

THE INFLUENCE OF PROFITABILITY, LIQUIDITY, AND DIVIDEND POLICY TOWARDS FIRM VALUE OF CONSUMER GOODS COMPANIES LISTED IN INDONESIA STOCK EXCHANGE

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Abstract

This research aims to identify the influence of profitability, liquidity, and dividend policy towards firm value in consumer goods companies listed in Indonesia Stock Exchange (IDX) for the period of 2018 to 2020. In this paper, the writer is using purposive sampling method to select the sample of the research. As a result, there are 21 consumer goods companies which are chosen as research sample because they fulfilled the sample criteria for this research, therefore there are 63 samples in total for the period of three years. The data of the research is processed through SPSS 25.

Based on data analysis result, it can be concluded that profitability has significant influence on firm value. On the other hand, liquidity and dividend policy do not give significant influence on firm value. Profitability, liquidity, and dividend policy simultaneously give significant influence on firm value.

Keywords: Profitability, Liquidity, Dividend Policy, Firm Value

1. INTRODUCTION

Finance is a key element in business. An effective financial management is essential for business success because it helps to ensure the sustainability, goal attainment and growth of the company. The business strategy and decision related to the fund management are crucial because it is considered as the most valuable resource in the business which helps the company to achieve goals for its success. In general, companies aim to achieve long-term goals, mainly to maximize firm value so that the company keeps track on measuring the level of performance, growth, and prosperity, where it can be seen through the price to book value that is reflected in the theory of financial statements.

Financial statements are very useful for providing valuable information to entrepreneurs. For new entrepreneurs, it guides how to read financial information in the financial report and prepare appropriate financial reports. Through financial statements, the entrepreneurs also can know the company's financial position and conditions, such as the availability of the company's resources, income, and expenses to be measured so that the company can make effective decision making in the future. In general, companies that go public are required for regular financial reporting in form of an annual financial report to show its accountability in doing business. In Indonesia, annual financial reports of publicly listed companies will be published through Indonesia Stock Exchange (IDX) websites for public access.

There are many types of company sectors listed in Indonesia Stock Exchange, one of them is consumer goods sector companies. The consumer goods companies involved in manufacturing, marketing, and selling products to fulfill the necessity of consumers, such as durable products and non-durable products. In Indonesia, consumer goods sector has become one of the most appealing sectors for investment. Based on the industrial market capitalization, consumer goods sector has a high market capitalization of IDR 1,056,643,000,000 in 2020. This proves that the investors are interested to invest their funds into this sector. Therefore, this research will focus on consumer goods sectors.

In business, firm value is considered an important aspect for a company which reflects the value of a company in a certain period. A company is considered good when the company has higher firm value because it is expected that the company can continuously grow and increase the wealth of the shareholders. The company with higher firm value gives a positive signal because the increasing of the shareholders' prosperity will attract the shareholders to continuously invest their capital into the company for supporting the company's activities and business expansion. Every company should show its good performance to attract more investment into the company. The investors can measure the firm value by comparing the market price of shares to the book value. If the book value of the company is higher than the market price, it means the company's share price in market is valued at a lower price in market. In contrast, company which amount of book value is lower than the market price shows the good potential of the company due to high valuation of company's share price. Firm value can be measure by price book value (PBV) ratio which evaluates the price given by the financial market to show the investment value of the company. There are some reasons why investors use price book value for investment analysis. Firstly, the existence of the accounting practices has allowed the company to compare its price book value to various companies that provides a signal to the investors whether the company's stock price is valued properly in the market. Secondly, price book value compares the company's market price to the company's equity, rather than earnings which often fluctuates. It uses the shareholders' equity as a component for measurement which provides more stable valuation measurement in a larger base. Therefore, price book value can be a useful tool to help investors for investment decisions.

Dividend policy is considered as one of the factors which influence the firm value. Dividend policy is the company's decision whether the portion of the company's profit is to be distributed to shareholders as dividend or to be kept for the business in form of retained earnings for future investment (Senata, 2016). The company's decision to distribute dividends will reduce retained earnings which subsequently reduced internal financing. On the other hand, if the company decides to hold and use its profits as retained earnings, the company will have additional funds for future investment. If the company increased its dividend payment, it shows that the company is performing well financially, thus it gives a positive signal to the shareholders about the company's improved performance and growth in the future. In this way, the dividend policy has an influence toward the firm value.

