The Es Accounting and Finance
Vol. 2, No. 01, November, pp. 1-15
ISSN: 2985-7139, DOI: 10.58812/esaf.v2i01

Analysis of The Effect of Profitability, Liquidity, Firm's Size, and Dividend Policy on Firm's Value: Empirical Evidence in Non-Cyclicals Consumer Sector Companies

Jul Feryanto[1], Christina Heti Tri Rahmawati[2]
[1] Department of Management, Faculty of Economics, Sanata Dharma University, Yogyakarta, Indonesia
[2] Department of Management, Faculty of Economics, Sanata Dharma University, Yogyakarta, Indonesia

Article Info

Article history:

Received Jul 23, 2023
Revised Nov 17, 2023
Accepted Nov 27, 2023

Keywords:

Dividend Policy
Firm's Size
Firm's Value
Liquidity
Profitability

ABSTRACT

Important factors in assessing whether a company is good or bad can use firm's size and financial performance. The aim of this research is to analyze profitability (ROA), liquidity (CR), firm's size (LN), and dividend policy (DPR) on the firm's value of the consumer non-cyclicals sector which is listed on the Indonesia Stock Exchange (IDX) in 2017-2020. The research population is the consumer non-cyclicals sector companies which are listed on the IDX as many as 57 companies. The research sample is a portion of the consumer non-cyclicals sector companies listed on the IDX that meet the sampling criteria of 20 companies. The sampling technique uses purposive sampling, including non-cyclical consumer sector companies that issue annual reports and financial statements, have positive profits, and have complete data such as total current assets, total current liabilities, total assets, number of outstanding shares, cash dividends, and share prices for the 2017-2020 period. The data analysis technique for this study used multiple linear regression analysis with SPSS 25 software. The results showed that profitability (ROA), liquidity (CR), and firm's size (LN) had a positive effect on firm's value, while dividend policy (DPR) had a negative effect on firm's value in the consumer non-cyclicals sector listed on the IDX in 2017-2020. The implication of the results of this study is that investors should conduct financial analysis before purchasing shares, such as looking at the ratios of profitability, liquidity, and firm's size; the larger the firm's value, the better the firm's value.

This is an open access article under the CC BY-SA license.

Corresponding Author:

Name: Christina Heti Tri Rahmawati
Institution Address: Department of Management, Faculty of Economics, Sanata Dharma University, Yogyakarta
e-mail: christina.heti@usd.ac.id

1. INTRODUCTION

One of the things that prospective investors who want to invest in a company look at is the company's progress. One of the indicators of a company's progress can be seen from the company's success in overcoming financial problems as reflected in the company's financial reports. The capital obtained will have an impact on the company value.

One of the things that helps companies to keep going and progress is company shares, offering shares to investors,

and one of the decisions that can be taken to help fund the company is issuing shares. Investors have high hopes for future profits on the shares they own. The company really hopes for profits from these shares, because these profits will be used for the survival of the company. The greater the welfare felt by investors, the more valuable and trusted the company will be in the eyes of people [8].

Consumer goods are something that cannot be separated from human life, every day people need something to consume, such as food, drinks, and so on. Consumer goods cannot be separated from everyday life and must pay for consuming them. We can not only spend costs to obtain consumption goods, but we can also incur costs to buy shares of companies that will later provide benefits, not only being connoisseurs of these goods, but people can also be connoisseurs of benefits from goods products that are always consumed. Many companies from the consumer goods industry sector do not only offer goods products. Many companies that offer shares to people want to be part of the company that enjoys those benefits.

Shares are not only related to profits, there are quite a few investors who buy shares and then experience losses. Therefore, investors should be smarter in determining which shares to buy. When investors buy shares without considering various aspects, it will be difficult to ensure the future of these shares.

In the middle of 2020, the stock movement experienced a lot of changes due to the covid-19 pandemic. The shares sold are very erratic, on this day the shares offered could go up or vice versa. Several companies experienced an increase in share prices, but there were also companies that experienced a decrease in share prices.

According to [15] dividend policy includes decisions regarding company profits allocated to shareholders or reinvested for operations. Companies that allocate profits to dividends will result in a reduction in the company's retained profits. This will result in reducing the ability of internal funding sources, conversely if the company uses retained earnings it will have the effect of strengthening or enlarging internal funding sources. Therefore, dividend policy will be related to company value. The company value can be measured using Price to Book Value. According to [5] price to book value is a stock price parameter compared to the company's book value.

Several variables used to measure good or bad company value include profitability, liquidity, company size, and dividend policy. According to [16] profitability is the company's ability to earn profits in relation to sales, total assets and owners' equity. This research measures profitability ratios by applying parameters in the form of Return of Assets (ROA). Based on [11] ROA is the ratio used to test the amount of total net profit that the company will generate. The greater the ROA generated, the higher the company produces net profit. Conversely, the smaller the ROA generated, the lower the company produces net profit. The higher the company's net profit, the more attractive it will be to investors, thereby increasing share prices [4].

One way the company value is influenced by liquidity. Based on [16] liquidity is indicated as the company's ability to pay short-term financial obligations on time. Company liquidity can be seen by the level of current assets. The liquidity ratio in this study is measured using the current ratio. According to [27] the current ratio is a tool used to estimate a company's capability to meet short-term debt which is fulfilled from the company's total current assets.

