FIRM VALUE ANALYSIS IN INDONESIA MANUFACTURING COMPANIES

Falisca[1]
Faculty of Business, Universitas Multimedia Nusantara, Indonesia
falisca@student.umn.ac.id

Maria Stefani Osesoga[2]
Faculty of Business, Universitas Multimedia Nusantara, Indonesia
maria.stefani@umn.ac.id

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Abstract - The objective of this research is to obtain empirical evidence regarding the effect of firm size, dividend policy, profitability, and leverage on firm value. Firm value is very important because it reflects the company's performance which can affect investors' and creditors' consideration for economic decision-making. The object of this study is manufacturing companies listed on Indonesia Stock Exchange for the period 2017-2020. The sample taken for this study was 24 companies based on the purposive sampling method and data was analyzed by using the multiple linear regression method. The results of this research are firm size, dividend policy, and profitability have a positive significant effect on firm value, while leverage has no effect on firm value. This study proves that asset efficiency has a major influence in determining firm value of manufacturing companies. Thus, companies must increase the effectiveness of assets in their operating and investment activities.

Keywords: Dividend Policy; Firm Size; Firm Value; Leverage; Profitability

1. INTRODUCTION

1.1 Background

The growing number of companies listed on the Indonesia Stock Exchange (IDX) together with the increasing number of stock investors gives investors numerous choices in making investment decisions. Investors can use the stock index as their reference. One of the index classifications according to IDX Stock Index Handbook (2019) is the sector index. The manufacturing sector index is an index that measures the performance of all stocks in three sectors: (1) Basic Industry and Chemicals, (2) Various Industries, and (3) Consumer Goods Industry, based on the Jakarta Sectoral Index Classification (JASICA) (idx.co. id).

Table 1. Comparison of Sector Index Market Capitalization Year 2020

No.	Index	Market Capitalization (in billion Rupiah)
1.	Financial Sector Index	2.528.669
2.	Consumer Goods Sector Index	1.056.643
3.	Basic Industry and Chemical Sector Index	740.626

No.	Index	Market Capitalization (in billion Rupiah)
4.	Infrastructure, Utilities and Transportation Sector Index	707.244
5.	Trade, Service and Investment Sector Index	684.546
6.	Mining Sector Index	445.014
7.	Property, Real Estate and Building Construction Sector Index	381.844
8.	Various Industrial Sector Index	329.465
9.	Agricultural Sector Index	95.957

Source: Indonesia Stock Exchange (2021)

Table 1 shows that the sectors included in the manufacturing sector have a high market capitalization value (the consumer goods sector, the basic industrial and chemical sectors, and the various industrial sectors). The total market capitalization for the manufacturing sector is IDR 2,126,734,000,000,000, which means that the manufacturing sector has the second largest market capitalization value after the financial sector. Investors usually prefer stock that has a high capitalization so that it can be used as a measure in making fairly long-term investments due to the extraordinary industrial development which is offset by profit sharing and low-risk exposure. Due to the relatively high interest, the stock price is usually relatively high so that it will share a maximal return (Niawaradila et al., 2021).

One thing that needs to be considered by investors in determining their investment decisions is the amount of money that investors need to spend to acquire a share compared to the book value of the invested shares. This comparison is also called the firm value. High firm value is a long-term goal that must be achieved by the company (Dinah and Darsono, 2017). Every company tries to achieve its goals by increasing the prosperity of owners and shareholders by increasing the value of the company. Firm value can describe the state of the company. The higher the value of the company, the company will have a better image. Likewise, the higher the value of the company indicates the higher the prosperity that will be received by shareholders. Firm value is the perception of investors that reflects the value of the company's success related to stock prices. Firm value is the amount of money that investors need to spend to acquire a share when compared to the book value of the invested shares.

