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CONTRIBUTION OF WORKING CAPITAL MANAGEMENT AND LEVERAGE TO INCREASING VALUE OF MANUFACTURING COMPANIES AND CONJUNTURE EFFECT FROM PROFITABILITY RATIO MODEL: AN REALITY CASE STUDY IN INDONESIA STOCK EXCHANGE

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Abstract

The company is a group of people who are members of an organization who work to achieve certain goals. One of the most basic company goals is to obtain maximum profit or profit from the business activities carried out by the company. The purpose of establishing a company is not only to achieve maximum profit, but also aims to increase the prosperity of parties related to the company's business activities, such as shareholders and stakeholders so that the value of the company increases.The research method used is quantitative data method. Working Capital Management has a positive and significant effect on Firm Value, Leverage has no significant effect on Firm Value, Working Capital Management and Leverage have no simultaneous significant effect on Firm Value. Company value can be used as the basis for making investment decisions because this aspect measures the ability of the company's assets to generate a return on investment made in the company's asset instruments.

Keywords : ***Working Capital Management, Leverage, Profitability, The Value of The Company***

1. INTRODUCTION

The value of the company is the same as the value of the shares or the price of the shares where a high company value will be willing to be paid by prospective buyers if the company is sold which is associated with the company's share price (Kusumajaya, 2011:33). The higher the share price in companies listed on the capital market, the higher the wealth of the owners of the company which is reflected in the higher value of the company. Companies that have high scores show good performance achievements so that it becomes the desire of their owners. The higher the value of the company, the greater the prosperity that will be received by the owner of the company (Wiagustini, 2013:9).

In general, firm value can be measured using financial ratios, one of which is price to book value (PBV). The PBV ratio is a comparison of the market value of a stock to the book value, so it can be seen whether the stock price level is overvalued or undervalued from the book value. The low PBV value is reflected in the undervalued stock price which indicates a decline in quality and performance. The increase in the value of the company is not only determined by the long-term financial policy but the short-term financial policy of the company in this case working capital management.

The following is a table of average company values in manufacturing companies listed on the Indonesia Stock Exchange in the 2016-2020 period :

Table 1. Average Firm Value in Manufacturing Companies

NO	Variable	Year				
		2016	2017	2018	2019	2020
1	Basic and chemical industry manufacturing companies	3.65	2.55	3.73	2.71	3.74
2	Consumer goods manufacturing companies	2.50	3.48	3.68	2.46	2.78
3	Multi-industrial sector manufacturing company	4.30	4.25	5.34	5.46	4.18

Source: www.idx.co.id data processed 2021

It can be seen from Table 1 that the average firm value as measured by the Price to Earnings Ratio or share price per share/earnings per share in manufacturing companies has fluctuated. Which every year has a different number and amount. The increase and decrease that occurs is due to one of the reasons for the financial performance of the company. In addition, the size of the company's value obtained each year can affect the average value. Therefore, the related company must maintain the value of the company because a high company value will make the market believe in the company's prospects in the future coupled with high dividend returns, making investors more interested.

The facts carried out by the Investment Coordinating Board (BKPM) show that the realization of Domestic Investment (PMDN) and Foreign Investment (PMA) in the manufacturing sector shows fluctuations with a trend of rising trade values from 2016 to 2020. This can be proven by realization of investment in 2016 amounted to Rp. 89.8 trillion, while in 2209 it was Rp. 199.1 trillion or an increase of 221.7%. This positive trend shows that Indonesia is still a prima donna for investors to invest in the manufacturing industry sector because domestic demand for various needs for manufactured products increases from year to year.

