THE EFFECT OF COMPANY SIZE, LEVERAGE, PROFITABILITY AND DIVIDEND POLICY ON COMPANY VALUE ON MANUFACTURING COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE (IDX) FOR THE 2014-2018 PERIOD

Alfiatul Maulida, Maria Evania Karak

Fakultas Ekonomi, Universitas Sarjanawiyata Tamansiswa, Yogyakarta, Indonesia
Email : mariaevaniakarak17@gmail.com

Abstract : *The main goals of the company is to maximize the prosperity of stakeholders. This goals can be achieved by maximizing the value of company. Sometimes, the company failed to increase the value of the company. One of the causes the company inadequacy inadequacy in applying the factors that affectfirm value. This causes the company's performance to be viewed poorly by its stakeholders. The purpose of this study was conducted to determine the effect of variable company size, leverage, profitability, and dividend to policy on firm value in manufacturing companies listed on the BEI 2014-2018 period. The sample of this research is manufacturing companies listed on the BEI in the 2014-2018 period with a total of 8 companies and using the purposive sampling method, while the data analysis technique uses multiple regression analysis which is supported by the classical assumption test is normality test, multicolinearity test, heteroscedasticity test, and autocorrelation test. The result of this study indicate that testing the effect of firm size, leverage, profitability, simultaneously on firm value obtained significant result, partially, dividend policy does not have a significant efeect on firm value.*

Keywords: *Firm' Value; Firm Size; Leverage; Profitability; and dividend Policy*

1. Introduction

The current global economy indirectly affects the economy in Indonesia. Domestic political conditions also affect the economy in Indonesia. The current economy has created a fierce competition between domestic companies. Competition makes every company improve its performance so that its goals can still be achieved. One of the goals of a profit-oriented company is to increase company value and prosper the company owner or shareholders. Hadi & Andayani, (2014) stated that if a company does not improve its performance and strengthen its company's economy with global economic developments, the company will be left far behind from other companies, both foreign and domestic companies. competition. The economy in Indonesia has experienced a lot of turmoil or crisis, especially in the manufacturing sector.

There are several factors that can determine firm value, including firm size, leverage, profitability, and dividend policy. The first factor, the size of the company is considered capable of influencing the value of the company because the larger the size or scale of the company, the easier it will be for companies to obtain funds from creditors to achieve company goals (Indriyani, 2017). The second factor that affects firm value in this study is leverage. (Harahap, 2013) argues that leverage is a ratio that describes the relationship between the company's debt to capital. Companies that make loans will have an obligation to pay interest and principal costs of the loan. The third factor is profitability. Profitability is the company's ability to generate profits from the

company's sales and investment (Prasetyorini, 2013). The level of profitability reflects the company's ability to generate profits. Higher profits indicate that the company's performance is getting better. The better the company's performance will create a positive response to shareholders and make the company's share price increase. The last factor that affects the increase in firm value is dividend policy. Dividend policy is a company's financial decision on net income after tax. The company's financial decision is to distribute profits to shareholders in the form of dividends or to be reinvested in the company as retained earnings. Based on the description above, the formulation of the problem in this study is whether firm size, leverage, profitability, and dividend policy affect firm value.

2. Research Method

This type of research is in the form of quantitative descriptive, meaning in this study to find out the size of an influence on an object under study. The data source used is secondary data obtained from the audited financial statements and annual reports of manufacturing companies during the 2014-2018 period listed on the Indonesia Stock Exchange. The data was obtained through internet access on the website www.idx.co.id. The method used is purposing sampling. Purposing sampling is the return of the sample carried out in accordance with the research objectives that have been determined the criteria for sampling include:
a. Manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2014 to 2018
b. The company issued financial statements for the period 2014 to 2018
c. Companies that have complete financial statement data in accordance with the data needed to measure research variables
d. The company experienced consecutive profits during the period 2014 to 2018

This study uses firm size (SIZE/X1), leverage (DER/X2), profitability (ROE/X3), and dividend policy (DPR/X4) as independent variables and firm value (PBV/Y) as the dependent variable. Hypothesis testing can be done with SPSS version 16.0 analysis. The analysis is used to determine the effect of the independent variable on the dependent variable.

