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ANALYSIS OF THE EFFECT OF PROFITABILITY AND PUBLIC OWNERSHIP ON FIRM VALUE WITH FIRM SIZE AS A MODERATING VARIABLE IN THE BANKING INDUSTRY LISTED ON THE INDONESIA STOCK EXCHANGE IN THE PERIOD 2019 - 2022

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ABSTRACT

This research aims to examine the effect of profitability and public ownership on firm value with firm size as a moderating variable on the Indonesia Stock Exchange (IDX). The type of data used in this research is secondary data in the form of annual financial reports from companies listed on the Indonesia Stock Exchange (IDX). The data analysis method used multiple linear regression and Moderated Regression Analysis (MRA). The population of this research consists of 44 banking sector companies listed on the Indonesia Stock Exchange (IDX), with 11 companies selected as samples using purposive sampling method based on specific criteria. The data obtained was then processed using SPSS version 26 analysis tool. The results of the t-test show that profitability variable has a negative but insignificant effect on firm value (PBV), and public ownership variable has a significant negative effect on firm value (PBV). The results of the simultaneous test (F test) show that profitability (ROA) and public ownership (KP) together have a significant effect on price to book value (PBV). The moderation test results indicate that firm size strengthens the effect of profitability on firm value, but is unable to moderate the effect of public ownership on firm value. The results of this study also show that the independent variables are able to explain 31.7% of the PBV variable, while the remaining 68.3% is influenced by other variables outside this research model.
Keywords: Return on Assets (ROA), Public Ownership (KP), Firm Value, Firm Size

ABSTRAK

Penelitian ini bertujuan untuk menguji pengaruh profitabilitas dan kepemilikan publik terhadap nilai perusahaan dengan ukuran perusahaan sebagai variabel moderasi di Bursa Efek Indonesia (BEI). Jenis data yang digunakan dalam penelitian ini adalah data sekunder berupa laporan keuangan tahunan perusahaan yang terdaftar di Bursa Efek Indonesia (BEI). Metode analisis data yang digunakan adalah regresi linier berganda dan Moderated Regression Analysis (MRA). Populasi penelitian ini adalah 44 perusahaan sektor perbankan yang terdaftar di Bursa Efek Indonesia (BEI), dengan 11 perusahaan yang dipilih sebagai sampel menggunakan metode purposive sampling berdasarkan kriteria tertentu. Data yang diperoleh kemudian diolah menggunakan alat analisis SPSS versi 26. Hasil uji t menunjukkan bahwa variabel profitabilitas berpengaruh negatif namun tidak signifikan terhadap nilai perusahaan (PBV), dan variabel kepemilikan publik berpengaruh negatif signifikan terhadap nilai perusahaan

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(PBV). Hasil uji simultan (uji F) menunjukkan bahwa profitabilitas (ROA) dan kepemilikan publik (KP) secara bersama - sama berpengaruh signifikan terhadap price to book value (PBV). Hasil uji moderasi menunjukkan bahwa ukuran perusahaan memperkuat pengaruh profitabilitas terhadap nilai perusahaan, namun tidak mampu memoderasi pengaruh kepemilikan publik terhadap nilai perusahaan. Hasil penelitian ini juga menunjukkan bahwa variabel independen mampu menjelaskan sebesar 31,7% variabel PBV, sedangkan sisanya sebesar 68,3% dipengaruhi oleh variabel lain di luar model penelitian ini.

Kata Kunci: Return on Assets (ROA), Kepemilikan Publik (KP), Nilai Perusahaan, Ukuran Perusahaan

I. INTRODUCTION

Indonesia's banking sector has experienced significant development in recent years. Stable economic growth, policy reforms, and technological innovations have strengthened the banking sector. Indonesian banks have actively adopted digital technologies to enhance services, including online banking, digital payments, and advanced security systems. Updated regulations have increased investor confidence and sector stability, though global changes and market volatility remain concerns for sustainable growth (Rahman et al., 2020).

Banking plays a crucial role in a country's economic activities. The main business activities include collecting funds, distributing credit, providing storage for securities, and processing payment transactions. These operations affect bank performance as reflected in financial statements. Government and central bank support through regulations aims to improve banking industry stability and potential profit growth (Widyastuti, 2019).

Firm value represents the condition achieved by a company, reflecting public confidence after years of operation. Increasing firm value benefits owners by improving their welfare. High firm value correlates with high shareholder prosperity through increased stock prices. Shareholder wealth is represented by the market price of shares, reflecting investment decisions, funding, and asset management (Suwardika & Mustanda, 2020).