Company value is also influenced by company size. According to [20] company size is the size of a company which can be determined through total assets. Company size in this study was measured by applying total assets to the natural logarithm. The next variable that influences company value is dividend policy. According to [24] dividend policy is defined as the classification of profits obtained by the company by distribution to shareholders. Dividend policy in this research is measured using the Dividend Payout Ratio (DPR). A high dividend distribution can mean that there is less retained profit because most of the profits are distributed to shareholders.

Companies that do not retain their profits and use little capital for reinvestment will have a negative impact on company value. This is because the company cannot meet operational costs due to low capital [5].

Some of the results of previous studies regarding the variables of profitability, liquidity, firm's size, and dividend policy on firm's value show inconsistencies in the research results. The results of research [3], [4], [22] show that profitability has a positive effect on firm's value, where high corporate profits provide an indication of good company prospects so that it can trigger investors to increase demand for shares and if demand for shares rises, firm value increases. However, these results are not in line with the results of research [10], [18] showing that profitability has a negative effect on firm's value. As for the liquidity variable, the results of research [22], [28] show that liquidity has a positive effect on firm's value. The increasing cash ratio will increase the value of the firm. However, these results are inconsistent with the results of research [13] showing that liquidity has no effect on firm's value.

Meanwhile, the inconsistencies in the results of previous research for the company size variable, namely the results of research [5], [20] show that company size has a positive effect on company value, where the larger the company size, the easier the capital market is to be accessed by the company. Wide accessibility to the capital market is defined as a company's capability and elasticity in forming large amounts of capital and is considered a positive signal that interprets good performance. However, these results are not in line with previous research [1], [2] showing that company size has a negative effect on company value. Meanwhile, for the dividend policy variable, research results [5], [19], [21] show that dividend policy has a negative effect on company value. Dividend policy plays an important role in determining company value, where shareholders get returns in the form of capital gains. However, these results are not in line with the results of research [9], [12] showing that dividend policy has no effect on company value.

This research chooses companies from the non-cyclical consumer sector because their growth is always stable and does not soar high and they are stocks that are targeted during a recession, even during times of economic downturn, these types of stocks continue to grow and some even increase many times. Based on the problems above and the inconsistency of previous research results, the researcher conducted a study with the title "Analysis of The Effect of Profitability, Liquidity, Firm's Size, and Dividend Policy on Firm's Value: Empirical Evidence in Non-Cyclicals Consumer Sector Companies".

2. LITERATURE REVIEW

2.1 Firm's Value

According to [21] company value is investors' perception of the company which is often linked to share prices. Share prices are formed based on the demand and supply of investors, which causes the company's share price to rise or fall. The higher the share price, the higher the company value. Company owners want the value of the company to increase, because the higher the company value indicates the increasing welfare of shareholders. The higher the company value provides a positive signal where the market responds to the company's current and future performance.

To achieve high company value, shareholders generally hand over management to professionals. According to [15] the aim of financial management is to maximize shareholder welfare or increase company value. To realize this, financial managers must implement funding policies, dividend policies and investment policies according to efficiency rationality.

According to [22] company value is estimated using market ratios or valuation ratios. The assessment ratio is a performance measure that is

considered the most comprehensive for a company because this assessment shows the combined influence of the return and risk ratio. The valuation ratio in this study uses the Price to Book Value (PBV) proxy. The PBV ratio interprets the size of the market taking into account the book value of the company's shares. The greater the PBV ratio provides a positive signal where the market has good confidence in the company's future performance [5].

2.2 *Profitability*

According to [16], profitability is defined as the company's capability to earn profits in relation to total assets, sales and owners' equity. The benefits of profitability according to [11] are to measure a company's ability to generate profits during a certain period, to assess the company's profit position from the previous year to the current year, to assess the development of profits over time, to measure how much net profit will be generated from each rupiah. funds embedded in total assets, to measure how much net profit will be generated from each rupiah of funds embedded in total equity, to measure gross profit margin on net sales, to measure operational profit margin on net sales, and to measure profit margin net on net sales. Profitability ratios can be estimated using the Return On Total Assets (ROA) proxy.

According to [27] the ROA ratio is a proxy for estimating a company's capability in manifesting profits intended for shareholders or profits after tax based on the total assets or investments owned. According to [3], [4], [22] it shows that profitability has a positive effect on company value. The greater the company's profits indicate a positive signal that the company's performance is good, so that investors are interested in investing capital and demand for shares increases [23]. The greater the demand for shares, the greater the company value.

2.3 *Liquidity*

According to [16] company liquidity implies the company's capability to meet short-term debt which is paid according to its maturity. Company liquidity can be seen from the level of current assets. According to [27] the liquidity ratio can be seen by the extent to which the operating profit margin can cover financial needs to meet maturing obligations. This research applies the Current Ratio (CR) to test the liquidity ratio.

According to [27] CR is used to measure a company's capability to meet short-term debt by utilizing the company's current assets. The greater the company's liquidity, the greater the company's capital to fulfill its obligations to pay dividends, investments and operational costs. This provides a positive signal for investors thereby improving company performance. Apart from that, it also increases share prices and PBV values. The results of research [22], [28] show that liquidity has a positive effect on company value. Increasing CR will increase company value and show that liquidity has a positive effect on company value.

2.4 *Firm's Size*

According to [7] company size is an assessment scale used to classify companies into large or small categories. According to [14] company size is information between the company and the market that interprets positive signals where the larger the company size, the more complex the organization and the large company's access to the capital market can be said to be very good. The assessment of company size in this research uses indicators based on all total assets controlled by the company. Assets are all assets controlled by the company, where a company that has larger assets means that the company has invested and

used the company's funds or profits well. Having very large assets can expand market networks and increase profitability growth.