3. Results And Discussion
3.1 Result
Descriptive Analysis

Table 1. Descriptive Analysis Result

	N	Minimum	Maximum	Mean	Std. Deviation
Company Size	40	28.25	33.47	30.7945	1.53604
Leverage	40	7.00	181.31	69.8300	40.52779
Profitability	40	4.42	24.07	15.3235	5.00867
Dividend policy	40	.39	491.80	58.7348	74.72399
The value of the company	40	1.05	8.59	3.5472	2.05977
Valid N (listwise)	40				

Source: Secondary Data Processed, 2020

Based on the table above, it can be seen that the minimum value of the company proxied by PBV is 1.05 and the maximum value is 8.59. These results indicate that the value of the firms

sampled in this study ranges from 0.105 to 0.859, with an average of 3.5472 with a standard deviation of 2.05977. The minimum value of company size proxied by Ln is 28.25 and the maximum value is 33.47. These results indicate that the value of the companies that are sampled in this study ranges from 28.25 to 33.47. with a mean of 30.7945 with a standard deviation of 1.53604. The minimum value of the company as proxied by DER is 7.00 and the maximum value is 181.31. These results indicate that the value of the sample companies in this study ranged from 7.00 to 181.31 with an average of 69.8300 with a standard deviation of 40.52779. The minimum value of the company as a proxy for ROE is 4.42 and the maximum value is 24.07. These results indicate that the value of the company sampled in this study ranges from 4.42 to 24.07 with an average of 15.3235 with a standard deviation of 5.00867. The minimum value of the company proxied by the DPR is 0.39 and the maximum value is 491.80. These results indicate that the value of the companies that are sampled in this study ranges from 0.39 to 491.80 with an average of 58.7348 with a standard deviation of 74.72399.

Coefficient of Determination Test Results

Table 2. R-Square . Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.698	.488	.428	1.39657	1.900

Source: Secondary Data Processed, 2020

From the table above, it can be seen that the Adjusted R square value of the regression model is 0.428. This value indicates that the independent variables in the regression model are firm size, leverage, profitability, and dividend policy and explain the dependent variable, namely the firm value of 42.8%, while the remaining 57.2% is influenced by other variables not examined.

F . Test Results

Table 3. F Test Results
Model Sum of Squares Df Mean Square F Sig

Model		Sum of Squares	Df	Mean Square	F	Sig
1	Regression	63.156	4	15.789	8.095	.000
	Residual	66.314	34	1.950		
	Total	129.470	38			

Source: Secondary Data Processed, 2020

From the table above, it can be seen that the significant value of the F test shows a value of 8,905 and a significant value of 0.000. This significance value is less than 0.05 so it can be concluded that the independent variables (Ln, DER, ROE, DPR) in the regression model jointly affect the dependent variable (Company Value).

t test results

Table 4. t test results

Coefficients[a]								
		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
Model		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	9.638	4.080		2.362	.024		
	Lag_X1	-.499	.192	-.333	-2.602	.014	.919	1.088
	Lag_X2	.021	.007	.403	3.160	.003	.928	1.078
	Lag_X3	.225	.048	.583	4.669	.000	.967	1.034
	Lag_X4	.000	.003	-.008	-.065	.948	.954	1.049

a. Dependent Variable: Lag_Y

Source: Secondary Data Processed, 2020

From the statistical test results above, it can be described as follows:

The firm size variable has a positive sign with a t count of –2.602 while the t table for a significance level of 5% is 2.028 so that the t count > t table. The significance value of the firm size variable is 0.014 so that the significant value is <0.05. Thus it can be concluded that the firm size variable has an effect on firm value, so the first hypothesis in this study is accepted. The leverage variable has a positive sign with a t-count of 3.160 while the t-table for a significance level of 5% is 2.028 so that the value of t-count <t-table. The significance value of the leverage variable is 0.003 so that the significant value is <0.05. Thus it can be concluded that the leverage variable has an effect on firm value, so the second hypothesis in this study is accepted. The profitability variable has a positive sign with a t count of -4.669 while the t table for a significance level of 5% is 2.028 so that the value of t count < t table. The significance value of the profitability variable is 0.000 so that the significant value is <0.05. Thus it can be concluded that the profitability variable has an effect on firm value, so the third hypothesis in this study is accepted. The dividend policy variable has a negative sign with a t-count of -0.065 while the t-table for a significance level of 5% is 2.028 so that the value of t-count <t-table. The significance value of the dividend policy variable is 0.948 so that the significant value is > 0.05. Thus it can be concluded that the dividend policy variable has no effect on firm value, so that the fourth hypothesis in this study was rejected.

