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Sales Growth and Firm Size Impact on Firm Value with ROA as a Moderating Variable

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ABSTRACT

Objectives: This study aims to determine the sales growth and firm size impact of the firm value, and the return on assets as the moderating variable. These independent variables are the sales growth and firm size, where the dependent variable is firm value. The objects of this study are the consumer goods companies which was listed on the Indonesia Stock Exchange market from 2015 to 2020.

Methodology: The amount of sample is ten consumer goods companies based on the purposive sampling technique. The research method is using SPSS application to run the regression analysis and which covered the descriptive statistics, classical assumption tests, multiple linear regression analysis, moderation regression analysis, and the hypotheses tests. The data of the study are normally distributed, free from multicollinearity and heteroscedasticity.

Finding: The hypothesis results show that sales growth results have negative impact and not significant to the firm value; the total assets have positive impact and not significant on the firm value; sales growth and total assets have impact on the firm value which is not significant simultaneously. Investors have to be careful on investing in the company because if they are taking sales growth and firm size into the account to invest, this may make mistakes. The variable of ROA also cannot moderate the model.

Conclusion: A company with high sales growth and large firm size does not guarantee to operate efficiently to generate profit and increase the firm value.

Keywords: Sales Growth; Firm Size; Firm Value; Moderating; ROA

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INTRODUCTION

Yadav et al. (2020) and Yadav et al. (2021) stated that firm growth and firm size have received considerable attention in the economic literature. Every company aims to maximize the shareholders' profits to increase their wealth and prosperity. Shares express the firm's ownership (Nurleni et al., 2018). Firm value is sometimes associated with stock market price (Chesini & Giaretta, 2016; Sari & Hermuningsih, 2020). If the price of the book value is higher, the firm has good prospects. Goh et al.'s (2021) result shows that interest rate and exchange rate will impact the stock market. Susanti & Restiana's (2018) study on the determinants of firm value. The sales growth is positive and increasing which means that it will increase the firm value, which is the investors' expectation. Sales growth has a positive and not significant impact on firm value, partially (Pantow et al., 2015). The result of (Lazarus et al., 2021) stated that sales growth indicated a significant influence on corporate performance. While the result from (Pramesti et al., 2021) stated that sales growth has a negative and not significant effect on profitability. The result from (Wulandari et al., 2021) stated that sales growth has no impact on the firm value. The firm has excellent assets which means that it will make funds easier for the operations. Firm size partly influences company value (Suffah & Riduwan, 2016); however, the other result stated that firm size has a negative effect on firm value (Pratama & Wiksuana, 2016; Puspaningrum, 2015). The result of (Natsir & Yusbardini, 2019) stated that the firm size, capital structure, and profitability have a significant effect on the firm value, and also the profitability was able to mediate the effect of firm size and capital structure on firm value. On the other hand, the result from (Abeyrathna & Priyadarshana, 2019) stated that firm size has no considerable impact on profitability.

The results from (Setiadharmas & Machali, 2017) show that firm size has negative effects on firm value while company growth, profitability, liquidity, tangible fixed assets, audit committee, and board size have significant effect on the firm value. Indonesian investors do not consider accounting information, they do not consider the capital structure and company size as the criteria of investment decisions. A study of investor behavior in Indonesian capital markets (Ady et al., 2013) found that Indonesian investors are more likely to make irrational investments when they recklessly sell expensive stocks and hold cheap stocks for a long time. These irrational investors in Indonesia do not process and interpret information properly. Sensible investor will analyze and read the company's financial statements and also evaluate the company's business performance before making an investment decision. In the study which was done by (Ismawati & Haryono, 2007), which was partially stated that fundamental factor and systematic risk that the investor in this industry considers is just the profitability which the Return on Asset (ROA) measures, meanwhile, the other factors such as liquidity, solvability, and market ratio do not have any significant impact in the stock buying decision. Sales growth and firm size have a positive effect on the profitability of non-financial sector companies in Pakistan (Nazir et al., 2021).

