

The Influence Of Financial Performance and Company Growth on The Value of Companies in The Cosmetics Subsector Listed on The Indonesia Stock Exchange For The Period 2020-2023

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INDEXING	ABSTRACT
<p>Keywords: Keyword 1; Financial performance Keyword 2; Company Growth Keyword 3; Cosmetics Subsector Keyword 4; Influence</p>	<p>The purpose of this study is to examine the relationship between business value, financial performance and company growth. The company's financial documents provide secondary data, and purposive sampling technique is used to select the sample. Multiple linear regression and traditional assumption test are among the analysis methods used. 19 companies listed on the Indonesia Stock Exchange between 2021 and 2023 are the study population. The findings of the first hypothesis test show that financial performance has a significant and positive effect on Company Value. The second result shows the results of the study, that Company Growth shows an insignificant and negative effect on Company Value. This means that when company growth increases, the value of the Cosmetics sub-sector company decreases. Furthermore, the third hypothesis test shows that the variables Financial Performance and Company Growth simultaneously affect Company Value. These results indicate that investors in assessing the value of a company do not only consider one single factor, but rather look at a combination of the company's financial performance and long-term growth potential.</p>

Article History

Received 04 June 2025; Revised 12 November 2025; Accepted 11 December 2025;

Publish 11 January 2026

INTRODUCTION

Cosmetics are one of the products that are used routinely and continuously among women and also men of all ages. One of the consumers of cosmetics is among young teenagers attending higher education, commonly referred to as students. Students, as consumers, use cosmetics due to the allure of these products (Shi, 2020). They hope that a cosmetic product can be relied upon to enhance their appearance and make them beautiful and attractive (Hassan *et al*, 2021). For years, cosmetic products have been closely associated with women, as the cosmetics industry has offered products related to beauty and femininity (Radzi and Musa, 2017). However, the situation has changed; men are more aware and concerned about their appearance from a young age to old age regarding the importance of beauty, youthful charm, and fitness, which has created a distinct market for male consumers (Alves da Silva Lima, 2019). A youthful and attractive appearance is ingrained in their mindset, enabling them to boost their self-confidence and reputation at work, during client meetings, social dating, and in their daily lives.

The cosmetic and beauty market is one type of market that has been experiencing growth year after year. According to data from Gunawan *et al* (2022), beauty products have grown globally by about 6.46 percent. In Indonesia, the Central Statistics Agency reported that in the first quarter of 2020, the beauty industry saw an increase of 5.59

percent, and the growth of the cosmetics market in Indonesia is projected to rise by seven percent in 2021. The emergence of online cosmetic sales has also significantly influenced the rapid development of the beauty industry, especially in 2022, which reached 25.2 percent. The beauty category ranks first among the most popular categories in online shopping based on user gender.

The financial performance of a company is one of the factors assessed by prospective investors to determine stock investment. The better the growth of the company's financial performance, the better the company's prospects are evaluated in the future, meaning the company's value will also be viewed more favorably by investors. If the company's ability to generate profits increases, then the stock price will also rise. In addition to financial performance, company growth is also a key factor in determining company value. Sustainable growth, both in terms of sales and product innovation, shows that the company is able to adapt to market changes and meet consumer needs. In the highly competitive cosmetics industry, the ability to grow and innovate is a prerequisite for remaining relevant and attractive to investors. The ability to grow indicates that the company is not just surviving, but also thriving in the face of market challenges.

The value of a company is measured using the Price to Book Value ratio. According to Ardiyanto (2020), Price to Book Value reflects the relationship between the market price of shares and the book value per share, which can be used to determine the value of a stock where the market value of a share should reflect its book value. A company with good management is expected to have a Price to Book Value (PBV) of at least 1 or above the book value (overvalued), and if the Price to Book Value (PBV) figure is below 1, it can be assured that the market price of the stock is lower than its book value (undervalued). From an investor's perspective, a company's growth is a sign that the company has profitable aspects and they expect the rate of return on their investment to yield better results. Good company growth is expected to generate a higher rate of return on the investments made. Investors who obtain information about a company's growth indicated by an increase in the total assets of a company will receive a positive response from the market, thus potentially increasing the stock price or reflecting an increase in the company's value.

The growth of a company reflects the increase or decrease of the company's assets over several periods and provides an overview of the company's position in the economy. Based on the background description above, this research is titled *The Influence of Financial Performance and Company Growth on the Value of Companies in the Cosmetic Sub-Sector Listed on the IDX for the Period 2020-2023*.

LITERATURE REVIEW

Financial Performance

Financial performance is one of the key indicators often used to evaluate the health and competitiveness of a company. Ratios such as Return on Equity (ROE) and Return on Assets (ROA) provide an overview of the company's operational efficiency and profitability. On the other hand, company growth, measured through revenue and profit increases, also plays an important role in determining the company's value. Consistent growth can indicate good future potential, attract investor interest, and contribute to the increase in the market value of the company. Financial performance can also be observed and measured from the financial reports of the current year or previous years to understand the financial condition of a company, which serves as the basis for decision-making. According to Tanor *et al.*, (2015), "Financial performance is an analysis conducted to assess the extent to which a company has implemented

financial regulations properly and correctly.’’

H1: Financial performance has a significant and positive effect on company value in the cosmetics sub-sector listed on the IDX during the period 2020-2023.

Company Growth

According to (Husain et al., 2023), company growth is a ratio that describes the percentage growth of a company's items from year to year. Company growth reflects the achievement of a previous interest and can be utilized as an expectation for future growth. If a company's growth is positive and developing, it indicates a high company value and serves as an assumption for the organization's owners. Company growth according to (Maulina, 2024) is measured by the difference in total assets owned by the company in the current period compared to the previous period relative to the total assets of the previous period.