The results of research [5], [20], [26] show that company size has a positive effect on company value. The larger the company size, the easier access to the capital market, so that the company has the capability to obtain greater capital. Therefore, the ease of accessing the capital market provides a positive signal for investors that the company's future performance is good so that company size can have a positive influence on company value.

2.5 *Dividend Policy*

According to [24] dividends are a classification of company profits where these profits are obtained based on company profits and are obtained after obtaining shareholder approval at the General Meeting of Shareholders. If the investor wants to receive dividends, then for a long period of time the shares are held by the investor until the share ownership is in the period during which the shareholder is entitled to dividends. Stock dividends are the distribution of additional shares without payment to shareholders in line with share ownership.

According to signaling theory, the greater the dividend, the impact it will have on increasing share prices. This indicates that dividends are more popular with investors than capital gains. The dividend policy in this study was tested using the Dividend Payout Ratio (DPR).

Research results [5], [19], [21] show that dividend policy has a negative effect on company value. This is due to short-term profits that shareholders prefer through capital gains. Investors interpret slightly unprofitable dividend profits if in the future the investor gets capital gains. A high dividend distribution can mean that there is less retained profit because most of the profits are distributed to shareholders. Company profits that are not retained and have little impact on the future of the company's capital for operations will cause the company's value to suffer because a small amount of funds will mean that many of the company's needs cannot be met [5].

Based on this explanation, the research conceptual framework can be described as shown in Figure 1 below and the formulation of the research hypothesis is:

H_1: Profitability has a positive effect on firm's value

H_2: Liquidity has a positive effect on firm's value

H_3: Firm's size has a positive effect on firm's value

H_4: Dividend policy has a negative effect on firm's value

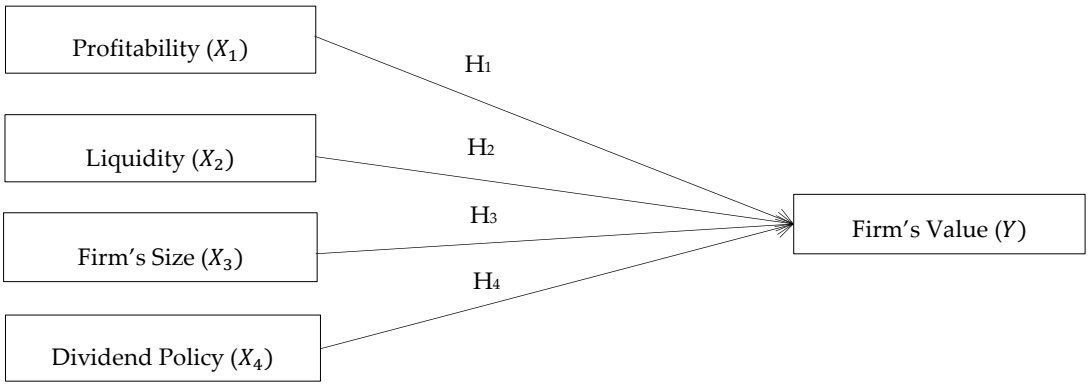

Figure 1. Research Concept Framework
Source: [7], [21], [24], [27]

3. METHODS

The type of research used in this research is quantitative research. The population of this study is the consumer non-cyclicals sector companies which are listed on the IDX as many as 57 companies. The sample for this research is a portion of the consumer non-cyclicals sector companies listed on the IDX which meet the sampling criteria of the 20 companies shown in Table 1. The sampling technique for this study used purposive sampling with the sampling criteria including companies in the consumer non-cyclicals sector which publish annual reports and financial statements, have positive profits, have complete data information for research, namely total current assets, total current liabilities, total assets, number of outstanding shares, total equity, cash dividends, net income, and share prices during the 2017-2020 period.

Table 1. List of Research Samples

No.	Stock code	Issuer Name
1.	AALI	Astra Agro Lestari Tbk.
2.	AMRT	Sumber Alfaria Trijaya Tbk.
3.	BISI	BISI International Tbk.
4.	BUDI	Budi Starch & Sweetener Tbk.
5.	CEKA	Wilmar Cahaya Indonesia Tbk.
6.	CPIN	Charoen Pokphand Indonesia Tbk.
7.	DLTA	Delta Djakarta Tbk.
8.	DSNG	Dharma Satya Nusantara Tbk.
9.	HMSP	H.M. Sampoerna Tbk.
10.	ICBP	Indofood CBP Sukses Makmur Tbk.
11.	INDF	Indofood Sukses Makmur Tbk.
12.	JPFA	Japfa Comfeed Indonesia Tbk.
13.	KINO	Kino Indonesia Tbk.
14.	LSIP	PP London Sumatra Indonesia Tbk.
15.	MYOR	Mayora Indah Tbk.
16.	ROTI	Nippon Indosari Corpindo Tbk.
17.	SDPC	Millennium Pharmacon International Tbk.
18.	TBLA	Tunas Baru Lampung Tbk.
19.	ULTJ	Ultra Jaya Milk Industry & Trading Company Tbk.
20.	UNVR	Unilever Indonesia Tbk.

Source: www.idx.co.id

This study uses four independent variables, namely profitability (X1), liquidity (X2), firm's size (X3), and dividend policy (X4), and one dependent variable, namely firm's value (Y) as shown in Table 2. Data collection techniques using panel data which is a combination of time series and cross section. The data analysis technique used multiple linear regression analysis with SPSS Version 25 software.