The results obtained from Tripathy & Uzma (2020) show the significant estimators that affect a company's cash holdings: Size, Accounts Payable, PPE, Sales, and RD. This study can be expanded further by conducting pre-and post-financial crisis studies that can help to determine the changes in cash holding behavior due to the crisis. Furthermore, combining ownership structure and board attributes can further enhance the understanding of what will define cash. This study investigates the effect of sales growth and firm size on firm value with return on asset as the moderating variable. The formula of ROA is dividing the net income by the total assets (Kasmir, 2010; Sumarsan, 2020). High ROA will show a good image for the firm and

will attract the investors to invest (Yudawisastra et al., 2018).

So, based on the different results from previous research and the important factors that determine the firm value; therefore, this article has formulated the following research problems as follows: Does sales growth and firm size impact the firm value, partially or simultaneously? How can return on asset moderate the variables? The study is using 10 consumer goods companies which were listed in the Indonesian Stock Exchange market and the samples were retrieved from the idx.co.id.

This study aims to understand the impact of sales growth and firm size on the firm value and how the ROA acts as the moderating variable in the model. The novelty of this study is that the sales growth and firm size do not impact the firm value significantly, whether partially and simultaneously. The investors have to be very careful in investing in the firm because a firm with high sales growth and large firm size does not guarantee to generate high profit and increase the firm value. Further, this article can add to the finance literature.

LITERATURE REVIEW

Saidah and Bawono (2021) indicated that a signal theory explains how companies can have incentives to provide information or news from financial reports to other parties or external parties. The encouragement from companies to be able to provide information or news is due to the information asymmetry between the company and the outsiders because the company understands more about the company and its next project than the investors and the creditors. Lack of knowledge of other parties or outsiders about a company will protect them by providing lower prices to the company.

Definition of Sales Growth

Sales are the revenue that a firm will receive due to the delivering of goods/services from its primary business. Firms that have stable sales can get higher debt, which means that the more stable the sales of a firm, the more capable the firm will meet their obligations (Syaifullah, 2014; Sudana, 2015 and Hanafi, 2016). Sales can be generated in cash or credit (Hikmah, Djuwita, & Widagdo, 2019). If the deal are in credit, the firm will only receive the money according to the agreed credit period. Credit sales incur costs and benefits for the firm. The cost of credit sales is to collect receivables and bad debt. Meanwhile, the advantage of the firm is to increase in the sales volume.

Goals and Benefits of Sales Growth

According to Sudana (2015), when a company sells goods or services, they can do it in cash or credit. If the sale was made in cash, then when the sale was done, the company will receive cash; otherwise, if the sale was made on credit, the company will only receive cash sometime later according to the agreed credit period. Selling on credit will create costs and benefits for the company. There are direct costs arising from credit sales, such as collecting receivables, and indirect costs in the form of the opportunity cost of funds tied up in receivables and losses due to uncollectible receivables. Meanwhile, the benefits obtained by the company from selling on credit are in the form of an increase in sales volume, which in turn will increase profit.

Indicator of Sales Growth

The sales growth indicator is as follows (Nazir et al., 2021, Nadya & Purnamasari, 2020).

$$\text{Sales Growth} = \frac{\text{This year sales} - \text{Last year sales}}{\text{Last year sales}} \quad (1)$$

Corporate Size

Firm size is classified according to various ways, such as total assets or market value of shares (Angeline & Sitorus, 2020; Puspitaningtyas, 2019). Big companies have differences in the working capital compared to small companies (Salimah & Herliansyah, 2019). Big companies have many sources of funds; therefore, they may require smaller working capital compared to total assets or sales (Nurhikmawaty et al., 2020). Firm size positively impacts debt levels (Suripto, 2015). Factors that affect the firm size are the managing of the firm, organization structure, and obtaining funds to finance the operation (Herlambang, 2014).