In this research, dividend policy is measured by divide payout ratio (DPR). This financial ratio measures the portion of the net income after tax to be paid out for the shareholders as dividend. Company which distributes a high amount of dividend will result in less opportunity for the company's investment, thus the company is required to obtain additional internal funds for financing through other sources of financing, such as debt (Fista & Widyawati, 2017). In long term, it will decrease the dividend pay-out which causes a decrease in firm value. Therefore, the financial manager of the company has the main responsibility to establish an efficient dividend policy for maintaining the firm value.

In business, profit is one of the most essential aspects of the company which shows the company's performance as the result of business activities and strategies carried out by the company in a certain period. Company is considered good if they have stable profitability which means the company can survive and sustain in any economic condition. In contrast, company with low level of profitability means that the company suffers loss, thus the company has insufficient funds to support its operations. The company's profitability shows the performance of the company as a consideration for investors to invest their capital for business activities.

The company's profitability is measured by profitability ratio which shows the company's ability to use its resources for generating profit. This study uses return on asset

(ROA) ratio to measure the company's profitability. Return on asset (ROA) is a ratio used to identify how the company allocate the assets for generating profit. The high return on assets shows that the company can allocate and use its assets effectively which results the company to earn higher profit for a certain period. The company which obtained high return from assets gives signal to the investors about the good business strategy and potential growth of the company, therefore it attracts more investment into the company which eventually increases the firm value. In this way, the company should make optimal use of the assets to generate profit for maintaining good firm value.

Liquidity is considered as a factor which brings influence in increasing the firm value. Liquidity ratio shows the company's ability to pay off its short-term liabilities in a given period, thus showing the company's financial conditions. Current ratio (CR) is a ratio to measure liquidity. The current ratio reveals the company's ability to meet its short-term obligations by using current assets. High current ratio means that the company is less likely to fail in meeting its short-term obligations. As a result, there will be less risk to be transferred to the shareholders for investment. Company with a higher value of current ratio will create certainty for the investors, therefore encourage the investors for investment and increase the firm value of the company.

In this research, firm value is influenced by internal and external factors of the company. These factors are commonly used by prospective investors to evaluate the company's ability to increase the firm value, as a consideration for investing decisions. Some of the factors include liquidity which is measured by current ratio (CR), profitability which is measured by return on assets (ROA), and dividend policy which is measured by dividend payout ratio (DPR).

According to previous research conducted by Fakhra Oktaviarni, Yetty Murni, Bambang Suprayitno (2018) shows that profitability, liquidity, and dividend policy have positive influence on firm value. This result is aligned with the research conducted by AA Ngurah & Putu Vivi (2016) stated that profitability, liquidity, and dividend policy have positive effect on firm value. In contrast, previous research done by Nani Hartati & Fajar Fitriyani (2020) stated that profitability and dividend policy do not have influence toward firm value. Based on this previous research, it shows that the research with similar topic has come out with inconsistent results.

Based on the previous research, some factors seem to give influence on firm value. However, there are still some inconsistencies between the results of the previous research. In this way, this research aimed to do further research to complete the previous research. For this study research, the author chooses the title **"The Influence of Profitability, Liquidity, and Dividend Policy towards Firm Value of Consumer Goods Companies Listed in Indonesia Stock Exchange"**.

2. LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT

2.1 Signaling Theory

Signal is the activity to give information about the company's management and business prospect to other parties. Company information as signals given to the external parties are essentials because it will influence the decision making of the other parties in doing business transactions. Generally, signal can be distributed in form of description, notes or pictures about previous, current or future condition about the company to know the effect on the company and show the company's sustainability (Hidayah & Widyawati, 2016).

Based on signaling theory, good information gives positive signals to the externals which shows the company is performing well and will have potential growth in the future, therefore, it is expected to increase the company value. In contrast, bad information will alert

the externals about the company's bad performance, therefore they will turn into other companies.