Profitability measures a company's ability to generate investor returns through resource management. As a financial performance indicator, it provides reference for company valuation (Pratama & Wiksuana, 2020). According to signaling theory, companies can increase firm value by communicating performance information to investors. Higher profitability indicates better financial performance, reflecting greater investor wealth and promising future prospects. This positive signal increases company value through higher stock prices.

Profitability in this research is measured using Return on Assets (ROA), which indicates efficiency in generating net profit from asset usage. Higher ROA values demonstrate more efficient asset utilization, positioning the company favorably. ROA growth signals to the market that the company can ensure investor welfare through high returns and convinces investors of good growth prospects (Pertiwi & Pratama, 2021).

Firm size categorizes companies based on total assets, sales, and share value (Noviari & Suaryana, 2021). Research shows varying results regarding firm size's effect on firm value. Larger companies typically enjoy greater public recognition, easier information access, and stronger investor attraction due to substantial assets. Firm size, measured using the SIZE proxy, can moderate the relationship between profitability, public ownership, and firm value.

II. LITERATURE REVIEW

Signalling Theory

Signalling Theory explains how company management communicates with investors by providing signals about company performance and future prospects (Johnson, 2020). This theory emphasizes the importance of information disclosure by companies to support investment decisions by external parties, while also highlighting the information asymmetry between management and

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stakeholders. Effective signaling can reduce irrelevant information and produce high-quality information integrity.

Information represents a crucial element for investors and business actors, as it provides insights into past, current, and future company conditions. Quality information should be complete, relevant, accurate, and timely, as it serves as an analytical tool for investment decision-making. When information is communicated properly, all parties interpret it as either positive or negative signals, indicating either strong growth prospects or concerning performance trends (Williams, 2019).

Company Value

Company value represents the investors' perception of a company, often associated with stock prices. High company value becomes the desire of business owners, as it indicates shareholder prosperity (Henderson, 2021). The primary goal of company management is to maximize shareholders' wealth by increasing market share prices, which reflects public assessment of the company's actual performance.

According to Agency Theory, management as the agent must work to provide maximum satisfaction to the capital owners as principals through high profits (Morgan, 2020). The stakeholder theory further expands this responsibility beyond shareholders to include all stakeholders, both internal and external, including government, competitors, surrounding communities, workers, and minorities whose existence significantly influences and is influenced by the company. Company value can be measured using various indicators, including Price to Book Value (PBV), Price Earning Ratio (PER), Earnings Per Share (EPS), and Tobin's Q, with this research utilizing PBV as the measurement tool.

Company Size

Company size represents the scale of assets owned by a business entity. According to Thompson (2019), company size can be classified based on various metrics including total assets, log size, market value of shares, and other parameters. Company size is typically measured by the total assets available for company operations, with larger assets indicating larger company size.

Company size is reflected in signaling theory, which discusses price fluctuations in the market that influence investor decisions. Large companies are considered to have easier access to loans due to higher asset values used as collateral and greater bank confidence compared to smaller companies (Parker, 2021). The larger a company's size, the greater its tendency to use external capital, as large companies require substantial funding to support operations, with external capital becoming an alternative when internal capital is insufficient.

Profitability

Profitability measures a company's ability to generate profits in relation to sales, total assets, and equity (Davis, 2020). Profitability ratios assess a company's capacity to generate profits while also measuring management effectiveness, demonstrated by sales-generated profits and investment returns. Essentially, these ratios indicate company efficiency in resource utilization.

Growing profitability signals improving company prospects through potential profit increases. Investors interpret this as a positive signal, enhancing investor confidence and facilitating management's ability to attract capital through shares (Robinson, 2019). Profitability benefits extend beyond business owners and management to include external parties with interests in the company. This research uses Return on Assets (ROA) as the measurement tool for profitability, as it reflects how effectively a company generates profits by utilizing its assets.

Public Ownership

Public ownership refers to ownership by individual investors outside of management who have no special relationship with the company (Walker, 2021). This ownership structure highlights potential conflicts of interest, necessitating mechanisms to protect shareholder interests. Higher corporate social responsibility can increase public trust in the company, automatically improving financial performance. According to Edwards (2019), public ownership represents the proportion or number of shares owned by the general public out of the total outstanding shares. This structure requires corporate social responsibility to enhance public confidence and improve company performance.