Table 2. Definition of Variables and Operational Research Variables

Variable	Indicator	Measurement
Profitability	Profit after tax or profit available to shareholders based on total assets or investment owned [27]	$\text{Return on Assets (ROA)} = \frac{\text{Net Profit}}{\text{Total Assets}}$
Liquidity	Current assets owned by the company and current liabilities of the company [27]	$\text{Current Ratio (CR)} = \frac{\text{Current Assetss}}{\text{Current Liabilities}}$
Firm's Size	All total assets owned by the company [7]	$\text{Firm's Size} = \text{Logaritma Natural (Total Assets)}$
Variable	**Indicator**	**Measurement**
Dividend Policy	Profit sharing provided by the company and derived from profits generated by the company [24]	$\text{Divident Payout Ratio (DPR)} = \frac{\text{Dividend per Share (DPS)}}{\text{Net Profit per Share (EPS)}}$

Firm's Value	Investor perceptions of companies that are often associated with stock prices [21]	Price to Book Value (PBV) $= \frac{\text{Market Price per Share}}{Book\ Value\ per\ Share}$

4. RESULTS AND DISCUSSION

4.1. Results

1. Data Analysis

a. Liquidity

Table 3 shows data on the profitability ratios of the companies that became the research sample during the 2017-2020 period.

Table 3. Profitability Data Recapitulation (Return on Total Asset)

No	Issuer Code	Profitability (ROA) (%)				Average
		2017	2018	2019	2020	
1.	AALI	8	6	1	3	5
2.	AMRT	1	3	5	4	3
3.	BISI	15	15	10	9	12
4.	BUDI	2	1	2	2	2
5.	CEKA	12	12	20	13	14
6.	CPIN	10	16	12	12	13
7.	DLTA	21	22	22	10	19
8.	DSNG	7	4	2	3	4
9.	HMSP	29	29	27	17	26
10.	ICBP	11	14	14	7	11
11.	INDF	6	5	6	5	6
12.	JPFA	5	10	7	10	8
13.	KINO	3	4	11	2	5
14.	LSIP	8	3	2	6	5
15.	MYOR	11	10	11	11	11
16.	ROTI	3	3	5	4	4
17.	SDPC	2	2	1	0	1
18.	TBLA	7	5	4	4	5
19.	ULTJ	14	13	16	13	14
20.	UNVR	37	47	36	35	39
General Average						**10**

Source: Data Processed (2022)

Table 3 shows that companies with the highest average ROA are UNVR at 39% and the lowest average are SDPC at 1%. In line with existing theory, the higher the ROA, the higher the rate of return on company profits. The standard for achieving ROA is said to be good, namely 5.98%, if the value of the company's profitability ratio reaches 5.98%, it means that the ROA value can be said to be good [14]. Based on the company's ROA value calculation data from 2017-2020, it can be said that some companies have good refund rates and some are still not good enough. Table 3 shows that in general consumer non-cyclicals companies from 2017-2020 get a profitability rate of 10%, meaning that every IDR1 of total assets can be used to generate a net profit of IDR10. Therefore, it can be concluded that over a period of year consumer non-cyclicals companies are able to generate good profits using the total assets owned by the company.

b. Liquidity

Table 4 shows data on the liquidity ratio of the companies that are the research sample during the 2017-2020 period.

Table 4. Liquidity Data Recapitulation (Current Ratio)

No	Issuer Code	Current Ratio (CR) (%)				Average
		2017	2018	2019	2020	
1.	AALI	184	146	285	331	237
2.	AMRT	88	115	112	88	101
3.	BISI	564	548	414	583	527
4.	BUDI	101	100	101	114	104
5.	CEKA	222	511	480	466	420
6.	CPIN	232	298	256	253	260
7.	DLTA	864	720	805	750	785
8.	DSNG	101	103	82	114	100
9.	HMSP	527	430	328	245	383
10.	ICBP	243	195	254	226	229
11.	INDF	150	107	127	137	130
12.	JPFA	235	180	173	196	196
13.	KINO	165	150	135	119	142
14.	LSIP	521	466	470	489	486
15.	MYOR	239	265	343	369	304
16.	ROTI	226	357	169	383	284
17.	SDPC	120	117	115	114	117
18.	TBLA	111	188	163	149	153
19.	ULTJ	419	440	444	240	386
20.	UNVR	63	75	65	66	67
General Average						**271**

Source: Data Processed (2022)

Table 4 shows the company that has the highest average current ratio is DLTA of 785% and the company that has the lowest average is UNVR of 67%. According to [17] a company can be said to have a good liquidity ratio if it has a minimum standard of 200% or 2:1, while a company that has a liquidity ratio that is too high is considered not good. Based on Table 4 above, during the 2017-2020 period DLTA was considered to have the worst liquidity compared to UNVR. Based on CR value calculation data, in general consumer non-cyclicals companies from 2017-2020 will get a liquidity level of 271%, meaning that every IDR1 of current debt will be guaranteed by IDR271 of current assets. Therefore, it can be concluded that the company is able to fulfill its short-term obligations, because the company's liquidity ratio is near the minimum standard of 200%.

c. Firm's Size

Table 5 shows data on the firm's size ratio of the companies that became the research sample during the 2017-2020 period.