The signaling theory beliefs that there is imbalance information between the internals and externals, which lead to asymmetric information. The managers of the company can access complete and accurate information about the company's condition and financial performance. While the managers have desire to reach organizational goals, they tend to spread positive information to influence the investors for encouraging more investment into the company, therefore increasing the firm value. As a result, the investors who get inadequate information will struggle to assess the company for better investing decision. This tendency is called pooling equilibrium where good performance companies and poor performance companies are evaluated in the same pool. Based on pooling equilibrium, a party who acts as sender will send the same signal to other parties as receivers, therefore the receivers acts as if they received no supporting information aligned with their prior belief which can be harmful for the receiver.

To address the asymmetric information, financial statement delivers signal to the externals. Financial statements consist of the financial information of the company in certain period which financial information in the report can be used by creditors, investors, managers, employees, and shareholders to evaluate the company's performance or to improve the company. Financial statement should be prepared in accordance with standards so that the financial statement of the company is relevant, reliable, easily understandable and can be used by every involving party as consideration for decision making (Septiana, 2019).

Financial statement gives information about the company's performance by showing the profit of the company. It shows the company's organizational structure, management, decision making, performance reflection in given period and long-term plan. In this way, the financial statement allows the users to assess how effective the company's management. Through financial statement, good company performance as a reflection of good company management to encourage investors for investing decision.

The company's financial information about return on asset (ROA) gives signals about its asset utilization for obtaining profit. High return on assets gives positive signals to the investors because it shows the company has good financial performance from the effective utilization of the assets. In this way, the investors will be interested for investing their capital into the company as a respond for the positive signal which result in higher company value (Riyanto, 2017). In contrast, low ROA can be bad news that shows the company's inability to manage asset effectively which so that the company has low performance. Low ROA has delivers negative signal to the investors which discourage the investors for investment.

2.2 Firm Value

Firm value is the perception of the investors on how successful the company's managers can allocate and manage the resources, which is often associated with the share price of the company. Firm value is considered an essential in company because the increasing of the firm value will be followed the increasing of the company's share price, which is considered to increase the shareholder's wealth. The financial market will believe in not only the current financial performance of the company, but also the company's prospect in the future through the increasing firm value of the company (Indrarini, 2019).

The firm value can be measured through the share price which are determined by the shareholders. For go-public companies, the company's market price determined by the mechanism of the share's demand and supply in Stock Exchange, reflected by the share price traded in the market (Franita, 2018).

Based on principles, the market share price increase means the increasing of the firm value. The increasing of the firm value is considered essential to maintain the satisfaction of

the shareholders toward the company's management so that the shareholders can continuously invest into the company. Besides, the firm value is essential to attract new investors where higher firm value will increase the new investors' confidence to invest into the company as the company can ensure the shareholders' prosperity (Indrarini, 2019).

2.3 Profitability

Profitability ratio is used to measure the company's ability to generate profit from their business operation and to know the company's management effectivity and performance in executing business operation. High profitability means that the company has succeed in business management so that the company can generate high profit for the company. This paper uses return on asset to evaluate profitability.

Return on assets (ROA) measures the company's profits earned from the total assets, which shows its asset utilization to get profit. Higher ROA means that the company has used the assets effectively which result in higher profit generation. In contrast, low ROA means that the company have not effectively allocate and use the assets which result in low financial performance of the company.

Generally, investors will choose to invest in companies which have higher profitability because they expect that the company can receive return from their investment and increase the shareholders' wealth, also they have high expectation about the company's prospective growth in the future. Thus, higher profitability can attract the investors for making investing decision into a company which result in increase in firm value. In the other hand, investors will discourage to invest in low profitability companies which causes firm value to be low. The reason is that its poor asset management causes the company to perform bad, therefore it is believed that low profitability companies cannot maximize the shareholders wealth.

H₁: Profitability (ROA) has significant influence towards firm value (PBV) partially in consumer goods companies.

2.4 Liquidity

Liquidity measures the company's ability to pay its debts before maturity. Liquidity ratio allows to monitor and evaluate the company's financial condition from time to time. Higher liquidity means that the company can pay its liabilities in time, whereas low liquidity means that the company is high likely to fail in fulfilling its obligation before maturity. This study will use current ratio to measure liquidity.