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Conceptual Framework

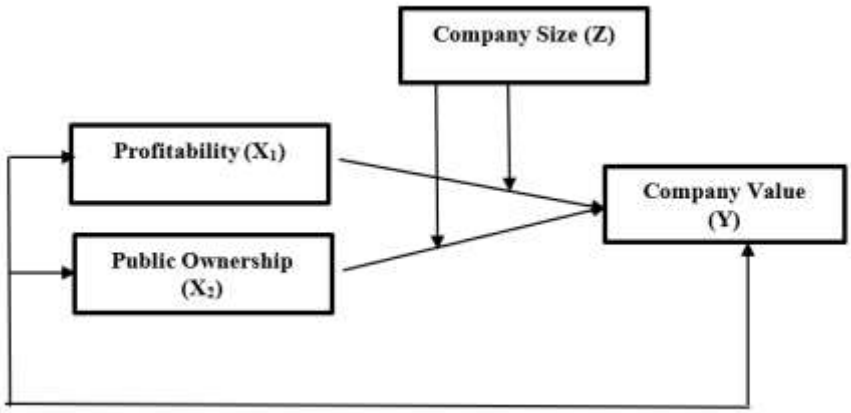

Figure 1. Research Thinking Framework

Hypotheses

The research hypotheses are:

H_1: Profitability has a positive and significant effect on Company Value.
H_2: Public Ownership has a positive and significant effect on Company Value
H_3: Profitability and Public Ownership have a significant effect on Company Value
H_4: Company Size is able to moderate the effect of Profitability on Company Value
H_5: Company Size is able to moderate the effect of Public Ownership on Company Value

III. RESEARCH METHODOLOGY

Types of Research

This study is classified as quantitative causality research as it requires company financial data to be tested and analyzed using statistical procedures. The research also falls into the causal study category, examining cause-effect relationships between variables. This study aims to explain the influence of Profitability (X_1) and Public Ownership (X_2) as independent variables on Company Value (Y) as the dependent variable, with Company Size as a moderating variable (Z).

Research Location and Time

The research location is characterized by three elements: actors, place, and observable activities. This research was conducted at the Indonesia Stock Exchange (IDX) by directly accessing its official website www.idx.co.id, as the study requires data from company financial reports. The research period covers 2019 - 2022, with data collected on an annual basis.

Types and Sources of Data

This research utilizes secondary data, which refers to data obtained from existing sources. The secondary data collected is used to analyze the influence of Profitability and Public Ownership as independent variables on Company Value as the dependent variable, with Company Size as a moderating variable. Data sources for this research were obtained from financial reports of banking companies accessed through the official Indonesia Stock Exchange (IDX) website www.idx.co.id and the Financial Services Authority (OJK) website www.ojk.go.id, focusing on banking sector companies listed on the IDX.

Population and Sample

Population comprises the total number of objects or subjects with specific characteristics determined by researchers for study and from which conclusions are drawn (Sujarweni, 2019). The population in this study includes all banking companies listed on the Indonesia Stock Exchange during the period January 2019 - December 2022, totaling 46 companies.

A sample is a portion of the characteristics possessed by the population used for research (Sujarweni, 2019). This study employs saturated sampling technique, where the entire population is used as the sample. The rationale for using the entire population as the sample is that all required data is readily available on the official websites of the Indonesia Stock Exchange and the Financial Services Authority, eliminating the need for individual company surveys. From the total population, 11

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companies meeting the criteria for BUKU 3 & 4 categories with complete financial reports from 2019-2022 were selected as the final sample.

Data Collection Methods

Data collection techniques in this research include documentation study and literature study. Documentation study involves gathering data from banking company financial reports, which are then compared, analyzed, and integrated to form a systematic and coherent analysis. Literature study involves collecting data or information with criteria and scope similar to this research, with references obtained from books, theses, journals, or internet sources.