Firm value in this study is measured by the Price to Book Value Ratio (PBV). PBV is a comparison between the market value of shares and the company's book value (Dewi and Ekadjaja, 2020). Price to Book Value (PBV) describes how much the market values the company's book value (Dewi and Astika, 2019). PBV is calculated by dividing the average closing price of daily stock trading in one year and the book value of equity per share obtained from dividing the company's total capital or equity and the number of company shares outstanding. If investors aim to find companies that are growing well with low selling prices (undervalued), PBV can be used as an effective approach for investors to find companies that are undervalued. In addition, PBV can also help investors to identify and avoid overvalued companies. Analysis using the PBV ratio is an important part of the overall investment approach because capital markets are often inefficient and company shares can be below fair value (Mcclure, 2022)

The higher the value of the PBV ratio means that the market believes in the company's prospects (Hidayat et al., 2021). According to Hirdinis (2019), a high PBV reflects a stock price that is higher than the book value of the stock. The higher the stock price, the more successful the company is in creating value for shareholders. Well-managed companies generally have a PBV

ratio above 1 (one) which illustrates that the company's share value is greater than the company's book value. In other words, a high PBV means that the company is considered to have good performance and investors will choose to invest in that company. Even though it also means that the value that must be issued by investors is greater than what they get, they have the hope of getting more returns from the companies they invest in.

Table 2. Comparison of PBV Sector Index Year 2020

No.	Index	PBV
1.	Consumer Goods Sector Index	3,83
2.	Financial Sector Index	2,45
3.	Trade, Service, and Investment Sector Index	2,12
4.	Mining Sector Index	2,01
5.	Infrastructure, Utilities, and Transportation Sector Index	1,91
6.	Basic Industry and Chemical Sector Index	1,63
7.	Various Industrial Sector Index	1,62
8.	Property, Real Estate, and Building Construction Sector Index	1,58
9.	Agricultural Sector Index	1,31

Source: Indonesia Stock Exchange (2021)

Based on Table 2, the consumer goods sector which is included in the manufacturing sector has the highest PBV, followed by the basic and chemical industry sectors and also the various industrial sectors which have a PBV above 1. The manufacturing sector which consists of a combined index of the consumer goods sector, the industrial sector basic and chemical, and various industrial sectors have PBV above 1 and are included in the top 2 highest PBV of all sector indices. This reflects the value of the PBV index for the manufacturing sector is high. High PBV or firm value will attract the attention of investors to invest in the company. And by doing so, the company's share price will increase, and funding for the company will also increase, for example, additional funding through a rights issue or private placement.

Firm value is very important because it reflects company performance which can affect investors' perceptions of the company (Tumangkeng and Mildawati, 2019). The importance of firm value makes investors and creditors more selective in investing and extending credit to companies. The firm value will give a positive signal from investors' point of view to invest in a company, while for creditors the value of the company reflects the company's ability to pay off its debts so that creditors do not feel worried about giving loans to the company.

The first variable which is expected to affect firm value is firm size. Firm size is basically grouped into large, medium, and small companies (Wati and Putra, 2017). In this study, firm size is measured by the natural logarithm of total assets. A large firm size means that the company has a lot of assets and maximizes production capacity. Maximum production capacity means that the company can meet more consumer demands and will increase revenue followed by cost efficiency so that the company's net profit will increase. The increase in net profit makes investors interested in making investments because they are considered to be able to provide high returns. This will cause the demand for shares to increase, which will make the share price increase. An increase in the stock price that exceeds the book value per share will increase the PBV.

The second variable is dividend policy. Dividend policy is a decision to be made whether year-end profits will be distributed as dividends to shareholders or will be used as retained

earnings in order to increase capital in future investment financing (Dewi and Suryono, 2019). The dividend policy in this study is measured by the Dividend Payout Ratio (DPR). DPR is a ratio that shows the percentage of any profit earned that is distributed to shareholders in the form of cash (Nelwan and Tulung, 2018). The number of dividends distributed to shareholders will be an attraction for shareholders because some investors tend to prefer dividends compared to capital gains because dividends are more certain (Oktaviarni et al., 2019; Gunawan and Harjanto, 2019). The higher the value of the DPR means the greater the company's profits are distributed as cash dividends. The high cash dividends distributed by the company will attract the attention of investors to invest so that the company's stock price will increase. An increase in the stock price that exceeds the book value per share will increase firm value.