Optimal working capital management means minimizing working capital requirements and maximizing company income. If there is too much working capital, it will lead to inefficiency which in turn will have a negative impact on profitability and firm value (Pandey 2010:39). Increasing company value is part of the company's corporate strategy and efficient working capital management is an important element in that strategy (Afza and Nasir: 2007:82). Furthermore, efficient working capital management means increasing the company's free cash flow which in turn increases the company's growth opportunities and the level of profit for shareholders. Ejjelly (2004: 64) explains that efficient working capital management relates to planning and monitoring of current assets and current liabilities which in turn reduces the risk of not being able to pay short-term obligations by not overinvesting in current assets. (Siddiquess and Khan; 2009:44) explains that inefficient working capital management not only reduces profitability but also creates a funding crisis in the company. Consequently, efficient working capital management is a very important factor in maintaining sustainability, liquidity, solvency, profitability and firm value. 44) explains that inefficient working capital management not only reduces profitability but also creates a funding crisis in the company. Consequently, efficient working capital management is a very important factor in maintaining sustainability, liquidity, solvency, profitability and firm value. 44) explains that inefficient working capital management not only reduces profitability but also creates a funding crisis in the company. Consequently, efficient working capital management is a very important factor in maintaining sustainability, liquidity, solvency, profitability and firm value.

Table 2. Working Capital Management Manufacturing companies listed on the Indonesia Stock Exchange 2016-2020

Code	Working Capital Management				
	2016	2017	2018	2019	2020
BRPT	18,918,911	43,023.45	44,538,447	49,354,389	70,796,876
BUDI	4,476,982	5,265,953	3,931,807	2,939,456	2,264,206
DPNS	868,877	774,483	696,130	808,491	428,337
EKAD	511,349	489,692	802.509	696,768	757,845
ETWA	2,331,049	2,332,731	2,158,936	2,114,569	2,069,816
INCH	347,993	569,546	669.35	603.788	738,779
UNIC	3,312,276	2,354,507	2,568,167	3,231,409	2,340,352

Source : www.idx.co.id

The data from the table above can be seen that working capital management as measured by the working capital ratio of current assets/current liabilities in manufacturing companies is clearly and clearly described, that Manufacturing Companies listed on the Indonesia Stock Exchange in 2015-2019 are unstable and fluctuate. Then it is seen that there are several Manufacturing Companies listed on the Indonesia Stock Exchange experiencing a decrease in the acquisition of working capital management even though the company's income has increased, this is an indication that the performance of the Manufacturing Company has not been maximized. The main objective of working capital management is to ensure that the company has the ability to operate with sufficient cash flow for payment of short-term debts that are due and operational financing. As a consequence, companies must make working capital policies such as better management of debt, receivables, investment inventory for access to company cash. Based on this view, working capital management is one of the most important issues in corporate organizations where financial managers must identify the optimal level of working capital (Ganesan, 2007: 93).

*Leverage*is a ratio that projects the state of debt in the company's finances, according to Kasmir (2014: 153) Leverage is a solvency ratio or leverage ratio is a ratio used to measure the extent to which the company's activities are financed with debt. This understanding of leverage is also supported by the opinion of Brigham and Houston (2010: 140) in their book which states that the leverage ratio is "a ratio that measures the extent to which companies use financing through debt (financial leverage) so that we are able to see the company's ability to optimize debt. Leverage ratio is a financial ratio that measures the company's ability to meet its long-term obligations, such as interest payments on debt, final principal payments on debt and other fixed obligations.

Table 3. Leverage Acquisition of Several Manufacturing Companies listed on the Indonesia Stock Exchange in 2016-2020

Code	*Leverage*				
	2016	2017	2018	2019	2020
BRPT	2.22%	1.78%	1.73%	1.81%	2.28%
BUDI	2.71%	2.55%	1.68%	2.46%	2.91%
DPNS	1.14%	2.64%	2.22%	1.15%	1.29%
EKAD	1.51%	1.383%	2.39%	2.20%	1.38%
ETWA	3.41%	16.19%	43.19%	-13.19%	-6.46%
INCH	1.18%	1.19%	1.71%	2.13%	2.47%
UNIC	1.87%	2.62%	1.87%	2.98%	2.66%

Source : www.idx.co.id

The data from the table above shows that the acquisition of leverage as measured by Total Debt/Total Equity in manufacturing companies describes clearly and significantly, that several Manufacturing Companies listed on the Indonesia Stock Exchange in 2016-2020 are unstable and fluctuate. Then it can be seen that there are several Manufacturing Companies listed on the Indonesia Stock Exchange that have experienced a decrease in Leverage even though the company's income has increased, this is an indication that the value of the Manufacturing Company has not been maximized.