Research Variables and Operational Definitions

Dependent Variable

The dependent variable used in this study is Company Value. Company value represents the process of determining how valuable a company is in a specific context. Good company value reflects positive factors that illustrate the company's health and growth potential. Company Value is measured using the Price to Book Value (PBV) ratio:

$$\textbf{PBV} = \frac{\textbf{Price Per Share}}{\textbf{Book Value Per Common Share}}$$

Independent Variables

1. **Profitability**

   Profitability represents a company's ability to generate profits. It also indicates good business performance and activities. In this study, Return on Assets (ROA) is used as an indicator to measure profitability, which is defined as the ratio of profit to total assets, reflecting a company's efficiency in managing its assets:

$$\textbf{ROA} = \frac{\textbf{Net Profit}}{\textbf{Total Assets}} \textbf{ X 100\%}$$

$$\textbf{ROA = (Net Profit)/(Total Assets) × 100}$$

2. **Public Ownership**

   Public ownership refers to ownership by individual investors outside management who do not have special relationships with the company (Ahmad et al., 2020). According to Tambunan et al. (2020), public ownership is the proportion or number of shares owned by the public or general community:

$$\textbf{Public Ownership} = \frac{\sum \textbf{Share owned by Public}}{\sum \textbf{Outstanding Share}} \textbf{ X 100\%}$$

Moderating Variable

The moderating variable in this research is Company Size. Company size represents the scale of a company as measured by equity, sales, or total assets. A company's increasing total assets can indicate that it has reached maturity. Companies at the maturity stage tend to have positive cash flows and are expected to be profitable over a relatively long period. Company size is measured using:

$$\textbf{SIZE = LN (Total Assets)}$$

Data Analysis Methods

Descriptive Statistics

Descriptive statistics involve transforming research data into tabular form (summaries, arrangements, or compilation of data in numerical tables and graphs) for easier understanding and interpretation. Descriptive statistics are generally used in research to provide information about the main characteristics of research variables, using measures such as mean, median, mode, and standard deviation.

Classical Assumption Tests

Normality Test

Normality test aims to examine whether the residuals in the regression model are normally distributed. This can be detected through graphical analysis by examining histograms comparing observed data with normal distribution, or through statistical tests like the Kolmogorov-Smirnov test. The decision criteria are:

1. If significance value > 0.05, residual data is normally distributed

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2. If significance value < 0.05, residual data is not normally distributed

Multicollinearity Test

Multicollinearity test aims to determine whether correlation exists among independent variables in the regression model (Ghozali, 2019). A good regression model should show no correlation among independent variables. Multicollinearity is assessed through Variance Inflation Factor (VIF) and tolerance values. The regression is free from multicollinearity problems if VIF < 10 and tolerance > 0.10.

Heteroscedasticity Test

Heteroscedasticity test aims to examine whether variance inequality exists in residuals between observations using Scatterplot graphs. A good regression model should not exhibit heteroscedasticity (Ghozali, 2020). Detection of heteroscedasticity can be done by observing whether specific patterns exist in the scatterplot graph. According to Ghozali (2021), if particular patterns like points forming regular patterns (waves, widening, then narrowing) appear, heteroscedasticity is indicated; if no clear pattern exists, and points spread above and below the 0 on the Y-axis, no heteroscedasticity is present.

Autocorrelation Test

Autocorrelation test aims to examine whether correlation exists between disturbance errors in period t and period t-1 (previous) in linear regression models. Autocorrelation is typically used in time series data regression models (Ghozali, 2021). The Durbin-Watson test is commonly used to detect autocorrelation. According to updated criteria:

1. DW value < -2 indicates positive autocorrelation
2. -2 < DW value < 2 indicates no autocorrelation
3. DW value > +2 indicates negative autocorrelation

Multiple Regression Analysis

Regression analysis is used to determine the pattern of change in the value of a variable (dependent variable) caused by other variables (independent variables). Multiple regression analysis uses a mathematical model in the form of a straight-line equation capable of defining the relationship between variables according to research objectives. The multiple regression test aims to predict the magnitude of linkages using known independent variables. According to Ghozali (in Noya, 2019), the purpose of multiple linear regression analysis is to measure the strength of relationships between two or more variables, and also to show the relationship between dependent and independent variables.

The analysis in this regression test is processed using IBM SPSS 25 for Windows. In this study, multiple linear regression analysis is used to determine whether there is a relationship between Profitability and Public Ownership variables on Company Value with Company Size as a moderating variable in banking companies. The general form of the multiple linear regression equation is:

1. SIZE (it) = $\beta 0 + \beta 1X_1 + \beta 2X_2 + e$
2. PBV (it) = $\alpha + \beta 1X_1 + \beta 2X_2 + SIZE + e$

Where:

PBV = Company Value
α = constant
$\beta 1, \beta 2$ = Constants
X_1 = Profitability
X_2 = Public Ownership
Z = SIZE

Moderated Regression Analysis (MRA)

One method to analyze moderating variables is moderation regression. Moderation regression analysis is regression analysis that involves moderating variables in building its relationship model. The moderating variable serves to strengthen or weaken the relationship between predictor (independent) variables and dependent variables. Without a moderating variable, the analysis of the relationship between predictor and dependent variables can still be performed as regular regression analysis. In moderation regression analysis, all regression analysis assumptions apply.