Table 5. Firm's Size Data Recapitulation (Logaritma Natural)

No	Issuer Code	Firm's Size (LN) (%)				Average
		2017	2018	2019	2020	
1.	AALI	3085	3092	3093	3096	3091
2.	AMRT	3072	3073	3081	3089	3079
3.	BISI	2860	2865	2871	2870	2866
4.	BUDI	2871	2885	2873	2872	2875
5.	CEKA	2796	2779	2796	2808	2795
6.	CPIN	3083	3095	3101	3107	3097
7.	DLTA	2792	2805	2799	2783	2795
8.	DSNG	2975	3009	3008	3028	3005
9.	HMSP	3140	3147	3156	3154	3149
10.	ICBP	3108	3117	3129	3227	3145
11.	INDF	3211	3220	3220	3273	3231
12.	JPFA	3068	3077	3086	3089	3080
13.	KINO	2881	2891	2918	2929	2905
14.	LSIP	2991	2994	2996	3002	2996
15.	MYOR	3033	3050	3058	3062	3051
16.	ROTI	2915	2911	2917	2912	2914
17.	SDPC	2757	2781	2784	2778	2775
18.	TBLA	3027	3042	3049	3060	3044
19.	ULTJ	2928	2935	2952	2980	2949
20.	UNVR	3057	3060	3066	3065	3062
General Average						**2995**

Source: Data Processed (2022)

Table 5 shows that companies that have the highest average natural logarithm are INDF of 3231% and companies that have the lowest average are SDPC of 2775%. The higher the value of the ratio of firm size, the larger the size of the firm. Therefore, it can be concluded that all the companies that were the sample of the study had large firm sizes, even the companies that had the lowest average could be said to have large firm sizes.

d. Dividend Policy

Table 6 shows the dividend policy ratio data of the companies that were the research sample for the 2017-2020 period.

Table 6. Dividend Policy Data Recapitulation (Dividend Payout Ratio)

No	Issuer Code	Dividend Policy (DPR) (%)				Average
		2017	2018	2019	2020	
1.	AALI	47	55	177	20	75
2.	AMRT	70	13	10	51	36
3.	BISI	65	74	98	41	70
4.	BUDI	25	36	35	40	34
5.	CEKA	55	20	22	29	31
6.	CPIN	37	20	53	35	36
7.	DLTA	51	61	120	252	121
8.	DSNG	9	24	59	11	26
9.	HMSP	99	92	99	162	113
10.	ICBP	51	55	30	34	42
11.	INDF	40	53	25	28	37
12.	JPFA	51	51	31	9	36
13.	KINO	33	26	16	129	51
14.	LSIP	31	93	51	15	48
15.	MYOR	29	34	32	32	32

16.	ROTI	51	28	25	89	48
17.	SDPC	10	13	49	45	29
18.	TBLA	34	31	20	19	26
19.	ULTJ	11	16	13	11	13
20.	UNVR	95	77	124	103	100
General Average						**50**

Source: Data Processed (2022)

Table 6 shows the company that has the highest average dividend policy is DLTA of 121% and the company that has the lowest average is ULTJ of 13%. Therefore, it can be concluded that most companies distribute cash dividends with an average value and only a few companies distribute cash dividends with a fairly high value. Based on table 6, it shows that DLTA companies pay high cash dividends and ULTJ is one of the companies with very low cash dividend distribution each year.

e. Firm's Value

Table 7 shows the dividend policy ratio data of the companies that were the research sample for the 2017-2020 period.

Table 7. Firm's Value Data Recapitulation (Price to Book Value)

No	Issuer Code	Firm's Value (PBV) (%)				Average
		2017	2018	2019	2020	
1.	AALI	137	117	148	123	131
2.	AMRT	482	645	531	435	523
3.	BISI	245	218	136	126	181
4.	BUDI	35	35	36	34	35
5.	CEKA	85	84	88	84	85
6.	CPIN	313	11	506	458	472
7.	DLTA	321	343	449	345	365
8.	DSNG	142	119	131	104	124
9.	HMSP	1613	1220	685	579	1024
10.	ICBP	511	537	488	222	439
11.	INDF	143	131	128	76	120
12.	JPFA	151	247	157	151	177
13.	KINO	147	183	181	151	166
14.	LSIP	119	102	119	101	110
15.	MYOR	614	686	463	538	575
16.	ROTI	280	255	260	261	264
17.	SDPC	66	52	51	58	57
18.	TBLA	164	97	99	85	111
19.	ULTJ	355	327	343	387	353
20.	UNVR	8244	4571	6067	1136	5005
General Average						**516**

Source: Data Processed (2022)

Table 7 shows the company that has the highest average firm's value is UNVR of 5005% and the company that has the lowest average is BUDI of 35%. Based on Table 7 it shows that UNVR has a very high level of corporate value compared to other companies and most companies have an average company value below the general average.

2. Multiple Linear Regression Analysis

The results of multiple linear regression calculations between profitability (ROA), liquidity (CR), firm's size (LN), dividend policy (DPR), and firm's value (PBV) using

the SPSS program yield results as shown in Table 8 below.