Profitability according to Saidi (2004:120) in Martalina (2011:104) is the company's ability to earn a profit. Investors invest shares in companies to get returns, which consist of yields and capital gains. The higher the ability to earn profits, the greater the return expected by investors, thus making the value of the company better. Profitability is the company's ability to earn profits in relation to sales, total assets or with capital (equity). In this case, it can be explained that knowing the profitability of a company is very important for investors and creditors.

The profitability ratio describes the company's ability to obtain optimal profit or profit through all capabilities from all available sources such as sales activities. The following is a graph of the average profitability of consumer goods industrial companies listed on the Indonesia Stock Exchange in the 2016-2020 period:

Table 4. Profitability (ROA) of Manufacturing Companies listed on the Indonesia Stock Exchange 2016-2020

Code	Profitability				
	2015	2016	2017	2018	2019
BRPT	2.16%	2.43%	11.28%	6.28%	2.24%
BUDI	2.25%	2.75%	3.62%	3.45%	3.94%
DPNS	4.30%	4.29%	5.18%	3.43%	3.23%
EKAD	8.81%	11.44%	11.21%	9.26%	7.26%
ETWA	11.58%	-15.81%	-6.61%	-11.44%	-9.38%
INCH	8.55%	10.66%	3.41%	5.22%	3.46%
UNIC	-	-	7.74%	5.52%	4.53%

Source : www.idx.co.id

The data from Table 4 shows that the profitability as measured by Profit after Tax/Total Assets in manufacturing companies from the table above describes clearly and significantly, that Manufacturing Companies listed on the Indonesia Stock Exchange in 2016-2020 are unstable and fluctuate. Then it can be seen that there are several Manufacturing Companies listed on the Indonesia Stock Exchange that have experienced a decline in profitability even though the company's income has increased, this is an indication that the value of the Manufacturing Company has not been maximized.

Company value is an investor's perception of the company's level of success in managing resources at the end of the current year which is reflected in the company's stock price. The higher the stock price, the higher the value of the company, on the contrary, the lower the stock price, the value of the company is also low or the company's performance is not good. A high company value is the hope of every company, because it will have a positive impact on the company. The value of the company can be seen from the stock price, if a company has a high share price, it shows the

company is financially capable, this will foster investor confidence that the company has good prospects in the future.

2. LITERATURE REVIEWS

Working Capital Management

Musthafa (2017:69) Working capital management addresses all aspects of managing current assets and current liabilities. Proper working capital is an important condition for the growth and success of a company for the long term, which will be profitable. Working capital management is one aspect that must be considered in the company. If the company cannot maintain a satisfactory level of working capital, it is likely that the company will be in a state of insolvency (unable to pay its maturing obligations). Current assets must be large enough to cover current liabilities so that they represent a satisfactory margin of safety.

Apriweni (2002:43) defines that working capital management is an activity that includes all management functions of current assets and short-term liabilities of the company contained in the company in order to be able to finance expenses or company operations. From this understanding it can be concluded that the main concern in working capital management is the management of the company's current assets, namely cash, securities, receivables and inventories as well as funding (especially current liabilities) needed to support current assets. The company finances and invests in managing and revolving capital, this can reflect the policies made by the company in implementing working capital management.

Leverage

Leverage is a ratio that projects the state of debt in the company's finances, the following is the understanding of leverage according to several experts: According to Kasmir (2014: 153) "Leverage is a solvency ratio or leverage ratio is a ratio used to measure the extent to which a company's activities are financed with debt." In line with what was expressed by Kasmir. This understanding of leverage is reaffirmed by Irham Fahmi (2015:106) who states that leverage is: “The leverage ratio is a measure of how much the company is financed with debt. The use of debt that is too high will endanger the company because the company will fall into the category of extreme leverage, namely the company is trapped in a high level of debt and it is difficult to release the debt burden. Based on the above understanding, it can be concluded that the leverage ratio is a financial ratio that measures the company's ability to meet its long-term obligations (long term loans) such as interest payments on debt, final principal payments on debt and other fixed obligations. Long-term debt is usually defined as an obligation to pay maturities of more than one year.

