Influence of Company Size, Profitability, Dividend Policy, and Liquidity on Company Value in Manufacturing Companies

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ABSTRACT: This study aimed to find company value which was influenced by company size, profitability, dividend policy, and liquidity in manufacturing companies for the 2016-2019 periods. The population of this research consisted of 52 manufacturing companies. A purposive sampling approach was used to pick 18 companies over four years, yielding a total of 72 samples.The results of this study suggest that the company size (LN) has a partial effect on company value, profitability (NPM)does not have a partial effect on company value, dividend policy (DPR) on company value has no partial effect on company value, and the current ratio that is used to measure liquidity has no partial effect on company value. Then simultaneously LN, DPR, NPM, and Current Ratio affect PER.

KEYWORDS: Company Value, Company Size, Profitability, Dividend Policy, and Liquidity.

INTRODUCTION

A company has a goal to develop the value of company. The success rate of a company obtained by investors by paying the value of its share price is defined as the value of the company (Wijaya and Sedana, 2015). According to Putra, a company's value in 2017 reflects not just the company's past success but also its outlook for the future. According to Mahpudin, 2016 rumors on the value of the company began when the 2008 monetary crisis hit manufacturing companies listed on the Indonesia Stock Exchange.

Regarding the depreciation of stock prices in manufacturing companies at PT Tiga Pilar Sejahtera Food Tbk. (AISA), Changes in the share price of PT Tiga Pilar Sejahtera Food Tbk. (AISA) have depreciated 9% for two consecutive days, notably on 20 January, and it has the potential to suffer a lower auto-reject, indicating that the stock price fall has already hit its maximum limit.A sharp correction occurred in AISA shares on 19-20 January 2016. AISA stock prices depreciated by 9.25% on Tuesday (19/01/2016) and depreciated again by 9.22% on the following day (20/01/ 2016). This case attracted a lot of attention from investors, starting from the middle of last year AISA's shares continued to decline from 2,215 to 1,120. As of 20 and 21 January, AISA's share price reached its lowest level at 935. (investasi.kontan.co, 2016).

Several aspects have an impact on the value of a company, namely; company size, profitability, dividend policy, liquidity, and others. The total assets pocketed by the company is an illustration of the size of a company.A profitability ratio, which is a scale that reflects a company's ability to generate profits, is used to determine its value. Dividend policy refers to the company's policy of paying out dividends to shareholders based on the proportion of earnings calculated and the number of shares held by investors. Liquidity involves the measurement of a company's level of security (margin of safety). Based on the research description above,the researchers explore and prove how far the influence of company value on company size, profitability, dividend policy, and liquidity in manufacturing companies listed on the IDX for the 2016-2019 period.

THEORETICAL FRAMEWORK AND CONCEPTUAL MODEL

According to Liu & Zhang (2016), a company's value represents its ability to provide stakeholders with control under management authority, as well as values that are at the heart of legal regulation. The response of shareholders to a company's value is typically connected through the share rate, according to Saifi and Hidayat (2017). Sudana (2013:23) defines the company's value ratio as a scale based on the performance of the company's outstanding shares in the capital market. Indicators measuring the value of the company are formulated with:

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$$PER = \frac{Share\ price}{Earning\ per\ share} \times 100\%$$

The size of a company indicates its benchmark. According to Rahmawati et al., (2015), company size is typically significant to shareholders' evaluations when making investment decisions. According to Ghozali (2016), the benchmark for total assets may be used to determine the size of a company. Transforming the number of assets of a company with a high value into the natural logarithm makes it easier to calculate. Prasetyorini (2013:191) explains that the size of a company might reveal substantial corporate progress. Since investors perceive the company's growth is rising, companies with substantial advancements will gain the benefits of accessing the capital market. An earlier study reviewed by Prasetyorini (2013) and Rahmawati et al, (2015), which explained that company size has a positive and substantial effect on company value, backs up the above premise. The following formula is used to calculate the size of a company:

LN = Company Size (Total Assets)

Profitability is defined as a company's capacity to make profits linked to capital, total assets, and sales, according to Sartono in Fatmawati (2017: 19). The profit of a company not only reflects the company's capacity to meet its obligations but also reveals aspects of the company's valuation that represent the company's future vision. The company's financial state may also be assessed by its sales, assets, and equity, in addition to profit. According to Hom and Wachowicz in Satriani (2017:12), financial conditions are not just visible via the company's profits, but also through sales, assets, and equity. A profitability ratio, according to Margaretha (2014), is a scale used to assess a company's capacity to make a profit over a set period of time. Profitability ratios can be used to evaluate and forecast a company's financial situation over a certain time period. The net profit margin, for example, illustrates the profit benchmark by comparing sales to profit after tax and interest. . The profitability of a company reflects its capacity to create net income during a certain accounting period. Profitability drives the company's growth and development, and vice versa (Hermuningsih, 2012). Profitability has a positive and substantial impact on the company value, according to research by Novari and Putu (2016). The following ratio can be used to calculate net income from sales. Indicators to calculate profitability are formulated with :

$$NPM = \frac{Profit}{Sale}$$

According to Mahpudin and Suparna (2016), dividend policy is a critical issue since dividend payout has more than just periodic features and the amount of money involved. Dividend payment is a complicated policy in the company as it includes two parties with opposing needs: management and shareholders. According to Kamaludin (2012), the dividend policy determines whether the company's profits will be distributed to shareholders or used as cash flow. The dividend per share (DPR) is used to compare dividends and earnings per share (Michael in Ang, 2007). Investor trust is gained, according to Ayem and Nugroho (2016), by the allocation of dividends. Since investors demand transparency from their investment outcomes rather than avoiding the danger of uncertainty and bankruptcy, the larger the dividend allocated, the more trust is gained.It is hereby explained that dividend policy has a positive and significant impact on company value. The formula for determining DPR is as follows:

$$DPR = \frac{Dividen}{Profit}$$

In Satriani (2017: 18), Munawir believes that liquidity demonstrates a company's capacity to collect and fulfill financial obligations that must be met. The capacity to settle short-term obligations is also referred to as liquidity. Liquidity is one factor that influences a company's success or failure. According to Wild, et al. in Fatmawati (2017: 22), the preparation of cash flow and its sources is utilized to assess how far the company is handling the problem. According to Home and Wachowicz (2012: 2015), liquidity is a scale used to estimate the company's ability to settle its short-term obligations. To resolve short-term obligations, this scale tries to assess the equality between short-term obligations and short-term resources. Investors believe that partnerships with high liquidity have a higher chance of succeeding. According to the findings of Mahendra's (2012) research, liquidity has a favorable impact on company value. Prisillia (2013) also explains that the level of company value is influenced by liquidity. Indicators to calculate liquidity are formulated with :

$$Current\ ratio = \frac{Current\ assets}{Current\ liabilities}$$

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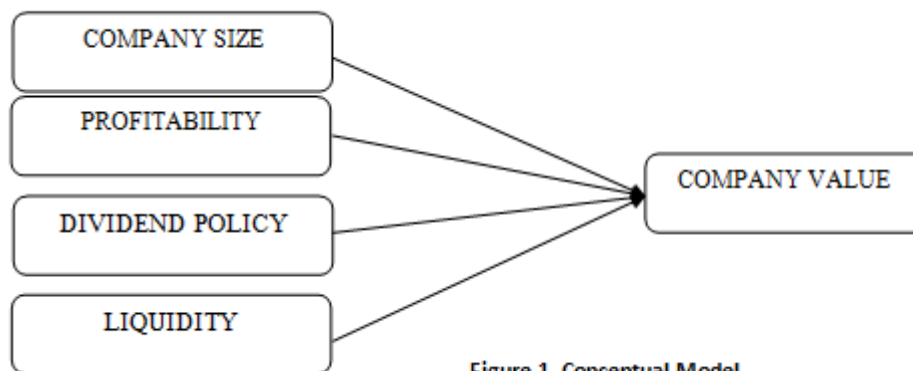

Figure 1. Conceptual Model

RESEARCH METHODS

ince the research was in the form of numbers, the quantitative analysis approach was employed in this study. Components that can be calculated were utilized to represent research variables.