Table 8. Multiple Linear Regression Test Results

Model		Unstandardized Coefficients		t	Sig.
		B	Std. Error		
1	(Constant)	-28.214	7.334	-3.847	.000
	Profitability	.334	.126	2.638	.010
	Liquidity	.560	.174	3.208	.002
	Firm's Size	8.615	2.096	4.111	.000
	Dividend Policy	-.163	.073	-2.223	.029

Source: Data Processed (2022)

Based on the table above, the multiple linear regression equation is as follows:

$$Y = -28{,}214 + 0{,}334X_1 + 0{,}560X_2 + 8{,}615X_3 - 0{,}163X_4 + e$$

Information:

Y = Firm's Value (PBV)

X_1= Profitability (ROA)

X_2= Liquidity (CR)

X_3= Firm's Size (LN)

X_4= Dividend Policy (DPR)

e = Standar Error

3. Hypothesis Testing

a. F Test

Table 9. F Test Results

Model		F	Sig.
1	Regression	27.373	.000[b]
	Residual		
	Total		

Dependent variable: Firm's Value

Predictors: (Constant), Dividend Policy, Liquidity, Firm's Size, Profitability

Source: Data Processed (2022)

Based on the results of the F test in Table 9, the F_count is 27.373 and the probability (Sig.) is 0.000. This shows that H0 is rejected, meaning profitability, liquidity, firm's size, and dividend policy simultaneously affect firm's value.

b. t Test

Table 10. t Test Results

Model		Unstandardized Coefficients		t	Sig.
		B	Std. Error		
1	(Constant)	-28.214	7.334	-3.847	.000
	Profitability	.334	.126	2.638	.010
	Liquidity	.560	.174	3.208	.002
	Firm's Size	8.615	2.096	4.111	.000
	Dividend Policy	-.163	.073	-2.223	.029

Source: Data Processed (2022)

Based on Table 10, the results of the influence of profitability on firm's value show a coefficient B value of 0.334 with a probability value (Sig.) 0.010 ≤ 0.05. Therefore, Ha_1 is accepted, which means profitability has a positive effect on firm's value. While the results of the influence of liquidity on firm's value show a coefficient B value of 0.560 with a probability value (Sig.) 0.002 ≤ 0.05. Therefore, Ha_2 is accepted, which means that liquidity has a positive effect on firm's value. Furthermore, the results of the influence of firm's size on firm's value show a coefficient B value of 8.615 with a probability value (Sig.) 0.000 ≤ 0.05. Therefore, Ha_3 is accepted, which means firm's size has a positive effect on firm's

value. While the results of the effect of dividend policy on firm's value show a coefficient B value of -0.163 with a probability value (Sig.) 0.029 ≤ 0.05. Therefore, Ha_4 is accepted, which means that the dividend policy has a negative effect on firm's value.

4. Coefficient of Determination

Table 11. Determination Coefficient Test Results

Model Summary				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.770[a]	.593	.572	.71003
Predictors: (Constant), Dividend Policy, Liquidity, Firm's Size, Profitability				

Source: Data Processed (2022)

Based on Table 11, the Adjusted R Square value is 0.572, which means that the influence of the variables profitability (ROA), liquidity (CR), firm's size (LN), and dividend policy (DPR) on firm's value (PBV) is 57.2%, while the remaining 42.8% is influenced by other variables not used in this study.

4.2. Discussion

1. The Effect of Profitability on Firm's Value

Based on Table 10, it shows that the profitability variable has a regression coefficient value of 0.334 and the results of the significance test obtain a probability value (Sig.) of 0.010 < 0.05. This value can prove that Ha_1 is accepted, which means profitability has a positive effect on firm's value. Therefore, it can be interpreted that the higher the profitability value, the firm's value will increase, and conversely, the lower the profitability value, the firm's value will decrease.

Profitability is seen as one of the aspects that can affect the value of the company. The value of profitability shows the company's ability to generate profits and profits by utilizing all the resources owned by the company. A company is seen as having good value and can bring in profits in the future, so the company will be able to attract investors to invest their capital. Profitability is a reflection of the company's value, if the company's profit increases it indicates better company prospects, thus triggering investors to increase demand for company shares, high demand for shares causes the company's value to increase [6]. The results of this study are consistent with the results of studies [3], [4], [22] showing profitability has a positive effect on firm's value.

2. The Effect of Liquidity on Firm's Value

Based on Table 10, it shows that the liquidity variable has a regression coefficient value of 0.560 and the results of the significance test obtain a probability value (Sig.) of 0.002 ≤ 0.05. This value can prove Ha_2 is accepted, which means that liquidity has a positive effect on firm's value. Therefore, it can be interpreted that the higher the firm's liquidity value, the higher the firm's value, and vice versa, the lower the firm's liquidity value, the lower the firm's value.

The company's ability to pay off its short-term debt will reduce the use of the company's long-term debt, so the company does not need to think about paying interest on debt. In addition, outsiders who read the company's financial statements will judge that the company has good prospects, so that investors put their trust in investing in the company. Companies that have high liquidity indicate that the company has the ability to pay its current debts in a

timely manner with its current assets without disrupting the operational activities of the company [25]. The higher the firm's liquidity value, the higher the firm's value in the eyes of investors. The results of this study are consistent with the results of research [22], [28] showing that liquidity has a positive effect on firm's value.

3. ***The Effect of Firm's Size on Firm's Value***

Based on Table 10, it shows that the firm's size variable has a regression coefficient value of 8.615 and the results of the significance test obtained a probability value (Sig.) of $0.000 \leq 0.05$. This value can prove Ha_3 is accepted, which means that firm's size has a positive effect on firm's value. Therefore, it can be interpreted that the larger the firm's size, the higher the firm's value, and conversely, the smaller the firm's size, the lower the firm's value.