Corporate Size Indicator

According to Rodoni and Ali (2014), the total assets are usually very large and to avoid the scale bias, so the asset size need to be compressed. In general, a firm's size proxies are using logarithms (log) or natural asset logarithms.

$$\text{Corporate Size} = \ln \text{Total Asset} \quad (2)$$

Factors that affect corporate size

According to Herlambang (2014), large companies are: managed or led by a professional manager (not the company owner), the organizational structure of the company is complex, and they have job specialization, the probability of company failure is relatively low, and is relatively easy to obtain long-term capital for business development. Small companies are managed or led by the owner of the company, the organizational structure of the company is simple, and there are still many concurrent positions, the probability of company failure is relatively high, the business is quite challenging to develop because it is difficult to get loan for short and long terms.

The firm value

According to Sumarsan (2020), firm value is when prospective buyers are willing to pay for the company if the company is going to sell. Factors that affect firm value are the capital structure, liquidity, firm size, and profitability (Ellul, Pagano & Panunzi, 2010). Firm value is the real value or potential value that a company can create in the future, calculated by different valuation models or methods, making it possible to arrive at different results. Capital structure can affect the firm value because one of the finance manager's tasks is to determine the funding policies and investment activities that can increase the stock prices and, in the end, will increase the firm value. The finance manager should make the optimal financial combination which is associated with the various types of assessments of company performance. Liquidity can impact the firm's value because it measures how the management manages their working capital.

Most people will use the profitability dimension to measure a firm's performance.

Firm value indicator is using the price to book value (Hermawan & Dina, 2011; Sudjiman & Sudjiman, 2019; Haniftian & Dillak, 2020). The formula is:

$$PBV = \frac{MP \text{ Per Share}}{BV \text{ Per Share}} \tag{3}$$

Firm value is an investor’s perception of a company that is often associated with stock prices. The share price is the price that occurs when the stock are traded on the stock market (Chen, et al., 1999; Wahyudi, 2020).

Formula to Calculate Book Value Per Share (BVPS):

$$BVPS = \frac{\text{Total Equity}}{\text{Number of Shares outstanding}} \tag{4}$$

Return on Asset

The formula of ROA is as follows (Goh, et al., 2022; Fadhilah et al., 2020; Khan, et al., 2021, Afiqoh & Laila, 2018; Shahid et al., 2020; Wati, Syahdam & Prambudi, 2019; Wahyudiono, 2014; Youn & Gu, 2007).

$$\text{Return on assets} = \frac{\text{Net profit}}{\text{Total Asset}} \tag{5}$$

According to Jumingan (2014), many factors will influence the changes in net income (Net Income). The elements are the fluctuation of units sold and the selling price per unit, the cost of goods sold, business costs, non-operational income and expenses, the rise and fall of the corporate income tax, and the accounting methods changes. Pantow et al. (2015) study showed that sales growth has an insignificant and positive effect on firm value and firm size has a significant and negative impact on firm value, and return on assets has a substantial and positive effect on firm value.

Furthermore, the study of Suffah and Riduwan (2016) has concluded that the firm size and leverage will partially affect the firm value. Puspaningrum (2015) and Pratama et al. (2016) indicated that firm size has a negative effect on the company value.

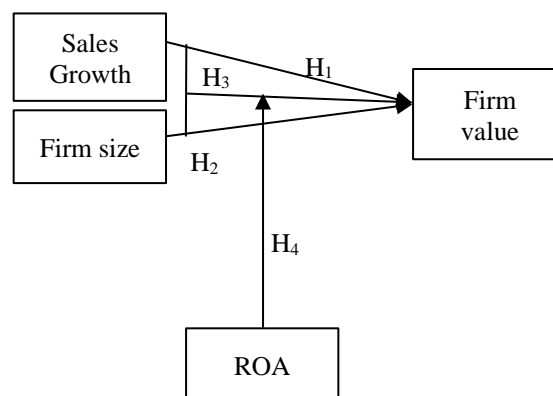


Figure 1. Conceptual Framework

Figure 1 shows that the sales growth will increase the profit, in the end, will increase the firm value, firm size will get investments quickly, therefore will increase the firm value. Firm size can attract investors and stakeholders to increase sales growth; in the end, it will increase firm

value. The concept shows that ROA as the moderating variable is to strengthen the impact on the firm value.

