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THE INFLUENCE OF INSTITUTIONAL OWNERSHIP. PROFITABILITY, LIQUIDITY, DIVIDEND POLICY, DEBT POLICY ON FIRM VALUE

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Abstract

The purpose of this study is to determine whether institutional ownership, Return on Assets (ROA), Return on Equity (ROE), current ratio (CR), dividend payout ratio (DPR) and debt to equity ratio (DER) affects the firm value. The population is manufacturing companies which is listed in Indonesia Stock Exchange period 2012-2016. The sample in this study is 14 companies with purposive sampling method. Firm value is proxied by Price to Book Value (PBV), profitability is proxied by Return on Assets (ROA) and Return on Equity (ROE), liquidity is proxied by Current ratio (CR), dividend policy is proxied by Dividend Payout Ratio (DPR) and debt policy is proxied by Debt to equity ratio (DER). Methods of data analysis using descriptive statistical analysis and multiple regression analysis by using a eviews 9 program. The result show that th institutional ownership, ROA and DPR have no effect on firm value, ROE have positive effect on firm value, CR and DER have negative effect on firm value.

Abstrak

Tujuan dari penelitian ini yaitu untuk mengetahui apakah kepemilikan institusional, return on asset (ROA), return on equity (ROE), current ratio (CR), dividend payout ratio (DPR) *dan* debt to equity ratio (DER) *berpengaruh terhadap nilai perusahaan Populasi dalam penelitian ini adalah perusahaan-perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia Tahun 2012-2016. Sampel penelitian sebanyak 14 perusahaan denga metode* purposive sampling*. Variabel nilai perusahaan diproksikan dengan* Price Book Value (PBV), *profitabilitas diproksikan dengan* Return on Assets (ROA) *dan* Return on Equity (ROE), *likuiditas diproksikan dengan* Current ratio (CR)*, kebijakan dividen diproksikan dengan* Dividend Payout Ratio (DPR) *dan kebijakan hutang diproksikan dengan* Debt to Equity Ratio (DER)*. Metode analisis data menggunakan analisis statistik deskriptif dan analisis regresi berganda dengan menggunakan program eviews 9. Hasil penelitian menunjukkan bahwa kepemilikan institusional (INST), ROA dan DPR tidak berpengaruh terhadap nilai perusahaan, ROE berpengaruh positif terhadap nilai perusahaan, CR dan DER berpengaruh negatif terhadap nilai perusahaan.*

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INTRODUCTION

Every company manager tries to be able to improve the performance of his company because of a goal to be achieved. The purpose of establishing a company is to increase the value of the company by obtaining maximum benefits so that it can improve the welfare of its owners (Saputra & Fachrurrozie, 2015). In addition, Anita and Yulianto (2016) stated that the high value of a company can illustrate the welfare of a company owner. According to Mayogi and Fidiana (2016), the value of a company is a form of company achievement that comes from public trust in the company's performance after going through a long process of activity. So that it can be said that the value of a company is an important thing because it can influence the views of investors regarding the performance of a company. Therefore, every company is competing to increase the value of the company, namely by trying to gain the trust of investors so that they continue to invest their shares in the company. Managers can meet their shareholders' expectations of superior performance by creating strategies that are valuable and difficult to replicate by their competitors (Cahyaningdyah & Ressany, 2012).

The company's value is reflected in its stock price. The higher the stock price, the higher the value of the company because of the high value indicates the prosperity of shareholders is also high (Fama & French, 1998). Company value can be measured using Price to Book Value (PBV) which is the ratio of the share price to the book value per share. Based on this comparison, the company's stock price can be known to be above or below the value of the book (Darmanto & Ardiansari, 2017). The higher the value of this ratio, the more expensive the price of the stock so that it can increase the value of the company. Therefore, companies that have a PBV ratio of more than 1 (one) indicate that the company has a good performance because investors are willing to buy shares more expensive than the value of the book.

In the process of maximizing corporate value, it will allow the emergence of conflicts of interest between managers and shareholders which are often called agency problems. Anpotential agency problem occurs when the manager of a company has less than 100 percent common ownership in the company (Brigham & Houston, 2006). This condition proportionally delegates principals to agents (managers) to manage the company (agency relationship) with the aim that managers act in the interests of agents (Yulianto et al., 2014). The conflict can be minimized by the supervision carried out by the owner of the company, namely by aligning the interests of managers and shareholders. Santoso et al. (2014) stated that the ownership structure is believed to be able to influence the course of the company which ultimately affects the company's performance in achieving the company's goals, namely the company's value. Institutional ownership is the proportion of share ownership by institutions or institutions. The existence of institutional ownership can encourage an increase in supervision that is more optimal so as to ensure an increase in the prosperity of shareholders.