The advantage of a large company is that it has easy access to the capital market. This shows that the company has the flexibility and ability to obtain more funds. The convenience obtained will be captured by investors as a positive signal and the possibility of good future prospects for the company [6]. The bigger the company, the easier it is to find internal or external funding sources that can increase the value of the company. This shows that firm's size has a positive effect on firm's value. A large company will find it easier to access to the capital market, so it will be easy to get investors so that the value of the company will increase through its share price. The results of this study are in line with the results of research [5], [20], [26] showing that firm's size has a positive effect on firm's value.

4. ***The Effect of Dividend Policy on Firm's Value***

Based on Table 10, it shows that the dividend policy variable has a regression coefficient value of -0.163 and the significance test results obtained a probability value (Sig.) of $0.029 \leq 0.05$. This value can prove that Ha_4 is accepted, which means that the dividend policy has a negative effect on firm's value. Therefore, it can be interpreted that the higher the value of the dividend policy, the lower the firm's value, and conversely, the lower the value of the dividend policy, the higher the firm's value.

The dividend policy adopted by a company will affect its stock price, because an increase in cash dividends will have an impact on rising stock prices. The increase in the amount of cash dividends will make the company seen as having good future prospects thereby increasing the value of the company in the eyes of investors. The results of this study are in line with the results of research [5], [19], [21] showing that dividend policy has a negative effect on firm's value.

5. CONCLUSION

Based on the discussion above, the following conclusions can be drawn as follows: profitability, liquidity, and firm's size have a positive effect on the firm's value and dividend policy has a negative effect on the firm's value. Advice for investors is that before making a decision to invest in a company, it is better to do a financial analysis first. Investors can analyze profitability ratios that have an impact on company value, so that investors can see the profits they will actually get in the form of dividends. Apart from that, investors can analyze the company's liquidity ratio, where the better the company fulfills these obligations, the better the company value and the more profitable it will be for investors. Investors can also analyze firm's size, where the larger the company size, the

greater the market capitalization so that the profits obtained are higher and the company value is better.

Suggestions for non-cyclical consumer companies should pay attention to profitability, liquidity and company size because the better the company value, the more the company will be viewed by investors. High profitability, liquidity and company size will have a positive impact on company value. Companies with good value provide positive signals that investors will be interested in investing their capital. Therefore, increasing investor interest will have an impact on the company's share price increasing so that the company has good value in the eyes of the public.

REFERENCES

[1] Antonio, D. A., and Camilla, F., "Corporate Social Responsibility and Firm Value: Do Firm Size and Age Matter? Empirical Evidence from European Listed Companies," *Corporate Social Responsibility and Environmental Management*, vol. 27, no. 2, pp. 909-924, 2020, https://doi.org/10.1002/csr.1855.

[2] Antoro, W., Sanusi, A., and Asih, P, "The Effect of Profitability, Company Size, Company Growth on Firm Value Through Capital Structure in Food and Beverage Companies on the Indonesia Stock Exchange 2014-2018 Period," *International Journal of Advances in Scientific Research and Engineering*, vol. 6, no. 9, pp. 36-43, 2020, https://doi.org/10.31695/IJASRE.2020.33876.

[3] Ari, D., Taher, A., Sri, M. R., and Siti, R. H., "Effect of Growth, Liquidity, Business Risk and Asset Usage Activity toward Capital Structure, Financial Performance and Corparate Value (Study at Manufacturing Companies Listed in Indonesian Stock Exchange in 2010-2015)," *Euoropan Journal of Bussiness and Manajement*, vol. 9, no. 24, pp. 1-13, 2017, https://www.iiste.org/Journals/index.php/EJBM/article/view/38239.

[4] Christina, H. T. R., "Struktur Kepemilikan, Profitabilitas, dan Nilai Perusahaan: Mediasi Kebijakan Deviden," *Jurnal Inspirasi Bisnis & Manajemen (JIBM)*, vol. 4, no. 1, pp. 1-16, 2020, http://dx.doi.org/10.33603/jibm.v4i1.3362.

[5] Christina, H. T. R, "The Profitability, Firm's Size, Dividend Payout Ratio and Firm's Value: Capital Structure Intervention," *Jurnal Ekonomi Bisnis dan Kewirausahaan (JEBIK)*, vol. 9, no. 3, pp. 218-235, 2020, http://dx.doi.org/10.26418/jebik.v9i3.39765.

[6] Dewi, V. S., and Ekadjaja, "Pengaruh Profitabilitas, Likuiditas, dan Ukuran Perusahaan terhadap Nilai Perusahaan pada Perusahaan Manufaktur," *Jurnal Paradigma Akuntansi*, vol. 2 , no. 1, pp. 118-126, 2020, https://doi.org/10.24912/jpa.v2i1.7139.

[7] Endri, E., and Fathony, M, "Determinants of Firm's Value: Evidence from Financial Industry," *Management Science Letters*, vol. 10, no. 1, pp. 111–120, 2020, https://doi.org/10.5267/j.msl.2019.8.011.

[8] Erlyta, A. N., Caecilia, W. E. R., and Christina, H. T. R., "Financial Performance and Stock Price: Another Review on Banks Listed in Indonesia Stock Exchange," *Journal of Managementand and Business Environment*, vol. 3, no. 1, pp. 70-88, 2021, https://doi.org/10.24167/jmbe.v3i1.3438.

[9] Hailin, Q., and Jingxu, Z, "Can Mandatory Dividend Policy Reduce the Agency Cost of Listed Companies? Model Analysis and Empirical Test in China," *Copernican Journal of Finance & Accounting*, vol. 8, no. 1, pp. 59-101, 2019, http://dx.doi.org.10.12775/CJFA.2019.003.