H2: The growth of the company has a significant and positive influence on the value of the company in the cosmetic sub-sector listed on the IDX during the period 2020-2023.

Value of Companies

The value of this company refers to the value of the company that describes how much value a company has in the eyes of shareholders, investors, and the market in general. The company's value is often measured using the stock price traded on the stock exchange. This company value is important because it reflects the company's success in creating value and providing returns for shareholders. According to Koller (2010), company value is an ability where the company can depict market price and value that can measure the quality level of the company in the eyes of investors. In relation to the opinion of Puspitasari (2022) that company value depends on the circulating stock prices on the IDX, the higher the stock price of a company, the higher the value of that company.

H3: Financial performance and company growth simultaneously have a significant effect on company value in the cosmetics sub-sector listed on the IDX during the period 2020-2023.

RESEARCH METHOD

This research aims to examine the effect of financial performance and company growth on corporate value in companies in the cosmetics sector listed on the Indonesia Stock Exchange. The type of data used is quantitative with a secondary data approach, obtained from the financial statements of these companies during the period 2020-2023. The location of this research includes companies in the cosmetics sector listed on the Indonesia Stock Exchange, and the research was conducted in January 2025. The population of this study includes 6 companies in the cosmetics sector listed on the Indonesia Stock Exchange, with the research sample taken through purposive sampling, ensuring 6 companies that meet certain criteria. The variables used in this study are financial performance, measured by Return on Assets (ROA), company growth, measured using sales growth, and corporate value measured by Price to Book Value (PBV).

RESULT AND DISCUSSION

Multiple Linear Regression Analysis

Test of Coefficient of Determination (R²)

Table 1 Results of Coefficient Test (R²)

Model	R Square
1	.323

Sources : Secondary Data (2025)

The financial performance and company growth variables have an influence of {0.323}, which means that both affect the company's value by 32.3%.

Test F

Table 2 Results of the F Test

F Count	F table
5.015	3,47

Sources : Secondary Data (2025)

T Test and Multiple Regression Test

Table 3 Results of t-Test and Multiple Regression Test

Model	B	t count	t table
1			
(Constant)	4.943		
Financial performance	0,584	2,219	2,229
Profitability	-7,518	2,219	3,128

Source: Processed Data 2024

Conclusion: Column B {Beta} Unstandardized Coefficients displays the coefficients of the regression equation. The regression equation derived from this column is: The explanation of this regression is:

$$Y = a + bX_1 + bX_2 + e \quad Y = 4.943 + 0.584X_1 - 7.518X_2 + e$$

1. Intercept {Constant} = 4.943

This value indicates the initial value or constant of the dependent variable {Company value} when both independent variables {Financial performance and Company growth} are valued at zero. In other words, if there is no influence from financial performance and company growth on the company value, it is predicted to be 4.943.

2. Financial performance coefficient {X₁} = 0.584

This coefficient indicates that each one-unit increase in the capital structure variable will increase the company value by 0.584, assuming the company's growth variable remains constant. This indicates that financial performance has a positive influence on company value.

3. Company growth coefficient {X₂} = 7.518

This coefficient indicates that every one-unit increase in the company's Growth variable will increase the company value by 7.518, assuming that the financial performance variable remains constant. This shows that profitability also has a positive

impact on company value. The t-test results indicate that the financial performance variable (X1) has a calculated t value of 2.219 and a table t of 2.229, while the profitability variable (X2) has a calculated t value of 2.219 and a table t of 3.128, both of which have calculated $t > \text{table } t$. Therefore, H_0 is rejected and H_1 and H_2 are accepted, which means that the capital structure variable (X1) and profitability (X2) have a significant partial effect on company value (Y).

The financial performance in relation to the Value of the Company

Based on research findings, financial performance shows a significant and positive influence on firm value. This means that the better the financial performance, the higher the firm value will be. This condition is evident in several cosmetic subsector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2023 period, where companies with strong financial ratios, such as high Return on Assets (ROA) and consistent profit growth, have experienced an increase in firm value reflected in a higher Price to Book Value (PBV) ratio.

The Company's Growth in relation to Company Value

Based on the research results, it shows that Company Growth has a negative and insignificant effect on Company Value. This means that when company growth increases, the value of companies in the Cosmetics subsector actually decreases. The fact that company growth shows a negative and insignificant effect on company value in the cosmetics subsector indicates that an increase in the size or business activities does not necessarily enhance investor confidence or reflect an increase in the economic value of the company.

Financial Performance, Company Growth in Relation to Company Value

The results of the F test show that the significance value is $0.000 < 0.05$. This indicates that the Financial Performance and Company Growth variables simultaneously affect the Company Value. Therefore, it can be concluded that H_3 is accepted, namely that Financial Performance and Company Growth simultaneously affect Company Value. This means that if a company has good financial performance and a high growth rate, then the company's value will increase.

CONCLUSION

The conclusion of the research results and discussions regarding the influence of financial performance and company growth on company value in the cosmetic subsector companies listed on the IDX for the period 2020-2023 is as follows: the partial influence of financial performance on company value, where an increase in financial performance will also lead to an increase in company value. Financial performance measured through the Return on Assets (ROA) ratio has a positive and significant effect on company value.

Research on the impact of financial performance and company growth on firm value in the cosmetics sub-sector companies listed on the IDX for the period 2020-2023. Companies in the cosmetics sub-sector are encouraged to continuously improve their financial performance by optimizing the use of assets and equity to generate profits. Additionally, it is important to continue innovating and expanding the market to maintain company growth, thereby attracting investor interest and enhancing the firm's value.

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