Current ratio calculates the company's ability to cover up its short-term debt by using current assets which can be converted into cash within a year. Enough amount of cash available in current asset can notify that the company is high likely to pay off current liabilities before maturity. Higher current ratio means that the company can fulfil its short-term obligations which is preferable. Therefore, higher current ratio can reduce uncertainty to invest into the company which increase firm value. However, too high current ratio can show that the company has excess current assets that are not used efficiently. In contrast, low current ratio can show that the company is high likely to fail in paying its current liabilities in time. It could show that the company has unfavorable financial conditions, which discourage the investors for investment and result in lower firm value.

H₂: Liquidity (CR) has significant influence towards firm value (PBV) partially in consumer goods companies.

2.5 Dividend Policy

Dividend Policy refers to the company's decision whether the profit will be distributed as dividend to the shareholders or will be retained as earnings to be used to increase the company's capital for investment in the future. This study will use Dividend Payout Ratio to measure the dividend policy.

Dividend Payout Ratio is used to measure the fraction of net income which will be distributed to the shareholders as dividend. Higher dividend payout ratio shows that the company decide to distribute higher dividend to the shareholders, instead of keeping the earnings for future investment. In this way, investors believe that the company has the ability to distribute higher dividend which shows its good financial performance, therefore it can increase the shareholders' wealth. Higher dividend distribution can also mean that the company create value to the shareholders as a return from their investment. As a result, more investors will be interested to invest into the company, therefore it increases the firm value. This shows that the company's decision on dividend policy will influence the firm value.

H₃: Dividend policy (DPR) has significant influence towards firm value (PBV) partially in consumer goods companies.

3. RESEARCH METHODOLOGY

3.1. Population and Sample

Based on type of data available and used, this research is classified as quantitative research which data is in form of numbers. Quantitative research is a research methodology which analyze and measure the relationship between quantitative variables in numerical data through statistics analysis. Based on explanation level, this research is categorized as causal-comparative research which attempts to determine causal relationship between independent variables and dependent variable. This quantitative research is conducted to identify and examine the relationship between dependent variable namely firm value and independent variables which include profitability, liquidity, and dividend policy. The population in this research is all companies in consumer goods sectors which is listed in Indonesia Stock Exchange (IDX) for the year 2018 to 2020. In this research, the sample is identified by purposive sampling method which focuses more on research objectives to determine research sample instead of the nature of the population.

Table 3.1 Determination of Sample Criteria

No	Sample Criteria	Quantity
1	Consumer goods companies which are listed in Indonesia Stock Exchange (IDX) for the year 2018-2020.	50
2	Consumer goods companies which did not publish complete audited annual financial statement for the year 2018-2020.	(0)
3	Consumer goods companies which have negative net income (experienced loss) in annual financial statement for the year 2018-2020.	(10)
4	Consumer goods companies which did not distribute the cash dividends annually based on the financial statement for the year 2018-2020.	(16)
Sample quantity		24
Total sample for 3 years period		72

3.2. Research Model and Operationalization of Variables

To test the hypothesis proposed, this study uses the following research model:

$$\text{Firm_Value} = \alpha + \beta_1 \text{Profitability} + \beta_2 \text{Liquidity} + \beta_3 \text{Dividend_Policy} + \varepsilon$$

The dependent variable is Firm_Value, which is proxied by PBV (Price to Book Value). The formula is closing price of the share/book value per share. This study uses three independent variables: profitability, liquidity and dividend policy. Profitability is proxied by ROA (Return on Assets), with the formula: net income/total assets. Liquidity is proxied by

Current Ratio, with the formula: current assets/current liabilities. Dividend policy is calculated using the formula: dividend/net income.

3.3. Data Analysis

Data analysis method in this research is quantitative analysis by using IBM SPSS which analysis method includes descriptive statistics and inferential statistics. Further, this research will utilize descriptive statistical analysis, the classical assumption test, multiple linear regression, and hypothesis testing.

4. RESEARCH RESULT AND DISCUSSION

4.1. Descriptive Statistics

In this research, descriptive statistics table will provide overview of total samples (N), minimum value, maximum value, mean value and standard deviation value of each independent variable and dependent variable. The independent variables include profitability (X1), liquidity (X2), and dividend policy (X3), whereas the dependent variable include firm value (Y). Initially, there are 72 samples in total which are used in this research. While conducting normality test, however, the author found out that the data do not have normal distribution. This is caused by some extreme values or outliers which are needed to be removed. Therefore, the samples of this research will be decreased to 56.