3.2 Discussion
Effect of Firm Size (Ln) on Firm Value (PBV)
The first hypothesis in this study is to state that firm size has an effect on firm value. From Table 4.6 it is known that the value of sig. firm size variable is 0.014 or less than 0.05, then the fourth hypothesis in this study is accepted. Thus, it can be concluded that the firm size variable has an effect on firm value. This result is not in accordance with research conducted by (Denziana & Monica, 2016) that the larger the company, the more trusted the company will be in providing

a high rate of return to investors, meaning that there is a tendency for more investors to pay attention to the company. This will increase the value of the company in the eyes of investors.

Meanwhile, the results of this study are consistent with research conducted by (Rai Prastuti & Merta Sudiartha, 2016) concluding that firm size has a negative relationship to firm value. According to Hargiansyah, if the company has large total assets, it shows that the company has a lot of idle assets. This condition will risk the decline in the company's performance so that it will also have an impact on the decline in the value of the company.

Effect of Leverage (DER) on Firm Value (PBV)

The second hypothesis in this study is to state that leverage has an effect on firm value. From table 4.6, it is known that the value of sig. the leverage variable is 0.003 or less than 0.05, then the third hypothesis in this study is accepted. Thus, it can be concluded that the leverage variable has an effect on firm value. The results of this study support research (Adenugba, Ige, & Kesinro, 2016) which states that leverage is a good source of finance for companies, because it allows companies to carry out long-term projects and also reduce taxes that must be paid by the company. This study proves that there is a relationship between leverage and firm value.

These results do not support the research conducted by (Novari & Lestari, 2016) which shows that companies in financing their assets tend to use their own capital from retained earnings and share capital rather than using debt. The adequacy of funds owned by the company to finance its assets obtained from its own model makes the company reduce the proportion of its debt. The use of excessive debt will reduce the benefits received are not proportional to those incurred, so that a low proportion of debt can increase the value of the company. This increase in value is associated with the stock price, where a decrease in debt will be considered to lower the stock price. Basically, there is no leverage level targeted by the company. Each company determines its level of leverage based on its financial needs. If the company uses debt in small amounts, it means that the need for external funds is low because the internal funding sources it has are quite high (Febrianti, 2012).

Effect of Profitability (ROE) on Firm Value (PBV)

The third hypothesis in this study is to state that profitability has an effect on firm value. From table 4.6 it is known that the value of sig. 0.000 or less than 0.05, then the first hypothesis in this study is accepted. Thus, it can be concluded that the profitability variable has an effect on firm value. This result is in line with the hypothesis that has been described above that high profitability indicates good company prospects, a good company reflects a good company growth rate so that investors will view the company's performance well and simultaneously investors will be able to increase company value. This happens because a company that has succeeded in posting increased profits can indicate that the company has good performance, so it can attract investors to invest their funds in the company, so that the company's stock price increases. company.

The results of this study are consistent with research conducted by (Suffah & Riduwan, 2016) which states that profitability has an effect on firm value. (Suffah & Riduwan, 2016) states that companies that have high profitability will make the demand for shares of these companies increase. The higher the profit of the company, it will make investors interested in buying company

shares so that the value of the company increases. (Triagustina & Sukarmanto, 2014) explains that profitability has a positive and significant effect on firm value.

Effect of Dividend Policy (DPR) on Firm Value (PBV)

The fourth hypothesis in this study is to state that dividend policy has no effect on firm value. From table 4.6 it is known that the value of sig. dividend policy variable is 0.948 or greater than 0.05, then the fourth hypothesis in this study is rejected. Thus, it can be concluded that the dividend policy variable has no effect on firm value. These results indicate that the level of dividends distributed to shareholders is not related to the high or low value of the company. This result is not in accordance with research conducted by (Suffah & Riduwan, 2016) and (Rai Prastuti & Merta Sudiartha, 2016) which states that dividend policy affects firm value. Dividend payments are seen as a signal that the company has good prospects. When dividend payments are made high, the stock price will be high and have an impact on increasing the value of the company. That semester, the results of this study are consistent with research (Meidiawati & Mildawati, 2016), (Rakhimsyah and Gunawan, 2011), (Mardiyanti, 2012) and (Kusumastuti, 2013) which state that dividend policy has no effect on firm value.

(Meidiawati & Mildawati, 2016) explained that based on the dividend irrelevance theory pioneered by Modigliani and Miller explained that firm value is not determined by the size of the dividend payout ratio (DPR) but is determined by net income before tax and company risk. Dividend policy has no effect on firm value because the dividend payout ratio is only a detail and does not affect the welfare of the stock. (Rakhimsyah and Gunawan, 2011).