Moderating Variables can be classified into 4 types (Solimun, 2019):

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1. Pure Moderator: Interacts with predictor variables without becoming a predictor variable
2. Quasi Moderator: Interacts with predictor variables while also being a predictor variable
3. Homologiser Moderator: Potentially influences the strength of the relationship between predictor and dependent variables without interacting with predictor variables or having a significant relationship with dependent variables
4. Predictor Moderator Variable: Only serves as a predictor variable in the relationship model formed

The purpose of moderation regression analysis is to determine whether the moderating variable will strengthen or weaken the relationship between independent and dependent variables. The moderating variable in this study is classified as a Quasi Moderator, as it interacts with the independent variable while also serving as an independent variable.

The MRA (Moderated Regression Analysis) regression equation model is:

$$Y = \alpha + \beta 1X_1 + \beta 2X_2 + \beta 3Z + \beta 4X1Z + e$$

Hypothesis Testing

t-Statistics Test

The t-statistical test essentially shows how far the influence of one explanatory independent variable individually explains the variation of the dependent variable. To determine whether there is an influence of each independent variable individually on the dependent variable, a significance level of 5% is used (Ghozali, 2019):

1. If sig value < 0.05, variable X significantly influences variable Y
2. If sig value > 0.05, variable X does not significantly influence variable Y

Significance Test (F Test)

The F test examines whether all independent variables in the regression equation collectively influence the dependent variable. Decision-making criteria include:

Examining Probability Value: If the significance value > 0.05, independent variables do not significantly influence the dependent variable collectively; if the significance value < 0.05, independent variables significantly influence the dependent variable collectively

Coefficient of Determination Test

The coefficient of determination (R^2) measures how far the model's ability to explain variations in the dependent variable. However, since R^2 has fundamental weaknesses regarding bias toward the number of independent variables included in the model, this study uses adjusted R^2. Adjusted R^2 values range between zero and one and can increase or decrease when an independent variable is added to the model. A small adjusted R^2 value means the ability of independent variables to explain the variation in the dependent variable is very limited. A value approaching one means the independent variables provide almost all information needed to predict the dependent variable (Ghozali 2020).

IV. RESULTS AND DISCUSSION

Research Object Description

The object of this research is banking sector companies listed on the Indonesia Stock Exchange for the 2020 - 2022 period. Based on the purposive sampling method, there were 44 companies that met the criteria, presenting complete financial reports during the research period. Thus, there were 44 data points to be examined, processed using SPSS 26.

Descriptive Statistical Test

In this study, the data used includes 44 banking sector companies listed on the Indonesia Stock Exchange. With this data, researchers can establish minimum values, maximum values, average values, and standard deviations of each company variable considered.

Table 1. Results of Descriptive Statistical Test

	N	Minimum	Maximum	Mean	Std. Deviation
Company Value (PBV)	44	5.00	158.00	55.7045	43.05031
Profitability (ROA)	44	3.00	636.00	121.6818	159.61171
Public Ownership (KP)	44	40.00	4681.00	2271.4318	1982.93168
Company Size (SIZE)	44	191.00	1981.00	1514.4545	540.75905

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Valid N (listwise)	44				

Source: SPSS processed results, 2025

Based on the results obtained in Table 1 above, several conclusions can be drawn:

1. Company Value (PBV) has a minimum value of 5.00 and a maximum value of 158.00. The average Company Value is 55.7045 with a standard deviation of 43.05031. PBV data is normally distributed with the mean value greater than the standard deviation, making the data suitable for analysis.
2. Profitability (ROA) has a minimum value of 3.00 and a maximum value of 636.00. The average return on assets is 121.6818 with a standard deviation of 159.61171. ROA data is less normally distributed because the standard deviation is greater than the mean, making the data less optimal for use.
3. Public Ownership (PO) has a minimum value of 40.00 and a maximum value of 4681.00. The average public ownership is 2271.4318 with a standard deviation of 1982.93168. PO data is normally distributed with the mean value greater than the standard deviation, making the data suitable for analysis.
4. Company Size (SIZE) has a minimum value of 191.00 and a maximum value of 1981.00. The average Company Size is 1514.4545 with a standard deviation of 540.75905. SIZE data is normally distributed with the mean value greater than the standard deviation, making the data suitable for analysis.

