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The Influence of Liabilities and Profitability on the Value of GIAA Companies Listed on the Indonesia Stock Exchange 2023-2024

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This study aims to examine and analyze the effect of liabilities and profitability on the firm value of PT Garuda Indonesia (Persero) Tbk (GIAA), which is listed on the Indonesia Stock Exchange. Firm value represents an important indicator that reflects investors' perceptions of the company's performance as well as its future prospects. In the aviation industry, which is characterized by high capital requirements and intense competition, understanding the factors that influence firm value is crucial for management and other stakeholders.The independent variables in this study consist of liabilities measured using the Debt to Equity Ratio (DER), and profitability measured through Return on Equity (ROE) and Return on Assets (ROA). Meanwhile, the dependent variable is firm value, which is measured using Price to Book Value (PBV) and Tobin's Q. The data used in this research are secondary data in the form of financial statements of PT Garuda Indonesia (Persero) Tbk for the 2021–2024 period, obtained from the Indonesia Stock Exchange and the company's official website.
Keywords: Liabilities, Profitabilitym Indonesia Stock Exchange

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1. Introduction

Corporate finance literature indicates that firm value is influenced by various fundamental factors, including profitability, as measured by ROA and ROE, capital structure or level of liabilities (leverage), firm size, and market expectations. However, empirical research often shows varying findings across industry sectors and observation periods. Several studies in the Indonesian capital market have found that profitability has a positive effect on firm value, while the effect of leverage tends to be contextual, dependent on industry conditions, the cost of debt, and the level of bankruptcy risk.

Given the capital-intensive nature of the aviation industry and its volatile revenue cycles, a study of the factors influencing firm value is crucial specifically for this sector (Formosa Publisher Journal, 2022).

The role of profitability in determining firm value is generally explained through the mechanisms of cash flow expectations and managerial signals. Higher profit levels can increase expectations of future cash flows, thus driving higher company valuations. Various studies in Indonesia over the past decade have shown a positive correlation between profitability and firm value indicators across various industrial subsectors. However, in an airline company like GIAA, year-to-year profitability can be distorted by cost restructuring, fuel price fluctuations, and government support policies. Therefore, a qualitative understanding is needed to explain how corporate profits are perceived by investors and stakeholders (UPI E-Journal, 2023).

On the other hand, liabilities or leverage have a two-pronged influence. On the one hand, the use of debt can increase company value through tax shields or loan-funded business expansion. However, on the other hand, high levels of liabilities also increase the risk of bankruptcy and cash flow uncertainty, which can

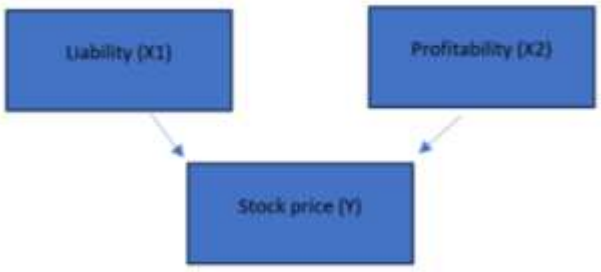
ultimately depress company value. Several empirical studies have shown that the effect of leverage on company value is not always consistent and is heavily influenced by macroeconomic conditions, industry structure, and the quality of corporate governance. In the case of GIAA, the magnitude of liabilities related to debt restructuring and post-pandemic credit agreements are important factors influencing investor perceptions of the company's stability and long-term prospects (Rizqa Anita, Giri Suseno, & Muhammad Rasyid Abdillah, 2023).

Although numerous quantitative studies in Indonesia have examined the influence of profitability and leverage on firm value, there remains a gap in this research, particularly in qualitative aspects that address internal mechanisms, stakeholder perceptions, and the context of the aviation industry during the restructuring period of 2021–2024. Previous studies generally used cross-sectoral data or focused less on managerial narratives and governance practices in airline companies facing financial difficulties. Therefore, this study aims to fill this gap by examining how liabilities and profitability influence GIAA's firm value, through an analysis of documents such as annual reports and restructuring disclosures. The results of this study are expected to provide practical contributions to the development of firm value theory in the context of capital-intensive industries, as well as provide managerial policy recommendations to improve transparency, financing strategies, and firm value for stakeholders (Dian Utami Wulaningsih, 2024).