This leverage ratio compares the company's overall debt burden to its equity. In other words, this ratio shows how much of the company's assets are owned by shareholders compared to assets owned by creditors (debtors). If the shareholders have more assets, then the company is said to be less leveraged. However, if the creditor (debtor) owns the majority of assets, then the company concerned is said to have a high level of leverage. The solvency ratio or leverage ratio is very helpful for management and investors to understand how the level of capital structure risk in their company.

The Value of the Company

The value of the company will be reflected in its share price. The market price of company shares formed between buyers and sellers when a transaction occurs is called the company's market value, because the stock market price is considered a reflection of the actual value of the company's assets. The value of the company that is formed through the stock market value indicator is strongly influenced by investment opportunities. The existence of investment opportunities can provide a positive signal about the company's growth in the future, so as to increase the value of the company (Susanti, 2010:162). Company value is usually indicated by price to book value. A high price to book value (PBV) will make the market believe in the company's future prospects. This is also what the owners of the company want.

The higher the share price, the higher the prosperity of shareholders, to achieve company value, investors generally leave their management to professionals. Kusumadilaga (2010:40) explains that enterprise value (EV) or also known as firm value (company value) is an important concept for investors, because it is an indicator for the market to assess the company as a whole. Company value is the price that prospective buyers are willing to pay if the company is sold.

Profitability

The profitability of a company shows the ratio between profit and assets or capital that generates the profit. In other words, profitability is the ability of a company to achieve profit. Brigham and Houston (2011: 197) state that profitability is the net result of a series of policies and decisions. According to Kasmir (2013:95) the profitability ratio is a ratio to assess the company's ability to seek profit. This ratio also provides a measure of the level of management effectiveness of a company. This is indicated by the profit generated from sales and investment income. The point is that the use of this ratio shows the efficiency of the company.

Wahidahwati (2002:129) reveals that the profitability ratio or the profitability ratio shows the company's success in generating profits. Profits that deserve to be distributed to shareholders are profits after interest and taxes. The greater the profit obtained, the greater the company's ability to pay dividends. Managers will not only get dividends, but will also get greater power in determining company policies. Thus, the greater the dividend (dividend payout) will save the cost of capital, on the other hand, the managers (insiders) can increase their power and even increase their ownership due to receiving dividends as a result of high profits. So, profitability is an important consideration for investors in their investment decisions.

3. IMPLEMENTATION METHOD

Research design is the overall procedure for planning, and implementing research which includes procedures for data collection and data processing that have been determined. In carrying out a research, a researcher must develop a research design that is adapted to the type and purpose of the research. In accordance with the research objectives and the nature of the problem to be studied, this research uses quantitative and secondary data. In terms of its nature, this research is a quantitative research. Where quantitative research is not too focused on the depth of the data, the important thing is to be able to record as much data as possible from a wide population. Although the research population is large, it can be easily analyzed, either through statistical formulas or computers. So solving the problem is dominated by the role of statistics.

The population is a generalization area consisting of: objects or subjects that have certain qualities and characteristics that are applied by researchers to be studied and then conclusions are

drawn related to the research problem (Sudjana, 2010:72). The population in this study amounted to 126 Manufacturing Companies listed on the Indonesia Stock Exchange. The sample to be used in this study is a manufacturing company on the Indonesia Stock Exchange with certain criteria. The sampling method used is purposive sampling, namely the sample is selected based on the criteria for conformity with the research criteria. *Purposive sampling*is a non-random sampling technique where the researcher determines the sampling by determining the special characteristics that are in accordance with the research objectives so that it is expected to be able to answer research problems. As many as 40 manufacturing sector companies were selected according to purposive sampling, so that 200 data from the annual financial statements of manufacturing companies that met the requirements from 2015-2019 were selected which will be used as research samples.