4. Conclusion

The results showed that firm size had an effect on firm value, which was indicated by the significance value of firm value below 0.05, which was 0.014, thus it could be concluded that firm size variable had an effect on firm value, so the first hypothesis was accepted. Leverage has an effect on firm value, which is indicated by a significance value of firm value below 0.05, which is 0.003, thus it can be concluded that the leverage variable affects firm value so that the second hypothesis is accepted. Profitability has an effect on firm value, which is indicated by the significance value of profitability on firm value below 0.05, which is 0.000, thus it can be concluded that the profitability variable has an effect on firm value so that the third hypothesis is accepted. Dividend policy has an effect on firm value, which is indicated by the significance value of firm value above 0.05, which is 0.948, thus it can be concluded that the dividend policy variable has no effect on firm value so that the fourth hypothesis is rejected. Given the limitations in this study, the paper suggests to further researchers to increase the number of manufacturing companies that will be used as samples or add years of observation so that the results obtained are better. Further researchers can also add other factors that have not been used in this study or use different ratios from this study.

Reference

Adenugba, A. A., Ige, A. A., & Kesinro, O. R. (2016). Financial leverage and firms' value: A study of selected firms in Nigeria. *European Journal of Research and Reflection in Management Sciences*, *4*(1).

Brigham, Eugene F dan Houston, J. F. (2011). x. In *Dasar-dasar Manjemen Keuangan buku 1. (Alih Bahasa : Ali Akbar Yulianto)*. Jakarta : Salemba Empat.

Cheng, M.-C., & Tzeng, Z.-C. (2011). The effect of leverage on firm value and how the firm financial quality influence on this effect. *World Journal of Management*, *3*(2), 30–53.

Denziana, A., & Monica, W. (2016). Analisis Ukuran Perusahaan dan Profitabilitas Terhadap Nilai Perusahaan (Studi Empiris Pada Perusahaan Yang Tergolong LQ45 di BEI Periode 2011-2014). *Jurnal Akuntansi Dan Keuangan*, *7*(2).

Dj, A., & Mahendra. (2011). Pengaruh kinerja keuangan terhadap nilai perusahaan (kebijakan dividen sebagai variabel moderating) pada perusahaan manufaktur di bursa efek indonesia. *Jurusan Manajemen Universitas Udayana Denpasar*.

Febrianti, M. (2012). Faktor-Faktor yang Mempengaruhi Nilai Perusahaan pada Industri Pertambangan di Bursa Efek Indonesia. *Jurnal Bisnis Dan Akuntansi*, *14*(2), 141–156.

Hadi, S. A. F., & Andayani. (2014). Mekanisme Corporate Governance dan Kinerja Keuangan Pada Perusahaan yang Mengalami Financial Distress.". *Jurnal Ilmu & Riset Akuntansi.*, *3*.

Harahap. (2013). *Analisis Nilai Perusahaan Berdasakan Profitabilitas, Ukuran Perusahaan, Dan Struktur Modal Di Indonesia*.

Harjito, A., & Martono, S. U. (2005). *Manajemen keuangan Edisi Pertama*. Yogyakarta: Ekonisia.

Husnan, S. (2000). Manajemen Keuangan Teori dan Penerapan (keputusan jangka panjang). *Yogyakarta: BPFE*, *12*, 40806.

Indriyani, E. (2017). Pengaruh ukuran perusahaan dan profitabilitas terhadap nilai perusahaan. *Akuntabilitas: Jurnal Ilmu Akuntansi*, *10*(2), 333–348.

Kusumastuti, A. (2013). *Pengaruh Ukuran Perusahaan, Leverage, Profitabilitas dan Kebijakan Dividen Terhadap Nilai Perusahaan (Studi pada perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia tahun 2009-2011)*. Universitas Brawijaya.

Mardiyanti, U. (2012). Pengaruh Kebijakan Dividen, Kebijakan Hutang dan Profitabilitas terhadap Nilai Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia (BEI) Periode 2005-2010. *Jurnal Riset Manajemen Sains Indonesia*, 1–17.

Martini Putu, N., Moeljadi, D., & Djazuli, A. (2014). Factors Affecting Firms Value of Indonesia Public Manufacturing Firms. *International Journal of Business and Management Invention*, *3*(2), 35–44.