The third variable is profitability. According to Kieso et al. (2018), profitability is a ratio to measure the income or operating success of a company for a certain period of time. In this study, profitability is measured by Return on Assets (ROA). ROA is a measure of a company's effectiveness in generating profits by utilizing its assets (Mahendra and Wirama, 2017). A high ROA value means that the company has managed its assets effectively to generate profits. High net profit will attract the attention of investors to invest in the company so that there will be more demand for the company's shares and higher the company's stock price. An increase in the stock price that exceeds the book value per share will increase the company's PBV.

The last variable is leverage. Leverage is proxied by the Debt to Equity Ratio (DER). The Debt to Equity Ratio (DER) describes a comparison of debt to equity in company funding (Sari et al., 2019). Investors tend to look at companies that don't use too much debt and have high growth prospects. The lower DER value means the company uses less debt to fund its company's operations. If the amount of debt is less, then the interest expense and principal debt that needs to be paid by the company will be smaller. Companies can use their cash for operations rather than paying off a large debt principal and also generate income. The increased net profit will increase the company's retained earnings and have the potential to pay higher cash dividends. A high dividend payout will attract the attention of investors to invest in the company. If the demand for shares increases, it will increase the company's stock price and will increase the PBV.

Previous studies that showed different results related to factors that affect firm value and the importance of firm value to internal and external parties of the company encouraged researchers to obtain empirical evidence regarding the positive effect of firm size, dividend policy, profitability, and the negative effect of leverage on firm value.

1.2 Research Problem

The research problem in this study are:

1. Does company size have a positive effect on firm value?
2. Does dividend policy have a positive effect on firm value?
3. Does profitability have a positive effect on firm value?
4. Does leverage have a negative effect on firm value?

The remainder of the paper is organized as follows. The next section describes the prior literature most closely related to the research question in this study. Section 2 describes the research methodology, including the sample selection criteria along with the calculation of variables we use in the study. Section 3 presents the results of the tests. Section 4 concludes the study.

1.3 Literature Review and Hypotheses

1.3.1 Signalling Theory

Signaling Theory is a theory that explains that if a company is in good performance, then management will deliberately give signals to the market or external parties through financial statements. Information received by investors is translated as a good signal or a bad signal (Dewi and Ekadjaja, 2019). Management does this with the aim that external parties can assess the company's positive prospects in the future. In this theory, management is also assumed to continue to report the company's condition honestly when the company is not in good condition because management tries to maintain the company's credibility in the market (Soly and Wijaya, 2017). This theory concluded that financial information can influence firm value.

1.3.2 Agency Theory

Agency theory has stated the relationship between the principal and the agent. The agency relationship is defined as a contract in which one or more people (owners) engage another person (manager) to take action in decision-making. An important basis for this agency theory is that shareholders and managers have different goals (Dinah and Darsono, 2017). The relationship between agency theory and firm value is that management is trusted by company owners in maintaining the balance of stock prices so that company value is maintained and has consideration in making the right decisions (Setyadi and Iskak, 2020).

1.3.3 Firm Value

The firm value indicates the long-term financial feasibility of the company which can be measured by PBV. PBV is a ratio that shows the results of a comparison between the market price per share and the book value per share (Markonah et al., 2020). If the company is managed optimally, then this PBV ratio will show a value above 1 (one), which means the market value of the shares exceeds the book value. By observing PBV, management can find out how investors respond to company performance and future prospects for the company (Adityaputra and Ariyanto, 2020). This ratio is also used to measure the level of overvalued or undervalued stock prices. The lower the PBV of the stock, the stock is categorized as undervalued, which is very good for long-term investment. However, a low PBV can also indicate a decline in the quality and performance of the issuer's fundamentals. Therefore, the PBV must also be compared with the PBV shares of other firms in the same industry. If there are too many differences then it should be analyzed further.