The hypotheses in this study are as follows:

H₁: Sales growth affects firm value.

H₂: The corporate size affects the firm value.

H₃: Sales growth and corporate size affect firm value.

H₄: Sales growth and firm size affect the firm value with return on assets as a moderating variable.

METHOD

Research methodology

This is quantitative research, and the research object is the consumer goods companies. The data are derived from the Indonesian Stock Exchange.

Population and Sample

According to Morissan (2019), the population can be defined as collecting subjects, variables, concepts, or phenomena. The sample is part of the population that represent the population. The population in this study is 50 companies. The sample is 10 companies, which was taken based on the purposive sampling technique. The criteria are the consumer goods companies which was listed in the Indonesian Stock Exchange, the companies that have profits during the year of observation, and the companies that have a positive sales growth during the observation.

The study is using secondary data, such as the financial reports and documentation of the companies which were published.

This study is using multiple linear regression analysis, and the formula is as follows.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e$$

The absolute difference value test equation model for moderation regression is as follows.

$$Y = \alpha + \beta_1 X_1 + \beta_3 Z + \beta_4 (X_1 - Z) + e$$

$$Y = \alpha + \beta_2 X_2 + \beta_3 Z + \beta_4 (X_2 - Z) + e$$

Information :

Y = Firm Value

α = A constant

$\beta_1 - \beta_4$ = Regression coefficient

Z = Return On Asset

$X_1 - Z$ = interactions of X_1 and Z

$X_2 - Z$ = interactions of X_2 and Z

e = Standard Error

RESULTS AND DISCUSSION

Results

This study is using descriptive analysis, classic assumption test, linear regression analysis of moderation, and hypothesis testing.

In this study, the descriptive statistics aim to provide an overview of the data that has been processed consisting of minimum, maximum, average, and standard deviation of each variable (sales growth, firm size, firm value, and return on assets). The following is descriptive test result data:

Table 1. Descriptive Statistics

| | N | Min | Max | Mean | Std. Deviation |
|--------------------|----|-------|-------|---------|----------------|
| GrowthSales | 60 | -,01 | ,19 | ,0810 | ,04448 |
| FirmSize | 60 | 26,53 | 32,20 | 30,3243 | 1,43693 |
| ROA | 60 | ,04 | ,47 | ,1485 | ,10801 |
| FirmValue | 60 | ,72 | 82,44 | 10,3892 | 17,68254 |
| Valid N (listwise) | 60 | | | | |

Source: data processed, 2021 (SPSS output)

Table 1 conclude that the sales growth, firm size, ROA, and firm value have a mean of 0,0810;30,3243;0,1485; and 10,3892, which means the distribution of 60 samples, not all variables has the same meaning. Standards deviation concludes how far the growth sales, firm size, ROA, and Firm Value is 0,04448;1,43693;0,10801; and 17,68254 scatter in mean.

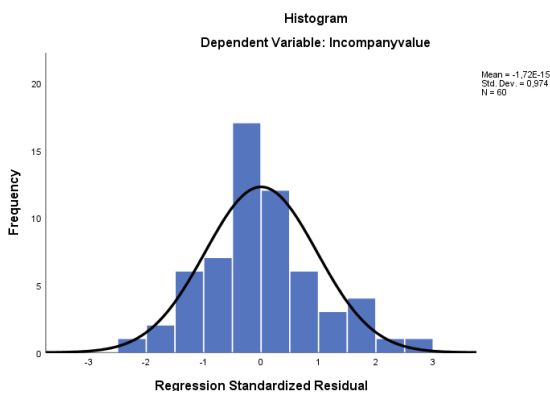
Table 2. Normality Test (Kolmogorov-Smirnov)

| N | | Unstandardized Residual |
|----------------------------------|----------------|-------------------------|
| | | 60 |
| Normal Parameters ^{a,b} | Mean | ,0000000 |
| | Std. Deviation | ,50993633 |
| Most Extreme Differences | Absolute | ,094 |
| | Positive | ,094 |
| | Negative | -,057 |
| Test Statistic | | ,094 |
| Asymp. Sig. (2-tailed) | | ,200 ^{c,d} |

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.
- d. This is a lower bound of the true significance.

