on the value companies in the Animal Feed Sub-Sector Manufacturing Companies listed on the Indonesia Stock Exchange in 2016-2020, with an R2 value of 0.317 in other words profitability has an effect of 31.7% on company value while the remaining 68.3% is influenced by other factors.
2. Hypothesis Two (H2) is rejected, it can be seen that the tcount value is -0.098 with a significance level of 0.923 meaning that tcount < ttable (-0.098 < 1.729) and probability < significance level (0.923 > 0.05) indicates that the liquidity variable partially has no significant effect on company value in Animal Feed Sub-Sector Manufacturing Companies listed on the Indonesia Stock Exchange for 2016-2020, with an R2 value of 0.001, in other words liquidity has an effect of 0.1% on company value while the remaining 99.9% is influenced by other factors.
3. Hypothesis Three (H3) is accepted, it can be seen that the Fcount value is 5.031 with a significance level of 0.019 meaning that Fcount > Ftable (5.031 > 3.55) and probability < level of significance (0.019 <0.05) indicates that the variables Profitability and Liquidity simultaneously have a significant effect to Company Value in Animal Feed Sub-Sector Manufacturing

Companies listed on the Indonesia Stock Exchange in 2016-2020. The coefficient of determination obtained an R2 value of 0.298 which means that profitability and liquidity affect the firm value variable by 29.8% while the remaining 70.2% is influenced by other factors not explained in this study.

5. Results and Discussion

5.1 Effect of Profitability on Firm Value

Based on the research results, it has been shown that profitability partially has a significant effect on firm value, this is theoretically proven according to V. Wiratna Sujarweni (2017: 64), who suggests that the profitability ratio is the ratio used to measure a company's ability to earn profits, its relationship with sales, assets as well as profits and own capital, with a high level of profitability in manufacturing companies in the animal feed sub-sector, it will increase the company's value, high company value will create investor confidence in the company's value which will increase.

Based on research that has been carried out, the highest profitability value indicator is in Return On Equity (ROE), which is a profitability ratio to assess a company's ability to generate profits from the investment of company shareholders. The company's Return On Equity (ROE) value can be increased by increasing total equity and net income. Then it is necessary to effectively and efficiently manage all equity so that the profit generated will be greater.

5.2 Effect of Liquidity on Firm Value

Based on the results of the study, it has been shown that liquidity partially has no significant effect on firm value, this can occur because the value of liquidity development over five years in animal feed sub-sector manufacturing companies can be said to be unfavorable. The results of this study do not support Wild's theory, et.al in Fatmawati (2017:22), which suggests that liquidity refers to a company's ability to meet its short-term obligations. Liquidity is one of the factors that determine the success or failure of a company. Liquidity in theory is positively related to firm value. The higher the liquidity, the higher the firm value and conversely, the lower the liquidity, the lower the firm value.

Based on the research that has been done, there are two liquidity indicators whose values are below the average industry standard, namely the Quick Ratio and Cash Ratio indicators. The industry average for the quick ratio is 1.5 times or 150% and the industry average for the cash ratio is 50%, therefore companies in the animal feed sub-sector need to increase the value of the Quick Ratio and Cash Ratio.

5.3 Effect of Profitability and Liquidity on Firm Value

Based on the results of the study, it has been shown that profitability and liquidity simultaneously have a significant effect on firm value. This means that it indicates that the company's ability to generate high profits for shareholders is reflected in high profitability so that it can affect firm value in manufacturing companies in the animal feed sub-sector as well with liquidity the higher the liquidity the firm value will be high. High cash capacity will have an impact on the ability of the company's short-term liabilities and have a positive impact on company value in manufacturing companies in the animal feed sub-sector.

Profitability and liquidity are closely related to each other, if the level of profitability and liquidity levels decreases, the value of the company will certainly also decrease, the value of the company is also influenced by other variables not examined in this study.

6. Implication

This study aims to determine the effect of profitability and liquidity on firm value in manufacturing companies in the animal feed sub-sector in 2016-2020.

The results of this study reveal the finding that profitability has a significant effect on firm value in manufacturing companies in the animal feed sub-sector. These findings can contribute to animal feed sub-sector companies to be able to increase company profits in each period or companies to be able to generate stable profits in each period. The condition of a company with a favorable value will increase investor interest in investing in manufacturing companies in the animal feed sub-sector, if investors continue to increase it will increase company value and improve business prospects for the better in the future.

In this study also found that liquidity has no significant effect on firm value in manufacturing companies in the animal feed sub-sector. Where should the company be able to maintain and improve a company's ability to pay its short-term debt when it is due which is immediately fulfilled, because with the company's ability to fulfill these obligations, it can build creditors' trust in the company. The higher the liquidity, the more trust creditors have in the company in fulfilling obligations that will be fulfilled immediately.

Profitability and liquidity are closely related to each other, if the level of profitability and liquidity levels decreases, the value of the company will certainly also decrease, the value of the company is also influenced by other variables not examined in this study.

CONCLUSIONS AND RECOMMENDATIONS

1. Conclusions

Based on the analysis that has been done, the researcher concludes that:

1. Profitability has a significant effect on Firm Value in Animal Feed Sub-Sector Manufacturing Companies in 2016-2020.
2. Liquidity has no significant effect on company value in Animal Feed Sub-Sector Manufacturing Companies in 2016-2020.
3. Profitability and Liquidity simultaneously have a significant effect on Firm Value in Manufacturing Companies in the Animal Feed Sub Sector in 2016-2020.

2. Recomendations

Based on the results of this study, the researcher provides the following suggestions:

1. For Investors

For investors before deciding to invest in the company as much as possible should pay attention to the level of performance of a company and consider other factors that affect the value of the company.

2. For the Company

It is recommended for companies to be able to increase and improve financial performance, especially the liquidity variable on the Quick Ratio and Cash Ratio indicators because it has a value below the industry average, for this reason companies need to increase the quick ratio again by adding current assets and reducing current debt or inventory in the company animal feed manufacturing sub-sector. As well as increasing the value of the cash ratio by saving net income in cash or its equivalent, reducing the obligation to pay debts or cutting operational costs for the company. Not only the liquidity variable but the profitability variable also requires effective and efficient management of all equity so that the profit generated is greater. Meanwhile, one way to increase net profit is to increase company sales.

3. For Further Researchers

The researcher suggests for future researchers to be able to add other variables that affect firm value, such as: company growth, capital structure, company size, solvency, dividend policy, sales growth, asset value and so on. As well as adding a longer research period than this research so that it will get maximum results.

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