POPULATION AND SAMPLE

The population explains that the object or subject of generalization has qualities and characteristics so that conclusions can be drawn by experts (Sugiyono, 2018: 80). This study used a population of manufacturing companies inthe 2016-2019 period. The sample is the number of characteristics of the population (Sugiyono, 2013:81). Purposive sampling was the technique we used in this study.

Table 1. Research Sampling Process

NO	Criteria	Total
1.	Manufacturing companies listed on the Indonesia Stock Exchange in 2016-2019	52
2.	Manufacturing companies that do not publish complete annual financial reports in 2016-2019	(16)
3.	Companies that did not experience consecutive profits during 2016-2019	(9)
4.	Companies that did not distribute dividends during 2016-2019	(9)
5.	Total company	18
6.	Total sample for 4 years (4x18)	72

Processed data (Researchers: 2021)

DATA COLLECTION TECHNIQUES

In research, data collection techniques are used to gather, document, and investigate the necessary data. Company size, profitability, dividend policy, and liquidity to company value are all included in the data. Each sample is derived from IDX's financial statements.   Researchers used secondary data sources. Sugiyono (2014: 131), argues that secondary data is research data that is accidentally found and recorded from another party by researchers through intermediary facilities. The research data obtained through the website www.idx.co.id published in the form of company financial statements.   This test is a test that describes the approximate value of BLUE (Best, Linear, Unbiased, Estimator), namely: Normality Test, Multicollinearity Test, Autocorrelation Test, Heteroscedasticity Test.

DATA ANALYSIS MODEL

This method is needed to understand the effect of the independent variable (X) on the dependent variable (Y). The indicator to calculate the multiple linear regression model is formulated with:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon$$

Information :

a   = Constant

$\beta_1 - X_4$ = Regression coefficient between X_1-X_4

Y   = Company value

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X_1	= Company Size
X_2	= Profitability
X_3	= Dividend Policy
X_4	= Liquidity
ε	= Other variables not examined in the formula

RESULTS AND DISCUSSION

Coefficient of Determination Value

Explaining the ability of the variation model that is related to the dependent variable is the purpose of the Coefficient of Determination. With this calculation, it is known how capable the independent variables are in describing the dependent variable while the others are described by other aspects that are not tested. The Coefficient of Determination is expressed by the value of the correlation Coefficient that revolves around $0 < R2 < 1$. The high ability of the independent variable in providing the information is evidenced by the amount of value it has. The following is a table of the Coefficient of Determination.

Table 2. Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.875[a]	.766	.752	1731.54749	1.742

a. Predictors: (Constant), lnx1, DPR, NPM, QR
b. Dependent Variable: PER

Based on the table above, the resulting Adjusted Square value is 0.752. It can be interpreted that the dependent variable of 75.2% is influenced by the independent variable and the other 24.8% is influenced by variables that are not examined.

Table 3. Simultaneous test (F)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	656476999.987	4	164119249.997	54.738	.000[b]
	Residual	200883199.260	67	2998256.705		
	Total	857360199.246	71			

a. Dependent Variable: PER
b. Predictors: (Constant), lnx1, DPR, NPM, QR

The purpose of conducting the Simultaneous Test is to evaluate whether Ho has a significant effect between one independent variable on the dependent variable which explains that the hypothesis is rejected. This means that the dependent variable has a positive and significant effect on the company value which explains that Ha is accepted because the $F_{value}>$ from F_{table} (54.738 > 2.51) and a significant value of 0.000 < from 0.05.