[10] Hirdinis, M, "Capital Structure and Firm Size on Firm Value Moderated by Profitability," *International Journal of Economics and Business Administration*, vol. 7, no. 1, pp. 174-1719, 2019, https://doi.org/10.35808/ijeba/204.

[11] Hery, *Analisis Laporan Keuangan: Pendekatan Rasio Keuangan*, Yogyakarta: CAPS, 2015.

[12] Husna, A., and Satria, I, "Effects of Return on Asset, Debt to Asset Ratio, Current Ratio, Firm Size, and Dividend Payout Ratio on Firm Value," *International Journal of Economics and Financial Issues*, vol. 9, no. 5, pp. 50-54, 2019, http://dx.doi.org/10.32479/ijefi.8595.

[13] Jihadi, M., Vilantika, E., Hashemi, S. M., Arifin, Z., Bachtiar, Y., and Sholichah, F, "The Effect of Liquidity, Leverage, and Profitability on Firm Value: Empirical Evidence from Indonesia," *Journal of Asian Finance, Economics and Business*, vol. 8, no. 3, pp. 423–431, 2021, https://doi.org/10.13106/jafeb.2021.vol8.no3.0423.

[14] Kadim, A., Sunardi, N., and Husain, T, "The Modeling Firm's Value Based on Financial Ratios, Intellectual Capital and Dividend Policy," *Accounting*, vol. 6, no. 5, pp. 859–870, 2020, https://doi.org/10.5267/j.ac.2020.5.008.

[15] Kamaludin, and Rini, I, *Manajemen Keuangan*, Bandung: CV. Mandar Maju, 2021.
[16] Kariyoto, *Manajemen Keuangan Konsep & Implementasi*, Malang: UB Press, 2018.
[17] Kasmir, *Analisis Laporan Keuangan*, Jakarta: PT Raja Grafindo Persada, 2016.
[18] Machmuddah, Z., Sari, D. W., and Utomo, S. D, "Corporate Social Responsibility, Profitability and Firm Value: Evidence from Indonesia," *The Journal of Asian Finance, Economics and Business*, vol. 7, no. 9, pp. 631-638, 2020, https://www.dbpia.co.kr/Journal/articleDetail?nodeId=NODE10629262.
[19] Margono, F. P., and Gantino, R, "The Influence of Firm Size, Leveragen Profitability, and Dividend Policy on Firm Value of Companies in Indonesia Stock Exchange," *Copernican Journal of Finance & Accounting*, vol. 10, no. 2, pp. 45-61, 2021, http://doi.org/10.12775/CJFA.2021.007.
[20] Nurhayati, M, "Pengaruh Profitabilitas, Likuiditas dan Ukuran Perusahaan terhadap Kebijakan Dividen dan Nilai Perusahaan Sektor Non Jasa," *Jurnal Keuangan dan Bisnis*, vol. 23, no. 7, pp. 144-153, 2018, https://doi.org/10.55886/esensi.v21i2.5.
[21] Ni, Y., Cheng, Y. R., and Huang, P, "Do Intellectual Capitals Matter to Firm Value Enhancement? Evidences from Taiwan," *Journal of Intellectual Capital*, vol. 22, no. 4, pp. 725–743, 2021, https://doi.org/10.1108/JIC-10-2019-0235.
[22] Sergius, F. B., and Sri, H, "The Effect of Dividend Policy, Investment Decision, Leverage, Profitability, and Firm Size on Firm Value," *European Journal of Business & Management Research*, vol. 7, no. 3, pp. 7-13, 2022, https://doi.org/10.24018/ejbmr.2022.7.3.1405.
[23] Sri, H., Christina, H. T. R., and Maria, T. E, "The Effect of Financial Performance on Stock Prices: Empirical Evidence from Building Construction Sub-Sector Companies," Sanskara Akuntansi dan Keuangan, vol. 01, no. 01, 2022, https://sj.eastasouth-institute.com/index.php/sak/article/view/11.
[24] Sulindawati, N. L. G. E., Gede, A. Y., and I, G. A. P, *Manajemen Keuangan: Sebagai Dasar Pengambilan Keputusan Bisnis*, Depok: PT RajaGrafindo Persada, 2017.
[25] Uli, R., Ichwanudin, W., and Suryani, E, "Pengaruh Likuiditas terhadap Nilai Perusahaan melalui Struktur Modal dan Profitabilitas," *Tirtayasa Ekonomika*, vol. 15, no. 2, pp. 321-332, 2020, https://doi.org/10.24912/jmieb.v2i2.1562.
[26] Vernando, J., and Erawati, T, "Pengaruh Ukuran Perusahaan terhadap Nilai Perusahaan dengan Struktur Modal sebagai Variabel Intervening: Studi Empiris di BEI," *Jurnal Riset Manajemen dan Bisnis*, vol. 15, no. 1, pp. 13-25, 2020, http://e-journalfb.ukdw.ac.id/index.php/jrmb/article/view/344/327.
[27] Yuniningsih, *Dasar-Dasar Manajemen Keuangan*, Sidoarjo: Indomedia Pustaka, 2018.
[28] Yarkonah, M., Agus, S., and Johanna, F., "Effect of Profitability, Leverage, and Liquidity to The Firm Value," *Dinasti International Journal of Economics, Finance, and Accounting*, 1(1), 83-94, 2020, https://doi.org/10.38035/dijefa.v1i1.225