Source: data processed, 2021 (SPSS output)

After transforming the data, the results (Kolmogorov-Smirnov) are normally distributed by looking at the Asymp. Sig value (2-tailed), which is 0.2 (0.2 > 0.05) (Meiryani et al., 2020). Histogram normality test results after data transformation are as follows:



Source: data processed, 2021 (SPSS output)

Figure 1. Normality Test with Histogram After Data Transformation

Based on the picture above, the data is normally distributed because it can be seen from the curve lines that do not deviate to the left or right and form a reverse bell.

Multicollinearity Test

The multicollinearity test result is.

Table 3. Multicollinearity Test

| Model | | Coefficients ^a | | | | Sig. | Collinearity Statistics | |
|-------|-------------|-----------------------------|------------|---------------------------|--------|------|-------------------------|-------|
| | | Unstandardized Coefficients | | Standardized Coefficients | t | | Tolerance | VIF |
| | | B | Std. Error | Beta | | | | |
| 1 | (Constant) | 6,725 | 1,691 | | 3,977 | ,000 | | |
| | GrowthSales | 1,631 | 1,688 | ,067 | ,966 | ,338 | ,824 | 1,214 |
| | FirmSize | -,068 | ,052 | -,090 | -1,306 | ,197 | ,825 | 1,211 |
| | Lnroa | 1,503 | ,109 | ,924 | 13,726 | ,000 | ,862 | 1,160 |

a. Dependent Variable: Firm value

Source: data processed, 2021 (SPSS output)

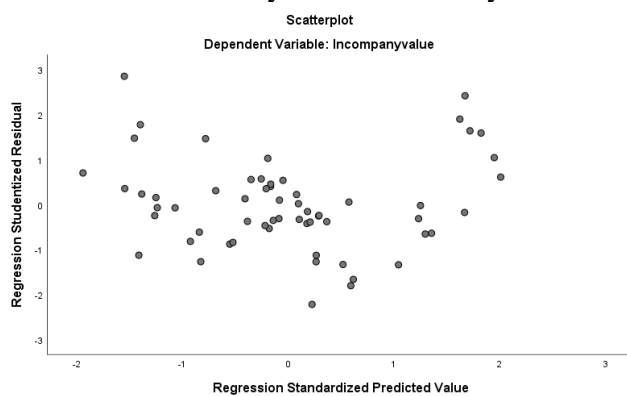
Based on the table above, it can be observed that:

The value of tolerance (α) for the variable sales growth is 0.824; the company size variable is 0.825; and the return on asset variable is 0.862, which means that the value is greater than 0.1. The variance inflation factor (VIF) value for the variable sales growth is 1,214; the company size variable is 1,211, and the return on assets is 1,160, which means that the value is less than 10 (Nwaigwe & Chinagorom, 2014).

The multicollinearity test results showed that the variables of sales growth, firm size, and return on assets did not show multicollinearity.

Heteroscedasticity Test

The heteroscedasticity test of this study is as follows:



Source: data processed, 2021 (SPSS output)

Figure 2. Image of Heteroscedasticity Test

Based on the picture above, it can be explained that the variables do not have heteroscedasticity because the data processing points are spreading and do not have a regular pattern (Rachmawati, Kartawinata, Wijayangka & Hasbi, 2020).

Multiple Linear Regression Analysis

The results of the study’s multiple regression analysis tests are as follows.