1.3.4 Firm Size

Firm size is a scale that shows the size of the company. Scales that can be used as a basis for measuring firm size include total assets, market capitalization, number of employees, and market value of shares. The larger the size of the company, the greater the investor's confidence in the ability to provide a return on investment (Hertina et al., 2019). This is due to the bigger the company, the condition of the company is in increasingly stable condition. This stability attracts investors to own shares in the company. With the hope of getting higher profits, of course, investors will prefer to invest in large companies. A large number of interested parties will increase the company's stock price and in the end, can increase the firm value.

The research by Setiawan et al. (2021) stated that company size partially has a significant positive effect on company value. But, Hertina et al. (2019) stated that company size has a

negative effect on company value. While Kolamban et al. (2019) stated that company size has no effect on company value.

Ha1: Firm size has a positive effect on firm value.

1.3.5 Dividend Policy

In this study, dividend policy is measured by the Dividend Payout Ratio (DPR). The DPR ratio measures the number of dividends per ordinary share outstanding which will be distributed to shareholders compared to its earnings per share (Adityaputra and Ariyanto, 2020). Investors with the main goal of long-term investment will pay attention to this ratio because their investment expectation is a return in the form of dividends. Companies with high DPR values indicate that the return in the form of dividends distributed by the company is high. High dividends will attract investors and will increase the company's stock price, which in turn will affect the company's PBV.

Oktaviarni et al. (2019) stated that dividend policy has an influence on company value. In contrast, Pangaribuan et al. (2019) and Dewi and Suryono (2019) stated that dividend policy has a negative effect on firm value. Meanwhile, Adityaputra and Ariyanto (2020) and Nelwan and Tulung (2018) state that dividend policy has no effect on firm value.

Ha2: Dividend policy has a positive effect on firm value.

1.3.6 Profitability

In this study, profitability is measured by Return on Assets (ROA). ROA is measuring a company's ability to generate profits from operational activities by using its assets. When profits increase, it will soon be followed by an increase in the share price. An increase in the firm value will create assurance for investors who invest in the company (Dinah and Dasrono, 2017). Markonah et al. (2020), Dinah and Darsono (2017), Dwiastuti and Dillak (2019), and Hertina et al. (2019) stated that profitability has a positive influence on firm value. While Oktoriza et al. (2019) stated that profitability has no effect on firm value.

Ha3: Profitability has a positive effect on firm value.

1.3.7 *Leverage*

Leverage is a ratio that describes the relationship between a company's debt and capital, this ratio can see how far the company is financed by debt or external parties with the company's capabilities as described by capital (Kolamban et al., 2020). In this study, leverage is measured by the Debt to Equity Ratio (DER). Companies with a low DER value indicate that the majority source of entity funding comes from shareholder contributions and retained earnings compared to loans. Thus, the company's responsibility to external parties is generally in the form of interest expenses and loans will be low (Adityaputra and Ariyanto, 2020). This low capital cost will cause the entity's profit to increase which will ultimately increase the retained earnings and equity of the company so that the potential profits distributed in the form of dividends become higher. The high potential for dividends to be distributed will cause investors to be interested and investor demand for company shares will increase and share prices will also increase, causing an increase in the value of PBV, which will affect the increase in firm value.

Hertina et al. (2019), Adityaputra and Ariyanto (2020) and Dewi and Suryono (2019) found that DER has a negative effect on firm value. Contrary, Setiawan et al. (2021) argued that DER

has a positive influence on firm value. Meanwhile, Chasanah (2019), Dwiastuti and Dillak (2019), and Junitania and Prajitno (2019) stated that DER has no effect on firm value.

Ha4: Leverage has a negative effect on firm value.