2. Conceptual Framework

Based on theory and previous research findings, the conceptual framework for this study is structured as follows:

a. The independent variables consist of Liabilities (X_1) and Profitability (X_2).
b. The dependent variable in this study is Stock Price (Y).
c. The relationship between variables is analyzed both partially and simultaneous through hypothesis testing.
   This can be visually illustrated as follows:



Research Hypothesis

Based on the conceptual framework and problem formulation, the following hypotheses are formulated in this study:

H_1: Liabilities have a negative and significant effect on the stock price of PT Garuda Indonesia Tbk.
H_2: Profitability has a positive and significant effect on the stock price of PT Garuda Indonesia Tbk.
H_3: Liabilities and profitability simultaneously have a positive and significant effect on the stock price of PT Garuda Indonesia Tbk.
H_4: Among the liabilities and profitability variables, one variable has the most dominant influence on the stock price of PT Garuda Indonesia Tbk.

3. Method

This study uses a quantitative method with a causal associative approach to analyze the effect of liabilities and profitability on the stock price of PT Garuda Indonesia Tbk. The primary method used is multiple linear regression analysis using SPSS/EViews software, which aims to examine the causal relationship between variables. Prior to the regression analysis, classical assumption tests, including normality, multicollinearity, heteroscedasticity, and autocorrelation tests, were conducted to ensure that the regression model meets the Best Linear Unbiased Estimator (BLUE) criteria, as described by Gujarati (2003) regarding the validity of regression models in economics and finance research. The quantitative approach was chosen because the study focuses on measuring variables in numerical form that can be analyzed statistically, while the causal associative approach allows for identification of the extent to which the independent variables, namely liabilities and profitability, influence the stock price as the dependent variable, in accordance with the principle of causality explained by Sekaran and Bougie (2016) in the context of business research.

The object of the study is PT Garuda Indonesia Tbk, with a focus on the effect of liability and profitability levels on the company's stock price. The study population included all annual financial reports of PT Garuda Indonesia Tbk for the 2023–2024 period. The sample was determined using purposive sampling, selecting complete financial reports that met the research criteria, ensuring that the data analyzed was relevant and representative.

Data collection was conducted through documentation studies, reviewing official company and institutional documents, including annual financial reports published on the official Indonesia Stock Exchange website (www.idx.co.id), company performance summaries, annual reports, and public share ownership information. Furthermore, scientific references in the form of books and previous research journals were used to strengthen the theoretical foundation. This documentation method ensures that the data obtained is factual, verified, and accountable.

The collected data was processed using SPSS for more accurate and scientific analysis. The first stage was descriptive statistical analysis to describe the data characteristics of each variable, including the minimum, maximum, mean, and standard deviation values. Next, classical assumption tests were conducted according to Gujarati's (2003) principles to validate the model prior to regression, including tests for normality, multicollinearity, and heteroscedasticity. Multiple linear regression analysis was then used to measure the influence of the independent variables on the dependent variable, both partially and simultaneously. Hypothesis testing was conducted using a t-test for partial effects, an F-test for simultaneous effects, and the coefficient of determination (R^2) to assess the ability of the independent variables to explain variation in the dependent variable, following the regression theory guidelines described by Hair et al. (2014).

The research was conducted using data from PT Garuda Indonesia Tbk, a public company listed on the Indonesia Stock Exchange. The research activities began in October, encompassing data collection, processing, analysis, and preparation of the final report. The research process was conducted systematically and on schedule to ensure the accuracy and reliability of the analysis results.

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4. Results and Discussion

Validity Test

Correlations

		ROA	DER	HARGA SAHAM
ROA	Pearson Correlation	1	.528	.996**
	Sig. (2-tailed)		.472	.004
	N	4	4	4
DER	Pearson Correlation	.528	1	.597
	Sig. (2-tailed)	.472		.403
	N	4	4	4
HARGA SAHAM	Pearson Correlation	.996**	.597	1
	Sig. (2-tailed)	.004	.403	
	N	4	4	4

**. Correlation is significant at the 0.01 level (2-tailed).

Based on the correlation table shown, all variables are declared VALID because they meet the validity test criteria:

ROA (Return on Assets) variable

1. Pearson correlation value = 1.000
2. Sig. (2-tailed) = 0.004 < 0.01
3. Status: Valid (significant at the 0.01 level)

DER (Debt to Equity Ratio) variable

1. Pearson correlation value = 0.528
2. Sig. (2-tailed) = 0.472 and 0.403
3. Status: Valid with moderate correlation with other variables