Table 4. Partial Test (T)

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	T	Sig.	Collinearity Statistics Tolerance	VIF
1	(Constant)	93127.757	10535.697		8.839	.000		
	NPM	3346.466	2181.610	.105	1.534	.130	.741	1.350
	DPR	471.620	336.759	.085	1.400	.166	.954	1.049
	QR	227.618	125.685	.132	1.811	.075	.659	1.518
	lnx1	-27780.410	3023.329	-.736	-9.189	.000	.546	1.832

a. Dependent Variable: PER

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The sig value of the X1 variable is 0.000 <0.05, which means that H1 is acceptable. Based on the table above, it is found that the calculated T value is -9.289. Then it is found that -9,289 < -T table 1,998. Then it means that X1 has no negative and significant effect on variable Y. The sig value of the X2 variable is 0.130 > 0.05, which means that H2 is unacceptable. Based on the table above, it is found that the calculated T value is 1,534. Then it is found that 1,534 < T table 1,998. Then it means that X2 has no effect and is not significant on the Y variable. The sig value of the X3 variable is 0.166 > 0.05, which means that H3 is unacceptable. Based on the table above, it is found that the calculated T value is 1,400. Then it is found that T 1,400 < T table 1,998. So it can be interpreted that X3 has no effect and is not significant on Y.The sig value of the X4 variable is 0.075> 0.05, which means that H4 is unacceptable. Based on the table above, it is found that the calculated T value is 1,534. Then found 1.811 < T table 1.998. So it can be interpreted that X4 has no effect and is not significant on Y. This study is contrary to the theory of Mahendra (2012) and Prisillia (2013) but is in line with the research of Wulandari (2014), Susilawati (2014) which suggests liquidity to company value has a negative but not significant effect because one aspect of current assets that are idle and not utilized is high liquidity.As a result, high liquidity is bad for shareholders. As a result of the poor handling of idle excess assets, increasing liquidity may have a detrimental impact on investors.

DISCUSSION

Company size has no negative and significant effect on price earning ratio. This study is contrary to the theory of Ghozali (2016) and Prasetyorini (2013) but is in line with the research of Rahmawati et al, (2015). The company value which has a negative relationship to the company size is a joint venture property which if the joint venture has large total assets, the management can use the assets in the joint venture more arbitrarily.

Net profit margin has no effect and is not significant on the price earing ratio. This study is contrary to the theory of Novari & Putu (2016) but is in line with the research of Catur Fatchu Ukriyawati and Rika Malia (2018).Companies that pocket profits in their operations are unsure if they will use these profits to increase the company value because the profits earned by the company may be retained and used as retained earnings (cash flow)which will then be used by the company if the company experiences problems and or neutralize the company's condition when experiencing funding problems.

Devidend payout ratio has no effect and is not significant on price earning ratio. This study contradicts the theory of Ayem and Nugroho (2016) but is in line with the research of Kusumastuti (2013) and Wibowo and Aisjah (2013) because the amount of company value does not affect the amount of the dividends given to shareholders.This occurs because investors believe that a small current dividend profit is not more beneficial when compared to capital gains in the future.

Quick ratio has no effect and is not significant on Y. This study is contrary to the theory of Mahendra (2012) and Prisillia (2013) but is in line with the research of Wulandari (2014), Susilawati (2014) which suggests liquidity to company value has a negative but not significant effect because one aspect of current assets that are idle and not utilized is high liquidity.As a result, high liquidity is bad for shareholders. As a result of the poor handling of idle excess assets, increasing liquidity may have a detrimental impact on investors.

CONCLUSION

According to the results of analytical research through statistical evidence of the company value hypothesis which is influenced by company size, profitability, dividend policy, and liquidity in manufacturing companies in the 2016-2019 period, several values can be concluded, namely (1) Company value which is influenced by company size, profitability, dividend policy, and liquidity affects manufacturing companies in 2016-2019.(2) Company size, profitability, dividend policy, and liquidity have no partial effect on company value in manufacturing companies in 2016-2019.

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