Classical Assumption Tests

Normality Test Results

Table 2. One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		44
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	35.58024400
Most Extreme Differences	Absolute	.098
	Positive	.098
	Negative	-.068
Test Statistic		.098
Asymp. Sig. (2-tailed)		.200[c,d]

Source: SPSS processed results, 2025

To strengthen the analysis from the histogram and P-P Plot, we tested again using the Kolmogorov-Smirnov normality test. The result shows an Asymp sig (2-tailed) value of 0.200, which is greater than 0.05. According to the decision-making basis in the normality test, it can be concluded that the data is normally distributed, thus the assumption or normality requirement in the regression model has been met.

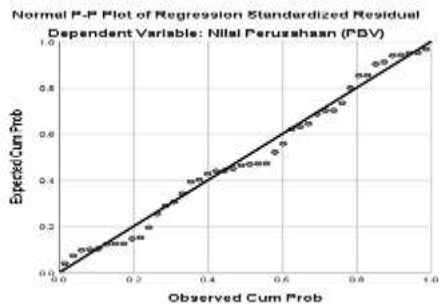

Figure 1. Normal Probability Plot Test Results

Source: SPSS processed results, 2025

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In addition to using a histogram, we can also examine normality using the P-P Plot. In Figure 1, data will be normally distributed if the expected probability values match the observed probability values. In the P-P Plot, the similarity between expected and observed probability values is shown by the diagonal line, which represents the intersection of expected and observed probability lines. From the figure, it can be seen that the data points lie along or follow the diagonal line, so it can be concluded that the distribution of Company Value (PBV) data is normal.

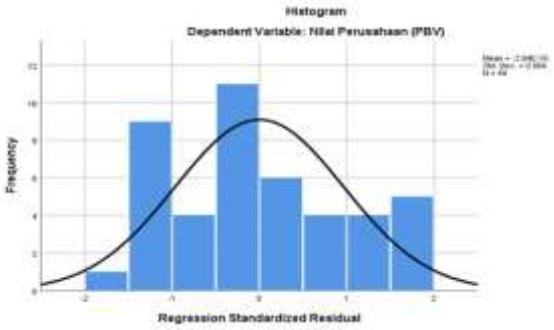

Figure 2. Histogram Graph Test Results
Source: SPSS processed results, 2025

Figure 2 shows a histogram graph that is not skewed to the left or right. This indicates that the research data is normally distributed. This result is also supported by the normality p-plot test.

Multicollinearity Test

Table 3. Multicollinearity Test Results

		Tolerance	VIF
1	(Constant)		
	Profitability (ROA)	.934	1.071
	Public Ownership (KP)	.913	1.095
	Company Size (SIZE)	.950	1.052

Source: SPSS data processing results, 2025

Based on the test results in Table 3, all independent variables used produce tolerance values > 0.10 and VIF < 10. Based on these results, it can be concluded that there are no symptoms of multicollinearity between independent variables in the regression model used.

Heteroscedasticity Test

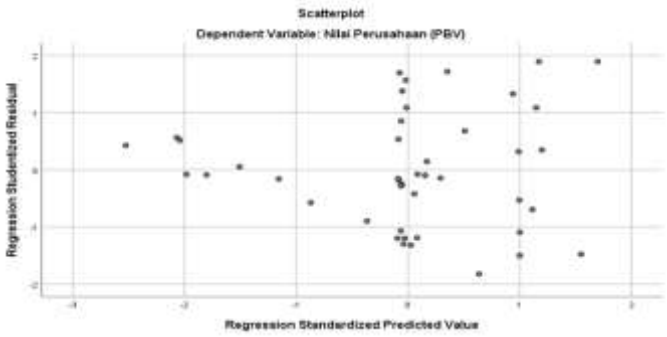

Figure 3. Heteroscedasticity Test Results
Source: SPSS processed results, 2025

Based on the scatter plot in Figure 3 above, it can be seen that the points are spread randomly and evenly both above the X or Y axis, and the points spread and do not form a specific pattern and spread across positive and negative values. Therefore, it can be concluded that there is no heteroscedasticity in this regression.

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Autocorrelation Test

Table 4. Autocorrelation Test After Outliers

Model Summary[b]					
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	**Durbin-Watson**
1	.563[a]	.317	.266	36.89038	1.897

Source: SPSS processed results, 2025

Based on Table 4, it is known that the Durbin-Watson (DW) value is 1.897. This value is between -2 and +2 (-2 < 1.897 < 2), so it can be concluded that there is no autocorrelation in this regression model.