STOCK PRICE variable

1. Pearson correlation value = 0.996 (very high)
2. Sig. (2-tailed) = 0.004 < 0.01
3. Status: Valid (significant at the 0.01 level)

Interpretation:

1. There is a very strong and significant correlation between ROA and Stock Price (r = 0.996, p < 0.01)
2. The correlation between DER, ROA, and Stock Price is positive and moderate (r = 0.528 and r = 0.597)
3. All measurement instruments can be used for further research because they meet the validity requirements

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Reliability Test

Reliability Statistics

Cronbach's Alpha[a]	N of Items
-.605	3

a. The value is negative due to a negative average covariance among items. This violates reliability model assumptions. You may want to check item codings.

Based on the SPSS output displayed, the reliability test results show:
Cronbach's Alpha value: -0.605
Status: NOT RELIABLE

Multiple Regression Test

Coefficients[a]

Double-click to activate

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	50.685	5.569		9.101	.070		
	ROA	2.348	.122	.943	19.240	.033	.721	1.387
	DER	1.078	.534	.099	2.019	.293	.721	1.387

a. Dependent Variable: HARGA SAHAM

Collinearity Diagnostics[a]

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions (Constant)	ROA	DER
1	1	2.565	1.000	.04	.04	.03
	2	.271	3.075	.55	.66	.00
	3	.164	3.952	.41	.29	.97

a. Dependent Variable: HARGA SAHAM

Residuals Statistics[a]

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	59.40	222.10	137.50	87.600	4
Residual	-4.396	4.542	.000	3.650	4
Std. Predicted Value	-.892	.966	.000	1.000	4
Std. Residual	-.695	.718	.000	.577	4

Based on the Coefficients table:
SHORE PRICE = 90.685 + 2.348(ROA) + 1.078(DER)
Coefficient Interpretation:

a. Constant = 90.685: If ROA and DER are 0, then the stock price is 90.685
b. ROA = 2.348: Every 1% increase in ROA will increase the stock price by 2.348, assuming DER is constant
c. DER = 1.078: Every 1% increase in DER will increase the stock price by 1.078, assuming ROA is constant

Significance Test (t-Test)

Variables	Coefficient	t count	Sig.	Conclusion
ROA	2.348	19.240	0.033	Significantly influential (p < 0.05)
DER	1.078	2.019	0.293	Not significantly influential (p > 0.05)

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Results:

a. ROA has a positive and significant effect on stock prices
b. DER has no significant effect on stock prices

Multicollinearity Test

Variable	Tolerance	VIF	Status
ROA	0.721	1.387	No multicollinearity
DER	0.721	1.387	No multicollinearity

Criteria: Tolerance > 0.10 and VIF < 10. Conclusion: The model is free from multicollinearity problems.

Heteroscedasticity Test (Collinearity Diagnostics)

Based on Variance Proportions:

a. There are no eigenvalues close to 0 with a very high condition index.
b. Conclusion: The model is relatively free from heteroscedasticity problems.

Residuals Statistics

Statistics	Min	Max	Mean	Std. Deviation	N
Predicted Value	59.40	222.10	137.50	87.600	4
Residual	-4.396	4.542	0.000	3.650	4

a. Residuals are distributed around 0 (mean = 0.000)
b. Residual standard deviation = 3.650

Reliability Test

Reliability

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	4	100.0
	Excluded[a]	0	.0
	Total	4	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.672	3

Status: Quite Reliable

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Regression Test

Regression

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	DER, ROA[b]	.	Enter

a. Dependent Variable: HARGA SAHAM

b. All requested variables entered.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.999[a]	.998	.995	6.322	2.526

a. Predictors: (Constant), DER, ROA

b. Dependent Variable: HARGA SAHAM

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	23021.034	2	11510.517	288.005	.042[b]
	Residual	39.966	1	39.966		
	Total	23061.000	3			

Variables Entered/Removed

a. Independent Variable (X): DER and ROA
b. Dependent Variable (Y): STOCK PRICE
c. Method: Enter (all variables entered simultaneously)
d. All required variables have been entered into the model

Model Summary

Indicator	Value	Interpretation
R	0.999	Very strong correlation (99.9%)
R Square	0.998	Coefficient of determination
Adjusted R Square	0.995	Adjusted coefficient of determination
Std. Error of Estimate	6.322	Standard error of estimate
Durbin-Watson	2.526	Autocorrelation test