Through these stages, answers will be obtained from the research objectives through scientific methods guided by logic, so that the results obtained can be accepted scientifically and logically (makes sense) (Bachri, 2010:89). One of the tests that must be passed in multiple linear regression analysis is the classical assumption test. Ghozali (2011:98) said that the classical assumption test was carried out so that the multiple linear regression model met the BLUE (Based Linear Unbiased Estimator) criteria.Hypothesis testing conducted in this study was conducted to determine the effect of the independent variable (Working Capital Management, Leverage) on the dependent variable (Company Value). This test consists of t-test (partial test) and F-test (simultaneous test). In addition to using multiple regression analysis, this study also uses the Moderated Regression Analysis (MRA) method to analyze the effect of the moderator variable on the relationship between the independent variable and the dependent variable.

4. RESULTS AND DISCUSSION

This study will discuss the manufacturing companies sampled in the study, namely manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2015-2019 period. This study was conducted to examine the effect of the financial ratios of Working Capital Management and Leverage on Firm Value with Profitability as a Moderating Variable. There are 155 companies listed on the Indonesia Stock Exchange, but the samples in this study were 40 companies because they met the sample criteria, namely manufacturing companies. The following is a list of several manufacturing companies listed on the Indonesia Stock Exchange (IDX), which are as follows:

One of the tests that must be passed in the analysis of multiple linear regression is the classical assumption test. Ghazali (2012: 89) says that the classical assumption test is carried out so that the multiple linear regression model meets the BLUE (Based Linear Unbiased Estimator) criteria. The testing stages in the classical assumption test are as follows :

Normality Test Data

Normality test is used to test whether the regression model has a normal distribution or not. The assumption of normality is a very important requirement in the test of significance (significance), the significance used is = 5% The normality test carried out in this study is the Jarque-Bera test. The results of the Jarque-Bera test in this study are shown as follows :

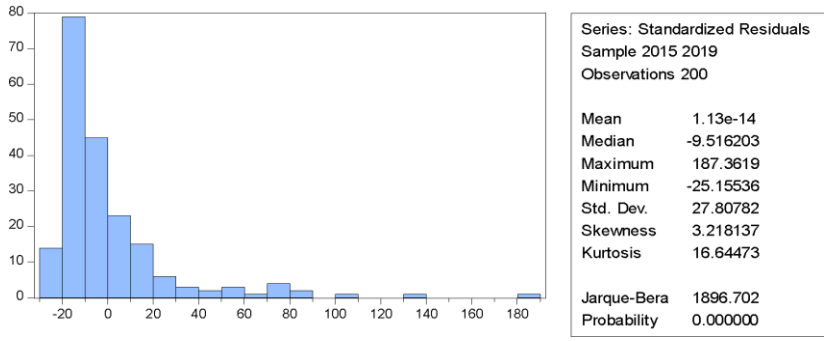

Figure 1. Normality Graph

Based on the picture above, it can be seen that the Jarque-Bera test value is 1,896,702 and the probability value is 0,000000 where this value is below the standard error tolerance value (5%). Therefore, it can be concluded that the normally distributed residuals can be rejected, in other words, the assumption of normally distributed residuals is not met.

The heteroscedasticity Test

The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance and residuals from one observation to another, if the variance of the residuals from one observation to another is fixed then it is called homoscedasticity, and if it is different it is called heteroscedasticity (Ghozali, 2012:101). A good regression model is one with homoscedasticity or no heteroscedasticity.

Table 5. Heteroscedasticity Test Results

Dependent Variable: RESABS
Method: Panel EGLS (Cross-section random effects)
Date: 04/07/21 Time: 22:23
Sample: 2015 2019

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	22.57903	5.335733	4.231664	0.0000
MODAL_KERJA_X1	0.324657	0.325454	0.997550	0.3197
LEVERAGE_X2	-7.459352	2.955164	-2.524175	0.1124
PROFITABILITAS_Z	3.131336	6.872482	0.455634	0.6492
	Effects Specification			
			S.D.	Rho
Cross-section random			11.09357	0.2682
Idiosyncratic random			18.32365	0.7318

Based on the table above, it can be seen that all independent variables in the Glajser test are above 0.05. However, the correlation between profitability and liquidity variables has multicollinearity problems because the correlation matrix is smaller than 0.05.