The research model used in this study is as follows:

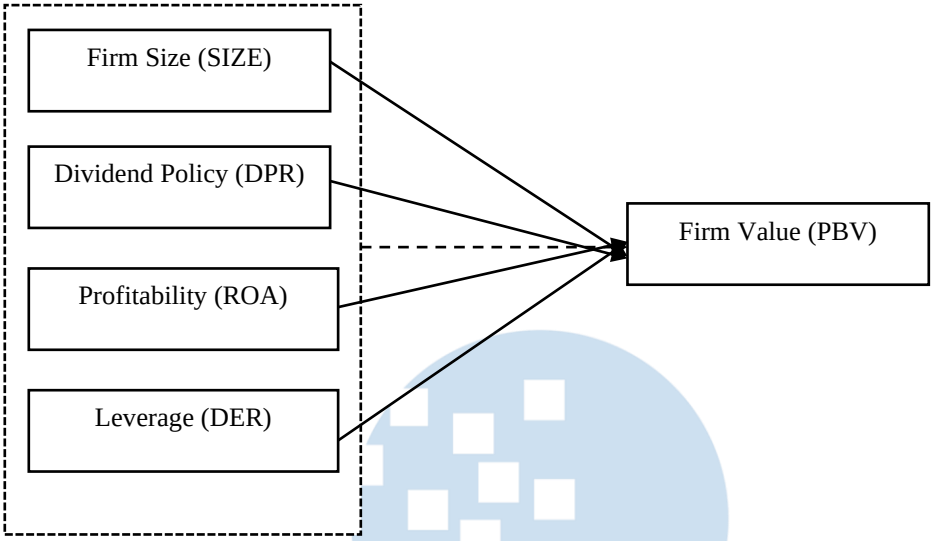

Figure 1. Research Model

2. RESEARCH METHODOLOGY AND DATA ANALYSIS

2.1 Research Method

This research is a quantitative study that aims to prove the existence of a causal relationship between independent variables namely firm size, dividend policy, profitability, and leverage with the dependent variable, firm value. This study uses secondary data in the form of audited financial report data issued by manufacturing companies listed on the Indonesia Stock Exchange (IDX) for period of 2017-2020 as well as stock data obtained from the website www.finance.yahoo.com.

2.2 Operational Variable

Table 3. Summary of Measurements of Variables

Variable	Acronym	Measurement	Prior studies
Dependent: Firm Value	PBV	$PBV = \frac{Market\ Price\ per\ Share}{Book\ Value\ per\ Share}$	
Independent:			
Firm Size	SIZE	$SIZE = \text{Ln}\ Total\ Asset$	Setiawan et al. (2021), Kolamban et al. (2020)
Dividend Policy	DPR	$DPR = \frac{Cash\ Dividends\ per\ Share}{Earnings\ per\ Share}$	Tamba et al. (2020), Nelwan and Tulung (2018)
Profitability	ROA	$ROA = \frac{Net\ Income}{Average\ Total\ Assets}$	Dinah and Darsono (2017),

Variable	Acronym	Measurement	Prior studies
			Oktoriza et al. (2019)
Leverage	DER	$DER = \frac{Total\ Debt}{Total\ Equity}$	Adityaputra and Ariyanto (2020), Suranto et al. (2017)

The sample selection method in this study used purposive sampling. The sample selection criteria used in this study (refer to Table 4) are to adjust to the research variables and minimize data variation. Multiple linear regression models is used for data analysis techniques. The following is the multiple linear regression formula used in this study:

$$PBV = \alpha + \beta_1 SIZE + \beta_2 DPR + \beta_3 ROA - \beta_4 DER + e$$

PBV = Firm value
α = Constanta
$\beta_1, \beta_2, \beta_3, \beta_4$ = Coefficient
SIZE = Firm size
DPR = Dividend Payout Ratio
ROA = Return on Assets
DER = Debt to Equity Ratio
e = error

3. RESULT AND DISCUSSION

Data used in this study are manufacturing public firms listed on Indonesian Stock Exchange from the year 2017 until 2020. These manufacturing companies cover 3 sectors, namely basic and chemical industry sector, various industrial sector, and consumer goods sector. Sample selection using purposive sampling is as follows:

Table 4. Sample Selection

Criteria	Firm years	
Manufacturing firms listed in Indonesia Stock Exchange from 2017 to 2020:		
Firm-year observations:	612	
Less did not publish financial statements and different closing date	(28)	
Less USD presentation	(112)	
Less did not experience positive net income consecutively during 2018-2020	(188)	
Less did not declare cash dividends consecutively during 2018-2020	(128)	
Less conduct stock split/reverse split or rights issue during 2018-2020	(60)	
Final observations		**96**

3.1 Descriptive Statistic

Table 5. Descriptive Statistic Result

	N	Range	Minimum	Maximum	Mean	Std. Deviation
PBV	96	33.18761	.13981	33.32742	3.52003	5.44187
SIZE	96	6.60463	26.88989	33.49453	29.53729	1.76675
DPR	96	3.41788	.07476	3.49265	.56252	.443947
ROA	96	1.10212	.00048	1.10262	.11937	.13773
DER	96	1.74754	.10191	1.84945	.58819	.44766
Valid N (listwise)	96					

Based on the results of the descriptive statistics in Table 5, the firm value (PBV) has a mean value of 3.52003, which means that on average the companies in the sample in this study are valued by the market 3.52003 times higher than their book value. The firm size (SIZE) has an average value of 29.53729 or IDR 31,108,073,804,224 which means that the object company has a relatively large company size in terms of its total assets. The dividend policy variable (DPR) has an average value of 0.56252, which means that on average the sample companies in this study distribute cash dividends to shareholders of 56.25% of the company's current year profit. The mean of ROA is 0.11937, which means that on average the companies that are sampled in this study have the ability to generate profits using the company's total assets of 11.94%. The average of DER is 0.58818, which means that on average the companies sampled in this study use more equity than debt to finance the company's operations.

3.2 Classical Assumption Test

The results of the classic assumption test show that this study passed the classical assumption test. Testing for normality after outlier treatment with One Sample Kolmogrov-Smirnov exact Monte Carlo showed a significant 2-tailed value of 0.746. The multicollinearity test results show that the variable firm size (SIZE), dividend policy (DPR), profitability (ROA), and leverage (DER) have a tolerance value of more than 0.10 and a VIF value of less than 10, so it can be concluded that there is no multicollinearity between independent variables.

The results of the autocorrelation test calculated with the Durbin-Watson value after treated using The Cochrane-Orcutt two-step procedure also stated that there is no autocorrelation in the regression model. The results of the heteroscedasticity test using the scatter plot show that there is no heteroscedasticity in the regression model.

3.3 Hypotheses Tests

3.3.1 Determination Coefficient Test

Table 6. Determination Coefficient Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.771[a]	.594	.575	1.04079

a. Predictors: (Constant), LAG_DER, LAG_DPR, LAG_SIZE, LAG_ROA

b. Dependent Variable: LAG_PBV

Based on Table 6, the coefficient of determination (Adjusted R Square) value is 0.575. This shows the ability of the firm size (SIZE), dividend policy (DPR), profitability (ROA), and leverage (DER) to explain the firm value (PBV) is 57.5% while the remaining 42.5% is explained by other variables outside the model that are not examined in this study.

3.3.2 F-Statistical Test

Table 7. F-Statistical Test Result

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	131.738	4	32.935	30.404	.000[b]
	Residual	89.910	83	1.083		
	Total	221.648	87			

a. Dependent Variable: LAG_PBV
b. Predictors: (Constant), LAG_DER, LAG_DPR, LAG_SIZE, LAG_ROA

Based on Table 7, the F value in this study was 30.404 with a significance level of 0.000. The significance value is below 0.05, so it can be concluded that all independent variables, namely firm size (SIZE), dividend policy (DPR), profitability (ROA), and leverage (DER) simultaneously have a significant influence on the dependent variable, namely firm value (PBV).