Multiple Linear Regression Test

Table 5. Multiple Linear Regression Test Results

Coefficients[a]						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	100.429	19.873		5.054	.000
	Profitability (ROA)	-.142	.036	-.528	-3.907	.000
	Public Ownership (KP)	-.007	.003	-.339	-2.482	.017
	Company Size (SIZE)	-.007	.011	-.088	-.659	.514

Source: SPSS processed results, 2025

According to the results obtained in Table 5 above, the multiple linear regression equation can be formulated as follows:

PBV = 100.429 - 0.142 ROA - 0.007 PO - 0.007 SIZE + ϵ

The interpretation of the multiple regression equation above is as follows:

1. The value of the regression coefficient constant is 100.429, which means that if the return on assets, public ownership, and company size variables do not exist or are valued at 0, then the PBV value is 100.429.
2. The ROA coefficient value is -0.142, which means that return on assets has a negative effect on PBV. This implies that if there is an increase in return on assets by 1%, there will be a decrease in Company Value by -0.142.
3. The PO coefficient value is -0.007, which means that Public Ownership has a negative effect on Company Value. This implies that if there is an increase in public ownership by 1%, there will be a decrease in Company Value by -0.007.
4. The SIZE coefficient value is -0.007, which means that company size has a negative effect on Company Value. This implies that if there is an increase in company size by 1%, there will be a decrease in Company Value by -0.007.

Partial Hypothesis Test (t-Test)

Table 6. Partial Test Results

Coefficients[a]						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	100.429	19.873		5.054	.000
	Profitability (ROA)	-.142	.036	-.528	-3.907	.000
	Public Ownership (KP)	-.007	.003	-.339	-2.482	.017

Source: SPSS processed results, 2024

From the table above, it can be known: From the regression table above, it can be known:

1. Profitabilty (ROA) has a negative and significant effect on Company Value. Based on the t test results, it is known that the significance value (sig.) for ROA is 0.000, which is less than alpha 0.05

(0.000 < 0.05), so it can be stated that ROA has a negative and significant effect on Company Value (PBV).

2. Public Ownership (PO) has a negative and significant effect on Company Value (PBV). Based on the t-test results, it is known that the significance value (sig.) for PO is 0.017, which is less than alpha 0.05 (0.017 < 0.05), so it can be stated that PO has a negative and significant effect on Company Value (PBV).

Simultaneous Hypothesis Test (F-Test)

Table 7. F-Test Results

ANOVA[a]						
Model		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
1	Regression	25257.147	3	8419.049	6.186	.001[b]
	Residual	54436.012	40	1360.900		
	Total	79693.159	43			

Source: SPSS processed results, 2025

According to the results obtained in Table 8 above, the significance value (sig.) is 0.001, which is less than alpha 0.05 (0.001 < 0.05). Based on the testing criteria, it can be concluded that return on assets (X_1) and public ownership (X_2) simultaneously have a significant effect on Company Value.

Coefficient of Determination Test R^2

Table 8. Coefficient of Determination Test Results

Model Summary[b]					
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	**Durbin-Watson**
1	.563[a]	.317	.266	36.89038	1.897

Source: SPSS processed results, 2025

According to the coefficient of determination test results above, it can be concluded that the R Square value is $R^2 = 0.317$ or 31.7%. This means that the independent variables consisting of return on assets, public ownership, and company size are only able to explain the PBV variable by 31.7%, while the remaining 68.3% is influenced by other variables outside this research model.

Discussion

The Effect of Return on Assets on Company Value (PBV)

Based on regression and t-tests, it is known that the ROA coefficient value is -0.036 and the significance value (sig.) is 0.000, which means that ROA has a negative and significant effect on Company Value (PBV). The results of this study explain that when ROA increases, the company value will decrease but significantly in the banking sector listed on the IDX. From the analysis, it is concluded that when ROA increases, it will not have a significant effect, or does not guarantee an increase in company value.

Theory states that the higher the level of profitability, the higher the company value. However, the results that occur in this study are not in line with the theory, so it can be stated that the higher the profitability of a company, it does not become a benchmark for companies in increasing company value. Based on descriptive statistical data, the average profitability (ROA) in the Banking Sector is 121.6818, which means that banks generally experience profits and have profitability. This causes the effect of Profitability (ROA) to be significant on Company Value (PBV).