Multicollinearity Test

Multicollinearity test aims to test whether in the regression there is a correlation between the independent variables (Independent). If the correlation matrix between the independent variables is

below 0.8 then multicollinearity does not occur, whereas if the correlation between the independent variables is above 0.8 then multicollinearity occurs. The following is a matrix table of the results of multicollinearity testing in this study.

Table 6. Multicollinearity Test Result

	NILAI_PERUSAHAAN_Y	MODAL_KERJA_X1	LEVERAGE_X2	PROFITABILITAS_Z
NILAI_PERUSAHAAN_Y	1	-0.008517977343360654	-0.133654557969377	0.009682189542590444
MODAL_KERJA_X1	-0.008517977343360654	1	0.4950881283152558	-0.09646174003018729
LEVERAGE_X2	-0.133654557969377	0.4950881283152558	1	-0.12760047307082534
PROFITABILITAS_Z	0.009682189542590444	-0.09646174003018729	-0.12760047307082534	1

Shows that this model does not have symptoms of multicollinearity by looking at the output between the independent variables in the regression, there is no output that exceeds 0.8.

Autocorrelation Test

The autocorrelation test aims to test in a model whether or not there is a correlation between the confounding error in period t and the error in period t-1. Ghozali (2012:124) states that a good regression model is a model that does not have autocorrelation in it.

Table 7. Autocorrelation Test Results

R-squared	0.011309	Mean dependent var	9.578958
Adjusted R-squared	-0.003824	S.D. dependent var	21.87834
S.E. of regression	21.92013	Sum squared resid	94176.49
F-statistic	0.747284	Durbin-Watson stat	1.693488
Prob(F-statistic)	0.525127		

The autocorrelation test can be seen from the value of Durbin Watson in this study. The value of Durbin Watson in this study is1.693488and the number of samples is 40 (n), the number of independent variables is 2 (k=2), then the Durbin-Watson value, DW 1.693488greater than the upper limit (du) 1.6000 and less (dl) 1.3908, with the table value at a significance level of 5%, it can be concluded that there is no autocorrelation in this regression model, or the calculation can be concluded that the DW value lies in test area. with an upper limit value (du) of 1.6000 and a lower limit (dl) of 1.3908.

Multiple Linear Regression Model

The method used to support this research is a quantitative method and in this study using multiple linear regression models. Multiple linear regression model is a statistical test model that aims to analyze the effect of the independent variable on the dependent variable.Based on the model selection above, the best model is the Random Effect Model (REM). The results of panel data regression with the Random Effect Model (REM) are as follows :

Table 8. Multiple Linear Regression Model Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	24.37114	7.219734	3.375629	0.0009
MODAL_KERJA_X1	0.402925	0.414109	2.972993	0.0001
LEVERAGE_X2	-5.947743	4.085061	-1.455974	0.0470
PROFITABILITAS_Z	1.074494	8.971674	0.119765	0.9048
R-squared	0.210309	Mean dependent var		9.578958
Adjusted R-squared	0.380024	S.D. dependent var		21.87834
S.E. of regression	21.92013	Sum squared resid		94176.49
F-statistic	0.747284	Durbin-Watson stat		1.693488
Prob(F-statistic)	0.525127			
Unweighted Statistics				
R-squared	0.291924	Mean dependent var		20.07988
Sum squared resid	153881.7	Durbin-Watson stat		1.036425

Source : Output Eviews (Data Processed), 2021

Based on the table above, the regression equation model that can be arranged in this study is as follows: Firm Value = **24.37+0.40Working Capital Management - 5.94*Leverage* + 1.07Profitability + e**