Table 4.1 Descriptive Statistics

Descriptive Statistics					
	N	Min	Max	Mean	Std. Deviation
Profitability (ROA)	56	0.001	0.229	0.08645	0.052781
Liquidity (CR)	56	0.943	7.198	2.76930	1.478574
Dividend Policy (DPR)	56	0.102	1.167	0.47668	0.248058
Firm Value (PBV)	56	0.001	6.857	2.20455	1.794845
Valid N (listwise)	56				

The table 4.1 presents the descriptive statistics of variables in this research namely profitability (ROA), liquidity (CR) and dividend policy (DPR) as independent variables and firm value (PBV) as dependent variable, as follows:

Firm Value (Y), with the total sample (N) of 56, has the minimum value of 0.001 which represents PT Phapros Tbk (PEHA) in 2019 and maximum value of 6.857 which represents PT Mayora Indah Tbk (MYOR) in 2020. In addition, this variable has mean value of 2.20455 and standard deviation value of 1.794845.

Profitability (X1) with the total sample (N) of 56, has minimum value of 0.001 which represents PT Chitose International Tbk (CINT) in 2020 and maximum value of 0.229 which represents PT Industri Jamu Dan Farmasi Sido Muncul Tbk (SIDO) in 2019. Also, this variable has mean value of 0.08645 and standard deviation value of 0.052781.

Liquidity (X2) with the total sample (N) of 56, results in the minimum value of 0.943 which represents PT Phapros Tbk (PEHA) in 2020 and maximum value of 7.198 which represents PT Delta Djakarta Tbk (DLTA) in 2018. In addition, this variable has mean value of 2.76930 and standard deviation value of 1.478574.

Dividend policy (X3) with the total sample (N) of 56, results in the minimum value of 0.102 which represents PT Wismilak Inti Makmur Tbk (WIIM) in 2019 and the maximum value of 1.167 which represents PT Hartadinata Abadi Tbk (HRTA) in 2020. In addition, this variable has mean value of 0.47668 and standard deviation value of 0.248058.

4.2. Classical Assumption Tests

Table 4.2 Normality Test by using One-Sample Kolmogrov-Smirnov

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		56
Normal Parameters ^{a,b}	Mean	0.0000000
	Std. Deviation	1.50297610
Most Extreme Differences	Absolute	0.096
	Positive	0.096
	Negative	-0.058
Test Statistic		0.096
Asymp. Sig. (2-tailed)		0.200 ^{c,d}
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Based on the Kolmogorov-Smirnov normality test results in Table 4.2, it shows that significant level (Asymp Sig. (2-tailed)) is 0.2 which is higher than 0.05. This result shows that the data is normally distributed, the normality test is passed.

Table 4.3 Multicollinearity Test

Coefficients ^a								
		Unstd. Coeff		Std. Coeff	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	0.803	0.566		1.468	0.148		
	ROA	20.193	4.882	0.594	4.136	0.000	0.654	1.528
	CR	-0.116	0.163	-0.095	-0.708	0.482	0.744	1.345
	DPR	-0.107	0.906	-0.015	-0.118	0.907	0.860	1.163
a. Dependent Variable: Firm Value (PBV)								

Based on Table 4.3, profitability (ROA) has the tolerance value of 0.654 which is higher than 0.1 and the VIF value of 1.528 which is lower than 10. This shows that there is no multicollinearity between profitability (ROA) and other independent variables. Liquidity (CR) has the tolerance value of 0.744 which is higher than 0.1 and the VIF value of 1.345 which is less than 10. This shows that there is no multicollinearity between liquidity and other independent variables. Dividend policy (DPR) has the tolerance value of 0.860 which is higher than 0.1 and the VIF value of 1.163 which is less than 10. This shows that there is no multicollinearity between profitability and other independent variables. To sum up, the data in the table has fulfilled the multicollinearity test in which there are no multicollinearity problems occurs in the test.