Table 4. Multiple Linear Regression Analysis

| Model | | Coefficients ^a | | | t | Sig. |
|-------|-------------|-----------------------------|------------|---------------------------|--------|------|
| | | Unstandardized Coefficients | | Standardized Coefficients | | |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | -.781 | 3,313 | | -.236 | ,815 |
| | GrowthSales | -3,515 | 3,408 | -.143 | -1,031 | ,307 |
| | FirmSize | ,087 | ,106 | ,115 | ,828 | ,411 |

a. Dependent Variable: firm value
Source: data processed, 2021 (SPSS output)

So, the model is:

$$\text{Firm Value} = -0.781 - 3.515 \text{ sales growth} + 0.087 \text{ firm size} + e$$

The model explains that:

Constant (α) of -0.781 means that if the variable of sales growth and firm size is 0, the firm value decreases by 0.781. Regression Coefficient (β) sales growth variable of -3.515, which is negative, shows when the firm value is 0, and the sales growth variable has decreased by 1 unit. The firm value has decreased by 3.515 units—regression Coefficient (β) firm size variable 0.087, which is positive.

Moderation Regression Analysis

According to Ghozali (2018), the moderator variable is divided into three groups as follows:

Table 5. Types of Moderator Variables

| | Associated with criterion and or predictor | Not related to criteria and predictors |
|-----------------------------------|--|--|
| Does not interact with predictors | 1. Intervening, Exogenous, antecedent, predictor | 2. Moderator (Homogenizer) |
| Interact with predictors | 3. Moderator (Quasi Moderator) | 4. Moderator (Pure Moderator) |

Source: Ghozali (2018)

The moderation regression results of this study are as follows:

Table 6. First Absolute Difference Test

| Model | | Coefficients ^a | | | t | Sig. |
|-------|-------------|-----------------------------|------------|---------------------------|--------|------|
| | | Unstandardized Coefficients | | Standardized Coefficients | | |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 4,619 | ,242 | | 19,055 | ,000 |
| | GrowthSales | 38,489 | 27,143 | 1,570 | 1,418 | ,162 |
| | Lnroa | 1,484 | ,107 | ,912 | 13,844 | ,000 |

| | | | | | | |
|--|-----------------|-----------------|--------|--------|--------|------|
| | abs_growthsales | - 36,71 2 | 27,481 | -1,476 | -1,336 | ,187 |
|--|-----------------|-----------------|--------|--------|--------|------|

a. Dependent Variable: firm value

Source: data processed, 2021 (SPSS output)

The moderation regression equation in this study is:

$$Y = 4.619 + 38.489 \text{ sales growth} + 1.484 \text{ ROA} - 36.712(\text{sales growth} - \text{ROA})$$

The model explains that:

1. Constant (α) of 4.619 means if the variable of sales growth and return on assets (Z) is 0, the firm value increases by 4.619 units.
2. Regression Coefficient (β) 38.489 of sales growth is positive shows the firm value is 0, and the sales growth variable has increased by 1 unit, then the firm value has increased by 38.489 units.
3. Regression coefficient b3 is significant, which is 0.00 smaller than 0.05, and b4 is significant, which is 0.187, greater than 0.05; the ROA in the test of an absolute difference does not moderate sales growth to firm value and only acts as a predictor variable in the relationship model formed.

Table 7. Second Absolute Difference Test

| Model | | Coefficients ^a | | | t | Sig. |
|-------|-----------------|-----------------------------|------------|---------------------------|--------|------|
| | | Unstandardized Coefficients | | Standardized Coefficients | | |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 6,770 | 1,694 | | 3,996 | ,000 |
| | FirmSize | -,070 | ,052 | -,092 | -1,330 | ,189 |
| | Inroa | 1,500 | ,109 | ,922 | 13,700 | ,000 |
| | abs_growthsales | 1,506 | 1,711 | ,061 | ,880 | ,383 |

a. Dependent Variable: firm value

Source: data processed, 2021 (SPSS output)