Thus, the first hypothesis stating that return on assets (ROA) has a negative and significant effect on Company Value can be accepted.

The Effect of Public Ownership on Company Value

Based on regression and t-tests, it is known that the public ownership (PO) coefficient value is -0.007 and the significance value (sig.) is 0.017, which means that public ownership has a negative but significant effect on PBV. Therefore, it can be stated that the higher the Public Ownership of a company, it does not become a benchmark for companies in increasing Company Value in banking companies listed on the IDX.

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The results of this study are not in line with the theory which states that the higher the public ownership, the higher the company value will be. Thus, the second hypothesis stating that public ownership (PO) has a negative and significant effect on Company Value can be accepted.

According to Rahman et al. (2019), public ownership represents the percentage of company shares owned by the general public. Companies with higher public ownership often face more scrutiny and diverse stakeholder expectations, which can complicate strategic decision-making. This explains why increased public ownership might negatively affect company value in certain contexts.

The Effect of Return on Assets and Public Ownership on Company Value

According to the results of the simultaneous test (F-test), the significance value (sig.) is 0.001, which is less than alpha 0.05 (0.001 < 0.05). Based on the testing criteria, it can be concluded that return on assets (X_1) and public ownership (X_2) simultaneously have a significant effect on Company Value. Thus, the third hypothesis stating that profitability (ROA) and public ownership (PO) have a significant simultaneous effect on Company Value can be accepted.

As noted by Iskandar & Suryono (2021), the relationship between profitability measures and public ownership structure collectively impacts how investors perceive a company's future prospects, explaining their simultaneous significance in determining company valuation metrics.

The Effect of Company Size as a Moderator between Profitability and Company Value

The test results in this study show that the interaction between company size and profitability does not have a significant effect because the significance value is greater than 0.05. From the statement above, it can be concluded that company size is not able to moderate the effect of profitability on company value. Thus, the fourth hypothesis stating that company size is able to moderate the effect of profitability on company value cannot be accepted (rejected).

The Effect of Company Size as a Moderator between Public Ownership and Company Value

The test results in this study show that the interaction between company size and profitability does not have a significant effect because the significance value is greater than 0.05.

From the statement above, it can be concluded that company size is not able to moderate the effect of profitability on company value. Thus, the fifth hypothesis stating that company size is able to moderate the effect of public ownership on company value cannot be accepted (rejected).

Tahir & Mushtaq (2020) suggest that company size alone may not significantly change the fundamental relationship between ownership structures and performance measures, which supports our finding that size doesn't effectively moderate these relationships.

Coefficient of Determination (R^2) Test

According to the coefficient of determination test results, it can be concluded that the R Square value is $R^2 = 0.317$ or 31.7%. This means that the independent variables consisting of return on assets, public ownership, and company size are only able to explain the PBV variable by 31.7%, while the remaining 68.3% is influenced by other variables outside this research model.

V. CONCLUSION AND SUGGESTIONS

Conclusion

Based on the research results, it can be concluded that Profitability (ROA) and Public Ownership each have a significant negative effect on Company Value (PBV) in banking sector companies listed on the Indonesia Stock Exchange during the 2020-2022 period.

The findings indicate that increases in profitability and public ownership are associated with decreases in company valuation, contradicting theoretical expectations. This suggests that in the banking sector, higher ROA and greater public ownership do not serve as reliable benchmarks for increasing company value. Although simultaneously both variables have a significant effect on Company Value, the relationship formed is negative.

Company Size was tested as a moderating variable but proved unable to moderate the relationship between either Profitability or Public Ownership and Company Value, as indicated by significance values greater than 0.05 for both interaction effects.

The coefficient of determination analysis shows the variables only explain 31.7% of Company Value variation, while the remaining 68.3% is influenced by other variables outside the research model.

Suggestions

For future research, it is suggested to expand the sample by including other industrial sectors beyond banking for a more comprehensive picture. Researchers should consider alternative moderating variables that might better explain the relationships between profitability, ownership structures, and company value.

Additionally, developing more comprehensive measurement methods for profitability and ownership structure variables could provide deeper insights into their impact on company valuation. Future studies might also benefit from examining longer time periods to account for economic cycles and regulatory changes affecting the banking sector in Indonesia.

For banking sector companies, these findings suggest the need to evaluate strategies beyond merely increasing ROA or public ownership when seeking to enhance company value, as these traditional metrics appear to have unexpected relationships with market valuation in the current Indonesian banking context.

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