Based on the above equation, it can be seen that the constant value of 24.37114. This shows that if Working Capital Management, Leverage Profitability and Company Value are not valuable, then the Company Value will be constant at24.37114. Based on the results of multiple linear regression that the regression coefficient value of the Working Capital Management variable is (0.402925) which shows a positive (unidirectional) relationship which means that every 1% increase in Working Capital Management causes the Company Value to increase by 0.402925%. Based on the results of multiple linear regression that the regression coefficient value of the Leverage variable is (-5.947743) which shows a negative relationship (not unidirectional) which means that every 1% increase in Leverage causes the Company Value to decrease by 5.947743%. Based on the results of multiple linear regression, the regression coefficient value of the Profitability variable is1.074494which shows a positive (unidirectional) relationship which means that every 1% increase in Profitability causes the Company Value to increase by 1.074494%. Based on the results of multiple linear regression, the significance value in the F test is 0.525127, which is in accordance with the standard error tolerance value of 0.05. Therefore, this shows that Working Capital Management, Leverage and Profitability simultaneously affect the Firm Value.

The t-test Method

The t test is used to see the effect of the independent variable on the dependent variable partially. The results of hypothesis testing carried out, it can be concluded that the partial test in this study is feasible to use if the decision-making criteria with the ttable value then also look at the probability value.

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Table 9. Hypothesis Test Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	24.37114	7.219734	3.375629	0.0009
MODAL_KERJA_X1	0.402925	0.414109	2.972993	0.0001
LEVERAGE_X2	-5.947743	4.085061	-1.455974	0.0470
PROFITABILITAS_Z	1.074494	8.971674	0.119765	0.9048
Effects Specification			S.D.	Rho
Cross-section random			18.19522	0.4044
Idiosyncratic random			22.08361	0.5956
Weighted Statistics				
R-squared	0.011309	Mean dependent var		9.578958
Adjusted R-squared	-0.003824	S.D. dependent var		21.87834
S.E. of regression	21.92013	Sum squared resid		94176.49
F-statistic	0.747284	Durbin-Watson stat		1.693488
Prob(F-statistic)	0.525127			
Unweighted Statistics				
R-squared	0.021924	Mean dependent var		20.07988
Sum squared resid	153881.7	Durbin-Watson stat		1.036425

Source : Output Eviews (Data Processed), 2021

a. Based on the test results using the Eviews 10 application, it is known that the tcount value of Working Capital Management is2.972993significantly 0.0001. The ttable value in this study is calculated by df = 40-k (38) which is 2.0243 with a significance of 0.05. So it can be seen that working capital management has a positive and significant effect on firm value. This is indicated by the results of the tcount (2.972993) > t table (2.0243) and the significant value is 0.0001 < 0.05. So it can be concluded that the working capital management variable has a positive and significant effect on firm value in manufacturing companies listed on the Indonesian stock exchange.
b. Based on the test results using the Eviews 10 application, it is known that the tcount value of Leverage is-1.455974significantly 0.0470. The ttable value in this study is calculated by df = 40-k (38) which is 2.0243 with a significance of 0.05. So it can be seen that Leverage has a negative and insignificant effect on Firm Value. This is indicated by the results of the tcount (-1.455974) t table (2.0243) and significant value0.0470< 0.05. So it can be concluded that the leverage variable has no significant effect on firm value in manufacturing companies listed on the Indonesian stock exchange.

F Test (Simultaneous)

Based on the test results using the Eviews 10 application, it is known that the Fcount value is 0.747284with a significant 0.525127. The ftable value in this study calculated by df = 40-k-1 (37) is 3.25 with a significance of 0.05. So it can be seen that Working Capital Management and Leverage have a positive and insignificant effect simultaneously on Firm Value. This is indicated by the results of the tcount (0.747284) < t table (3.25) and significant value 0.525127 > 0.05. So it can be concluded that the variables of Working Capital Management and Leverage have no

simultaneous significant effect on firm value in manufacturing companies listed on the Indonesia Stock Exchange.

Moderation Effect Test

Moderating variables or moderating variables are variables that can influence (strengthen or weaken) the relationship between the independent variable and the dependent variable. (Erlina, 2011:88). The moderating variable (Z) in this study is Profitability which will be tested whether it can affect the relationship between the dimensions of the Working Capital Management and Leverage variables on Firm Value. according toGhozali (2012:102)If a variable with a significant coefficient value is smaller than the alpha value, which means it is significant and has a negative value, then this variable can be used as a moderating variable. The moderating hypothesis is accepted if the t-count is negative and significant, then this model is free from multicollinearity disturbances.