The moderation regression equation in this study is:

$$Y = 6.770 - 0.070 \text{ firm size} + 1.500 \text{ ROA} + 1.506 (\text{firm size} - \text{ROA})$$

The model explains that:

1. Constants (α) of 6.770, meaning if the firm size and return on assets (Z) are 0, the firm value increases by 6.770 units.
2. Regression Coefficient (β) 0.070, firm size variable is negative indicates the firm value is 0, and the firm size has increased by 1 unit; then the firm value decreased by 0.070 units.
3. Regression coefficient b3 is significant, which is 0.00 smaller than 0.05, and b4 is not significant at 0.383, greater than 0.05; the ROA in the test of an absolute difference does not moderately firm size to firm value only acts as a predictor variable in relationship model formed.

Hypothesis testing**Table 8.** F test, Coefficient of DeterminationANOVA^a

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|-------------------------|----------------|----|-------------|-------|-------------------|
| 1 | Regression | 3,220 | 2 | 1,610 | 1,370 | ,262 ^b |
| | Residual | 66,960 | 57 | 1,175 | | |
| | Total | 70,179 | 59 | | | |
| | R ² | ,046 | | | | |
| | Adjusted R ² | ,012 | | | | |

a. Dependent Variable: Infirmvalue

b. Predictors: (Constant), firm size, GrowthSales

Source: data processed, 2021 (SPSS output)

The Coefficient of determination adjusted R Square (R²) is 0.012 or equal to 1.2% of the firm value, which explains the independent variables. The remaining value of 98.8% is explained by other variables, such as capital structure and leverage.

Simultaneous Significance Test (F test)

The F test is used to test whether the independent variables will simultaneously affect the dependent variable. The value of the F table determines the degree of freedom 1 (df) = 3 (number of independent variables plus moderating variables) and degree of freedom 2 (df2) = 57 (number of samples minus independent variables and moderating variables). The significant value of 0.262 shows that sales growth, and firm size does not significantly impact the firm value.

Partial Significance Test (t-Test)**Table 9.** t-TestCoefficients^a

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|-------|-------------|-----------------------------|------------|---------------------------|--------|------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | -,781 | 3,313 | | -,236 | ,815 |
| | GrowthSales | -3,515 | 3,408 | -,143 | -1,031 | ,307 |
| | CompanySize | ,087 | ,106 | ,115 | ,828 | ,411 |

a. Dependent Variable: Infirmvalue

Source: data processed, 2021 (SPSS output)

The results show that sales growth has a significant value of 0.307, which means that the variable of sales growth has no significant impact on the firm value. The firm size has a significant value of 0.411, which means the firm size has no significant positive impact on firm value.

Discussion**Effect of Sales Growth on Firm Value**

The results of this study are different from the study of Pantow et al. (2015). Based on the results, it was found that sales growth has a negative impact and no significant impact on the firm value. With an increase in sales, the firm is considered to be able to meet the customers' demands that require more funds, so the company needs to inject more funds by borrowing from the bank. However, the amount of debt that incurs interest expense will decrease the firm

value. So, sales growth does not guarantee to increase the firm's profit and, in the end, has a negative impact on the firm value.

Table 10. Sales Growth, PBV, and Share Prices in Consumer Goods Companies Listed on the Indonesia Stock Exchange

| Variable | X | | | | |
|--------------|------------|------------|------------|------------|------------|
| | 1 | 2 | 3 | 4 | 5 |
| Sales Growth | 63.594.452 | 64.061.947 | 66.659.484 | 70.186.618 | 73.394.728 |
| PBV | 1.44 | 1.05 | 1.58 | 1.43 | 1.31 |
| Firm Value | 6.750 | 5.175 | 7.925 | 7.625 | 7.450 |

Table 10 shows that increased sales growth does not increase the firm's value because if sales growth increases and share prices decrease, it cannot increase firm value because the firm value is measured by share price divided by book value which is derived from the equity divided by shares owned.