Table 4.4 Autocorrelation Test by using Durbin-Watson Test

Model Summary ^b					
Model	R	R ²	Adjusted R ²	Std. Error of the Estimate	Durbin-Watson
1	0.547 ^a	0.299	0.258	1.545723	0.951
a. Predictors: (Constant), Dividend Policy (DPR), Liquidity (CR), Profitability (ROA)					
b. Dependent Variable: Firm Value (PBV)					

From the Table 4.4, the result shows that the value from D-W test is 0.951. The significance level (α) in this study is 5%, total independent variables (k) are 3, and total samples (n) are 56. Referring to D-W table ($\alpha=5\%$; $k=3$; $n=56$), the results of lower bound (dL) is 1.4581 and upper bound (dU) is 1.6830. The value of d from D-W test is amounted 0.951 which value is below the value of dL of 1.4581 which means there is positive autocorrelation occurs in the regression model. The positive autocorrelation from D-W test can be addressed by Cochrane-Orcutt test.

Table 4.5 Autocorrelation Test by using Cochrane-Orcutt Test

Model Summary ^b					
Model	R	R ²	Adjusted R ²	Std. Error of the Estimate	Durbin-Watson
1	0.526 ^a	0.277	0.235	1.30996	1.754
a. Predictors: (Constant), LAG_X3, LAG_X2, LAG_X1					
b. Dependent Variable: LAG_Y					

Based on Table 4.5, the results shows that the Durbin-Watson value is amounted to 1.754. Referring to D-W table ($\alpha=5\%$; $k=3$; $n=56$), the results of lower bound (dL) is 1.4581 and upper bound (dU) is 1.6830. The d value from D-W test is 1.754 which value is between dU of 1.6830 and $4-dU$ of 2.317. ($1.6830 < 1.754 < 2.317$) which means no autocorrelation occurs in the regression model.

Table 4.6 Heteroscedasticity Test by using Park Test

Coefficients ^a						
Model		Unstandardized Coeff		Standardized Coeff	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.358	0.322		1.111	0.280

	LAG_X2	-0.077	0.205	-0.095	-0.376	0.711
	LAG_X1	0.441	4.877	0.024	0.090	0.929
	LAG_X3	-1.172	0.853	-0.323	-1.374	0.185
a. Dependent Variable: LN_RES						

From Table 4.6, it shows that significant level of independent variables namely profitability (represented by LAG_X1) is amounted 0.711, liquidity represented by LAG_X2) is amounted 0.929, and dividend policy (represented by LAG_X3) is amounted 0.185. The significance level of all independent variables is more than 0.05 which indicates no heteroscedasticity problem.

4.3. The Goodness of Fit of Research Model

Table 4.7 F-test

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.550	3	11.183	6.517	0.001 ^b
	Residual	87.515	51	1.716		
	Total	121.065	54			
a. Dependent Variable: LAG_Y						
b. Predictors: (Constant), LAG_X3, LAG_X2, LAG_X1						

The F-count value of (3, 52) is amounted to 2.78. Based on Table 4.7, the result shows that the F-count value is 6.517 which is higher than 2.78 (F-count > F-table) and the significance level is 0.001 which is lower than 0.05. This means that profitability (ROA), liquidity (CR) and dividend policy (DPR) simultaneously has significant influence on firm value (PBV). Therefore, the resaerch model is valid and fit.

Table 4.8 Coefficient of Determination (Adjusted R²)

Model Summary				
Model	R	R ²	Adjusted R ²	Std. Error of the Estimate
1	0.526 ^a	0.277	0.235	1.30996
a. Predictors: (Constant), LAG_X3, LAG_X1, LAG_X2				
b. Dependent Variable: LAG_Y				

Based on Table 4.8, the value of the coefficient of determination (adjusted R²) is 0.235 which means that the multiple linear regression model accounts for 23.5% of total variability. In other words, the dependent variable of firm value amounted to 23.5% is influenced by the independent variables (profitability, liquidity, and dividend policy), whereas the remaining 76.5% is influenced by other variables which are not studied in this research.

4.4. Hypothesis Testing Results and Analysis

Table 4.9 Multiple Linear Regression Analysis

Coefficient				
Model	Unstandardized Coefficients	Standardized Coeff	t	Sig.