Meidiawati, K., & Mildawati, T. (2016). Pengaruh size, growth, profitabilitas, struktur modal, kebijakan dividen terhadap nilai perusahaan. *Jurnal Ilmu Dan Riset Akuntansi (JIRA)*, *5*(2).

Nafi'ah, Z. (2013). Analisis Faktor-faktor yang Mempengaruhi Kebijakan Dividen dan Dampaknya Terhadap Nilai Perusahaan Pada Perusahaan Manufaktur yang Tercatat di Bursa Efek Indonesia. *JURNAL STIE SEMARANG (EDISI ELEKTRONIK)*, *5*(3), 123–144.

Novari, P. M., & Lestari, P. V. (2016). Pengaruh ukuran perusahaan, leverage, dan profitabilitas

terhadap nilai perusahaan pada sektor properti dan real estate. *E-Jurnal Manajemen Universitas Udayana*, *5*(9).

Oktaviarni, F., Murni, Y., Suprayitno, B., Sawah, J. S., & Jagakarsa, J. S. (2018). Pengaruh Profitabilitas, Likuiditas, Leverage, Kebijakan Dividen, dan Ukuran Perusahaan Terhadap Nilai Perusahaan. *Jurnal Akuntansi Universitas Jember–Vol*, *16*(2).

Perdana, S. (2012). Pengaruh Kebijakan Hutang Jangka Panjang Dan Kebijakan Dividen Terhadap Nilai Perusahaan. *Artikel Ilmiah*.

Pramana, I., & Mustanda, I. (2016). The Effect of Profitability and Size on Firm Value with CSR as a moderating variable. *E-Journal of Management*, *5*(1).

Prasetyorini. (2013). Pengaruh ukuran perusahaan, leverage, price earning ratio dan profitabilitas terhadap nilai perusahaan. *Jurnal Ilmu Manajemen (JIM)*, *1*(1).

Rai Prastuti, N. K., & Merta Sudiartha, I. G. (2016). Pengaruh struktur modal, kebijakan dividen, dan ukuran perusahaan terhadap nilai perusahaan pada perusahaan manufaktur. *E-Jurnal Manajemen Universitas Udayana*, *5*(3).

Rakhimsyah dan Gunawan. (2011). Pengaruh Keputusan Investasi, Keputusan Pendanaan, Kebijakan Dividen dan Tingkat Suku Bunga terhadap Nilai Perusahaan. *Jurnal Investasi*, *7*(2), 31–45.

Siahaan, F. O. P. (2011). Pengaruh kebijakan hutang dan investasi terhadap nilai perusahaan. *EL MUHASABA: Jurnal Akuntansi (e-Journal)*, *2*(2).

Suffah, R., & Riduwan, A. (2016). Pengaruh profitabilitas, leverage, ukuran perusahaan dan kebijakan dividen pada nilai perusahaan. *Jurnal Ilmu Dan Riset Akuntansi (JIRA)*, *5*(2).

Suharli, M. (2006). STUDI EMPIRIS TERHADAP FAKTOR YANG MEMPENGARUHI NILAI PERUSAHAAN PADA PERUSAHAAN GO PUBLIC DI INDONESIA. *MAKSI*, *6*.

Susanti, R. (2010). Analisis faktor-faktor yang berpengaruh terhadap nilai perusahaan. *Skripsi, Fakultas Ekonomi Universitas Diponegoro, Semarang*.

Triagustina, L., & Sukarmanto, E. (2014). Pengaruh Return On Asset (ROA) Dan Return On Equity (ROE) Terhadap Nilai Perusahaan Pada Perusahaan Manufaktur Subsektor Makanan Dan Minuman Yang Terdaftar Di Bursa Efek Indonesia Periode 2010-2012. *Artikel Ilmiah Mahasiswa*.

Wati, A. L. N., & Ayu Darmayanti, N. (2013). Pengaruh Kepemilikan Manajerial Dan Kinerja Keuangan Terhadap Kebijakan Dividen Dan Nilai Perusahaan. *E-Jurnal Manajemen Universitas Udayana*, *2*, 12.

Wulandari, N. M. I., & Wiksuana, I. G. B. (2017). Peranan Corporate Social Responsibility Dalam Memoderasi Pengaruh Profitabilitas, Leverage Dan Ukuran Perusahaan Terhadap Nilai Perusahaan. *E-Jurnal Manajemen Universitas Udayana*, *6*(3).