Effect of Firm Size on Firm Value

The firm size has a positive impact but not significantly on firm value. The result supports the study of Saftiana, Mukhtaruddin, Putri, & Ferina (2017). The result differs from the research done by Indriyani (2017), Peranginangin (2019), Salim and Susilowati (2019), Aldi, Erlina, & Amalia (2020), and Akbar and Fahmi (2020). The large size of the firm will reflect the company's ability to buy the assets in large quantities. Big firm size is also considered as easy to attract investors to put additional funds into the company because investors saw the positive of the companies. However, the study results indicate that firm size does have a strong relationship with the firm value because if a large or small size firm operates efficiently, it will create profit and, in the end, increase the firm value. But, if a large or small firm operates inefficiently, it will incur losses.

The Effect of Sales Growth and Firm Size on Firm Value

Based on F_{test} results, the significant value of 0.054 shows that sales growth and firm size have a simultaneous impact but not significant on the firm value. So, the third hypothesis, sales growth and firm size have a simultaneous impact but not significant on the firm's value, which means that sales growth and size of the company simultaneously have a relationship with the firm's value.

The Effect of Sales Growth and Firm Size on Firm Value with Return On Assets as the Moderating Variable

Effect of Sales Growth on Firm Value with Return On Assets as the Moderating Variable

The significant value is 0.187 ($Z > 0.05$), which shows that the return on assets can not moderate the effect of sales growth on the company's value. Return on assets cannot strengthen the firm's value when projected with sales growth due to the increased sales followed by an increase in the net income, and assets cannot increase the perceived firm value in the eyes of investors to invest their capital. Based on the results, the research shows that the fourth hypothesis, return on assets, cannot moderate the sales growth to the firm value.

Effect of Firm Size on Firm Value with Return On Assets as the Moderating Variable

The return on assets cannot moderate the effect of firm size on firm value. The second absolute value test results show that the value of standardized return on assets with a significant value of 0.383 and the absolute value of the interaction between the moderating variables and the firm size.

Table 11. Company Size, PBV, Equity and Liabilities At Consumer Goods Companies Listed on the Indonesia Stock Exchange

| Variable | X | | | | |
|------------|------------|------------|------------|------------|------------|
| | 1 | 2 | 3 | 4 | 5 |
| Firm Size | 30.15 | 30.25 | 30.35 | 30.44 | 30.53 |
| Total Aset | 12.439.267 | 13.696.417 | 15.226.009 | 16.616.239 | 18.146.206 |
| PBV | 8.79 | 5.66 | 5.70 | 5.70 | 4.66 |
| ROA | 0.17 | 0.15 | 0.15 | 0.15 | 0.14 |
| Net Profit | 2.122.678 | 2.057.694 | 2.350.885 | 2.453.251 | 2.552.706 |

Table 11 shows that the projected firm size with return on assets does not moderate the relationship between firm size and firm value. Suppose the addition of adequate assets and the utilization of assets is not optimal, which causes the profits to be insufficient. In that case, it will not increase the firm's value. The results indicate that the fourth hypothesis, return on assets, does not moderate firm size on firm value.

CONCLUSION

The conclusions of the study are:

1. The sales growth has negative and not significant impact on firm value in the consumer goods companies listed on the Indonesia Stock Exchange from 2015 to 2020.
2. The firm size has positive and not significant impact on the firm value in the consumer goods companies listed on the Indonesia Stock Exchange from 2015 to 2020.
3. The sales growth and firm size did not significantly affect the firm value in the consumer goods companies listed on the Indonesia Stock Exchange from 2015 to 2020.
4. The return on assets (moderating variable) on the sales growth variable only acts as a predictor variable (the dependent variable).
5. The return on assets (moderating variable) on the firm size variable only acts as a predictor variable (the dependent variable).

The suggestions for future researchers are to add more independent variables, such as liquidity, leverage, corporate governance, and other independent variables. Besides, the further researchers may consider taking more samples, a longer period of observation, other types of industries, and the other moderating variables in their research.

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