3.3.3 t-Statistical Test

Table 8. t-Statistical Test Result

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-3.704	1.025		-3.614	.001
	LAG_SIZE	.302	.095	.246	3.175	.002
	LAG_DPR	1.615	.409	.283	3.949	.000
	LAG_ROA	21.189	2.473	.678	8.567	.000
	LAG_DER	.573	.416	.119	1.376	.172

a. Dependent Variable: LAG_PBV

Based on Table 8, the following are the results of the regression equation:

$$PBV = 0.246SIZE + 0.283DPR + 0.678GROWTH - 0.119DER$$

Based on the results of the t-statistical test, firm size (SIZE) has a t-value of 3.175 with a significant level that is smaller than 0.05, namely 0.002. So it can be indicated that Ha1 is accepted or firm size has a significant positive effect on firm value. This result is in line with the research of Setiawan et al. (2021) and Dewi and Ekadjaja (2020) which state that firm size partially has a significant positive effect on firm value.

The dividend policy (DPR) has a t-value of 3.949 with a significant level that is smaller than 0.05, namely 0.000 (Ha2 is accepted). The results of this study are in line with the research of Oktaviarni et al. (2019) and Tamba et al. (2020) which state that dividend policy has a positive and significant impact on firm value.

Profitability (ROA) has a t-value of 8.567 with a significant level that is smaller than 0.05, namely 0.000. It can be concluded that Ha3 is accepted, which means that profitability has a significant positive effect on firm value. The results of this study are in line with the research of Dinah and Darsono (2017), Dwiastuti and Dillak (2019), and Hertina et al. (2019) which states that profitability has a positive and significant effect on company value.

Leverage (DER) has a t-value of 1.376 with a significant level that is greater than 0.05, namely 0.172, therefore leverage (DER) does not have a negative effect on firm value (PBV). The average value of DER is 0.588182425. Of the 88 observations, there were 55 observations (62.5%) had below-average DER values. A low DER indicates that the company is financing its operations with low debt. However, from these 55 observations, there were 37 observations (67.27%) that experienced an increase in the use of debt. The average increase in corporate debt is 2,497 or 249.7%. Funding from large debts will incur financing costs or interest expenses. Of the 37 observations, there were 22 observations (59.46%) that experienced an increase in interest expenses with an average increase of 0.9794 or 97.94%. With an increase in debt and also an increase in interest expenses, the company can still generate increased profits. This can be seen from the 22 observations, there were 12 observations (54.55%) that experienced an increase in net income with an average increase of 0.17202 or 17.29% and had productive assets (fixed assets) with an average of 78, 78% of the total non-current assets. This indicated that the increase in debt can be used by the company to run operations so that its net profit increases. The increase in net income was well responded to by the market which can be seen from the PBV of 8 of the 12 observations (66.67%) has a value above 1. Therefore, leverage (DER) does not have a negative effect on firm value (PBV). The results of this study are in line with research conducted by Chasanah (2019), Dwiastuti and Dillak (2019), and Junitania and Prajitno (2019).

4. CONCLUSION

Based on the results of the research, it can be concluded that firm size, dividend policy, profitability, and leverage simultaneously and significantly influence firm value (PBV). Partially, firm size, dividend policy, and profitability have a significant positive effect on firm value. While leverage has no effect on firm value.

There are some limitations in this research. First, the objects used in this study are only manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2017-2020 period, hence the research results cannot be generalized to all sectors or all companies listed. Second, there are other variables that can affect the firm value that were not examined in this study. This can be seen from the limited Adjusted R^2 results (57,5%). Future research could extend the research period and companies sector and add other independent variables that are expected to affect firm value, such as corporate governance, liquidity, or corporate social responsibility index.

The implication of this study is that companies must focus and invest more in productive fixed assets (eg production machines) so that companies can produce more products to increase sales. The increased sales can later increase profits, and if the company's profits increase, the company can distribute more dividends from retained earnings. With an increase in the dividend policy, investors will be attracted to the company's shares and thus the firm value will increase.

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