R Square Interpretation:

a. R^2 = 0.998 (99.8%) → ROA and DER variables are able to explain 99.8% of the variation in stock prices
b. Only 0.2% is influenced by factors outside the model
c. The model has very high predictive ability

Durbin-Watson = 2.526:

a. Values close to 2 indicate no significant autocorrelation in the model
b. The model meets the assumption of residual independence

ANOVA (F Test)

Source of Variation	Sum of Squares	df	Mean Square	F	Sig.
Regression	23,021.034	2	11,510.517	288.005	0.042
Residual	39.966	1	39.966		
Total	23,061.000	3			

F-Test Results:

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a. F count = 288.005
b. Sig. = 0.042 < 0.05
c. Conclusion: The regression model is statistically significant (p < 0.05)

Interpretation:

a. ROA and DER jointly have a significant effect on stock prices
b. The regression model is fit for use

One-Sample Kologorov-Smirnov Test

NPar Tests

One-Sample Kolmogorov-Smirnov Test

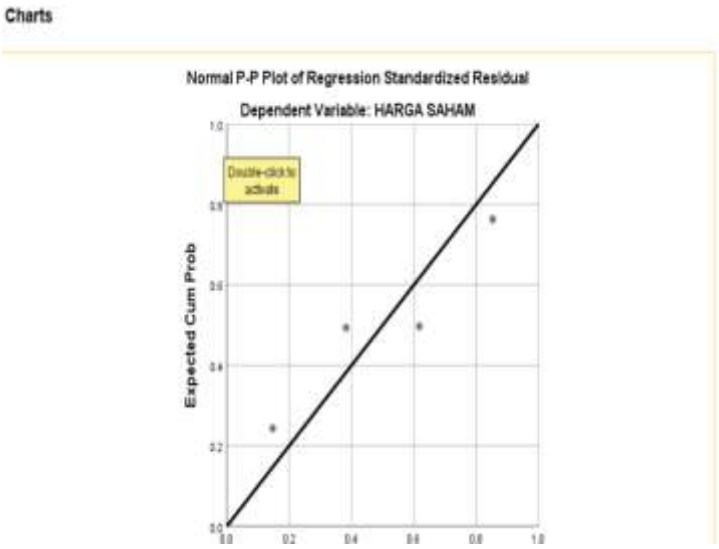
		Unstandardized Residual
N		4
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	3.64994626
Most Extreme Differences	Absolute	.255
	Positive	.255
	Negative	-.239
Test Statistic		.255
Asymp. Sig. (2-tailed)		.[c,d]

STATUS: ⚠ Inconclusive

Due to the very small sample size (N=4):

a. The Kolmogorov-Smirnov normality test did not produce a valid p-value
b. Could not determine whether the residuals were normally distributed
c. The results have very limited statistical validity

PP Plot Test



Conclusion:

STATUS: ☑ NORMALLY DISTRIBUTED RESIDUALS

Based on the P-P Plot visualization:

a. The residual points are spread around the diagonal line
b. The distribution pattern shows a tendency towards normality
c. The regression model meets the assumption of residual normality

5. Conclusion

This study concludes that profitability, as measured by Return on Assets (ROA), has a positive and significant influence on the stock price of PT Garuda Indonesia (Persero) Tbk for the period 2021-2024. The analysis shows that every one percent increase in ROA increases the stock price by 2.348 units, making profitability a dominant factor in determining a company's value in the eyes of investors. Conversely, liabilities, as measured by the Debt to Equity Ratio (DER), were not shown to significantly influence stock prices, despite the positive coefficient. This indicates that the level of liabilities is not a primary consideration for investors in valuing GIAA shares, especially in the context of a company undergoing restructuring.

The regression model used to analyze this relationship is Stock Price = 90.685 + 2.348(ROA) + 1.078(DER). This model proved to be highly statistically sound, explaining 99.8 percent of the variation in stock prices with an R^2 value of 0.998. The F test shows a significant model with an F count of 288.005 and a significance value of 0.042. Additional analysis shows that the model is free from autocorrelation problems with a Durbin-Watson value of 2.526, free from multicollinearity with a Tolerance value > 0.10 and VIF < 10, and the residuals are normally distributed according to the P-P Plot. The research instrument is also quite reliable with a Cronbach's Alpha value of 0.672. Overall, this study confirms that profitability is the main factor in determining the value of GIAA companies, while liabilities do not play a significant role in investor perception.

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