		B	Std. Error	Beta		
1	(Constant)	0.637	0.294		2.165	0.035
	LAG_X1	16.850	3.954	0.569	4.262	0.000
	LAG_X2	-0.208	0.149	-0.181	-1.399	0.168
	LAG_X3	-0.002	0.787	0.000	-0.002	0.998
a. Dependent Variable: LAG_Y						

Table 4.9 shows that the models are transformed into LAG_X1 which represents profitability (ROA), LAG_X2 which represents liquidity (CR), and LAG_X3 which represents dividend policy (DPR).

Based on multiple linear regression analysis result with firm value as Y, profitability as X1, liquidity as X2, dividend policy as X3, the multiple regression model is as follows:

$$Y = 0.637 + 16.850 X1 - 0.208 X2 - 0.002 X3 + \varepsilon$$

The interpretation of the regression model is as follows:

The coefficient of profitability (ROA) is amounted to 16.850. This means that if the ROA increases, it will result in the firm value to increase, assuming other variables are constant. Therefore, it can be concluded that profitability (ROA) has a positive influence towards firm value (PBV).

The coefficient of liquidity (CR) is amounted to -0.208. This means that if the CR increases, it will result in the firm value to decrease, assuming other variables are constant. Therefore, it can be concluded that profitability (CR) has a negative influence towards firm value (PBV).

The coefficient of dividend policy (DPR) is amounted to -0.002. This means that if the DPR increases, it will result in the firm value to decrease, assuming other variables are constant. Therefore, it can be concluded that profitability (DPR) has a negative influence towards firm value (PBV).

Table 4.10 T-test

		Coefficient						
Model		Unstandardized Coefficients		Std. Coeff	T	Sig.	Tolerance	VIF
		B	Std. Error	Beta				
1	(Constant)	0.637	0.294		2.165	0.035		
	LAG_X1	16.850	3.954	0.569	4.262	0.000	0.796	1.256
	LAG_X2	-0.208	0.149	-0.181	-1.399	0.168	0.846	1.182
	LAG_X3	-0.002	0.787	0.000	-0.002	0.998	0.897	1.114
a. Dependent Variable: LAG_Y								

With the confidence interval of 95% and significance level of 0.05 two-tailed, the result of the t-table value is amounted to 2.00665.

Based on Table 4.10 above, the explanation of the result as follows:

The independent variable of profitability (ROA), represented by LAG_X1, has the significance level of 0 and the t-count value of 4.262. The significance level is amounted to 0 which is less than 0.05, the t-count is amounted to 4.262 which is more than 2.00665 (t-count > t-table). This indicates that profitability (ROA) has a significant influence toward firm value (PBV).

The independent variable of liquidity, represented by LAG_X2, has the significance level of 0.168 and t-count value of -1.399. The significance level is amounted to 0.168 which is greater than 0.05, the t-count is amounted to -1.399 which is more than -2.00665 (-t-count > -t-table). This indicates that liquidity (CR) does not have significant influence toward firm value (PBV).

The independent variable of dividend policy, represented by LAG_X3, has the significance level of 0.998 and t-count value of -0.002. The significance level is amounted to 0.998 which is greater than 0.05, the t-count is amounted to -0.002 which is more than -2.00665 (-t-count < -t-table). This indicates that liquidity (DPR) does not have significant influence toward firm value (PBV).

5. CONCLUSION

1. Profitability has the significant value of 0 which is smaller than 0.05 and the t-count value of 4.262 which is greater than 2.0066. This can be concluded that profitability has significant influence towards firm value. Therefore, the first hypothesis which stated "Profitability has significant influence towards firm value of consumer goods companies listed in Indonesia Stock Exchange" is accepted.
2. Liquidity has the significant value of 0.168 which is greater than 0.05 and the t-count value of -1.399 which is greater than -2.0066. This can be concluded that liquidity does not significant influence towards firm value. Therefore, the second hypothesis which stated "Liquidity has significant influence towards firm value of consumer goods companies listed in Indonesia Stock Exchange" is rejected.
3. Dividend policy has the significant value of 0.998 which is greater than 0.05 and the t-count value of -0.002 which is greater than -2.0086. This can be concluded that dividend policy does not significant influence towards firm value. Therefore, the third hypothesis which stated "Dividend policy has significant influence towards firm value of consumer goods companies listed in Indonesia Stock Exchange" is rejected.

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