Table 10. Results Moderate Effect Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	24.84046	8.698099	2.855849	0.0048
MODAL_KERJA_X1	2.142374	1.359622	1.575713	0.1167
LEVERAGE_X2	-12.31595	7.702733	-1.598907	0.1115
PROFITABILITAS_Z	5.590352	15.01735	0.372260	0.7101
MODAL_KERJA_X1*PROFITABILITAS_Z	-4.515549	3.401870	-1.327373	0.0159
LEVERAGE_X2*PROFITABILITAS_Z	10.28593	12.70870	0.809362	0.4193
Effects Specification			S.D.	Rho
Cross-section random			18.53595	0.4124
Idiosyncratic random			22.12364	0.5876
Weighted Statistics				
R-squared	0.020599	Mean dependent var		9.455416
Adjusted R-squared	-0.004643	S.D. dependent var		21.82444
S.E. of regression	21.87505	Sum squared resid		92832.47
F-statistic	0.816062	Durbin-Watson stat		1.689713
Prob(F-statistic)	0.539516			
Unweighted Statistics				
R-squared	0.033221	Mean dependent var		20.07988
Sum squared resid	152104.2	Durbin-Watson stat		1.031268

Source : Output Eviews (Data Processed), 2021

a. It is known that the MRA coefficient value from the interaction of Working Capital Management_Profitability to Firm Value is negative, namely -4.515549 with Tcount -1.327373 < 2.0243 and p-value 0.0159 <0.05, this indicates that the Profitability variable is a moderator variable that affects the relationship between Working Capital Management and Firm Value.
b. It is known that the MRA coefficient value from the Leverage_ Profitability interaction with the Firm Value is positive, namely 10.28593 with Tcount 0.809362 < 2.0243 and p-value 0.4193 > 0.05, this shows that profitability is not a moderating variable that can moderate the relationship between Leverage and Firm Value.

5. CONCLUSION

It is expected that Manufacturing Companies listed on the Indonesia Stock Exchange will always maintain the value of the company, and this research should be a strategy or consideration for Manufacturing companies pay attention to company values in carrying out company activities. This means that the Manufacturing Company, while maintaining good corporate values. This is in order to be able to significantly increase the value of the company. Paying attention to Working Capital Management, Leverage, Profitability and especially Company Value because this aspect is very attractive to investors in conducting technical analysis and predicting the movement of the company's stock price. It will be even more interesting if the company has a good corporate value. So that investors can find out risk analysis and predict the value of the company, of course investors will be interested in investing their funds in the company.

Working capital management in the company will always rotate in accordance with the company's operating turnover. The working capital turnover period begins when capital is invested into working capital components, through the operating process until the funds return to cash, the shorter the operating process, the faster the working capital turnover rate.

A company that has debt will have a fixed financial burden, interest and credit return and thus lead the company into liquidation. As a result, companies have a tendency to pay lower dividends in order to maintain a good liquidity position and cash flow. By adapting agency theory, the dividend paid by the company becomes a substitute mechanism for controlling agency conflicts due to the acquisition of leverage and profitability.

One of the economic means that is managed jointly to maximize profit and value is the company. The success of a company can be seen from the ability of working capital management and leverage management in seeing future opportunities. To achieve the company's goals, a good management of the company's working capital is needed. Working capital management is a component that directly affects the profitability and liquidity of the company, therefore companies need to manage working capital so that the amount is not too large or too small.

Profitability is a description of the company's ability to generate profits by using all the capital owned by the company. The company's ability to generate profits is carried out through the company's investment and financing policies. The ability to earn a profit on the company will be inversely proportional to the company's ability to manage debt, this is because the increased liquidity is the cost of the company's inability to earn a profit. When the company wants to increase its profitability, the company will face a decrease in liquidity.

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