Financial performance is a description of the company's financial condition in a certain period. Information about financial performance can be used by investors to determine their investment decisions, namely by knowing which companies are eligible for investment choices. In assessing financial performance, investors can use financial ratios to assess the company's financial position. In this study the financial ratios used are profitability ratios and liquidity ratios.

Profitability ratios are ratios that can be used to assess a company's ability to make a profit. Profitability is the result obtained through efforts to manage the funds invested by shareholders (Nisasmara & Musdholifah, 2016). Tandelilin (2010) states that this ratio is very important to note to see how far the investment that will be made by investors in a company is able to provide returns that are in accordance with the level required by investors. Profitability will show income balance and the company's ability to generate profits at various levels of operations, so that this ratio will reflect the effectiveness and success of management as a whole (Wibowo & Wartini, 2012).

The profitability ratios used in this study are Return on Assets (ROA) and Return on Equity (ROE). Return on Assets (ROA) is a ratio that can be used to measure how efficiently a company manages its assets to generate profits. According to Vitalia and Widyawati (2016) stated that ROA is an investment that has been invested can provide returns as expected. Therefore, this ratio can help management or investors to find out how well investment management can provide benefits for the company. Return on Equity (ROE) is a ratio used to measure a company's ability to generate profits from shareholder investments in the company. According to Zulkifli et al (2017) Return on Equity is the ratio used to measure income or income available to company owners (both ordinary and preferred sharehol-

ders) for the capital they invest in the company, the higher the return or income earned, the more good position of the company owner.

The second financial ratio is the liquidity ratio. is a ratio that shows the company's ability to meet its short-term obligations. According to Sudiani and Darmayanti (2016) stated that high liquidity indicates the strength of the company in terms of its ability to meet current debt from current assets owned so that this increases the trust of external parties to the company. The liquidity ratio used in this study is the Current ratio (CR). Current ratio (CR) is a ratio that measures the ability of a company's current assets to meet short-term liabilities with assets held.

In addition, investors are interested in investing their capital because of the level of return that will be obtained in the form of capital gains or dividends. Capital gain is the return obtained by investors because of changes in stock prices in the sale and purchase of shares in the capital market. While dividends are profits distributed by the company to shareholders based on many shares owned by shareholders. Dividends are the reason investors invest their investments, where dividends represent returns on funds that investors will receive for their investments in the company (Hidayah & Widyawati, 2016). According to Giriati (2016) the company's financial management deals with resolving important decisions taken by the company, including investment decisions, funding and dividend policies. So that this dividend policy is an important decision in achieving the company's goals. According to Anita and Yulianto (2016) dividend policy is a decision to determine how much part of the company's income will be given to shareholders who are reinvested or detained in the company.

Debt policy is an external funding decision made to increase company funds in meeting the company's operational needs. Yulianto et al. (2015) stated that companies that are profitable and to increase the likelihood of investment will pay dividends, so companies that pay dividends can choose funding sources that come from profits or from debt. According to Pertiwi and Hermanto (2017) debt policy is a company policy about how far a company uses debt financing. With the existence of debt, the higher the proportion of debt, the higher the share price of the company (Mardiyati et al., 2012).

According to research conducted by Apriada and Suardhika (2016) shows the results that institutional ownership has a positive effect on firm value. In contrast to the results of research conducted by Suryani and Redawati (2016) which shows that institutional ownership does not affect the value of the company.

According to research results from Vitalia and Widyawati (2016) shows that profitability with proxy Return on Assets (ROA) has a positive effect on firm value. But research conducted by Chaidir (2015) shows that Return on Assets (ROA) does not affect the value of the company.

Research conducted by Chaidir (2015); Pertiwi and Hermanto (2017) shows that profitability with a proxy Return on Equity (ROE) has a positive effect on firm value. In contrast to the results of research conducted by Apriada and Suardhika (2016) showing that Return on Equity (ROE) does not affect the value of the company.

Research conducted by Yuslirizal (2017) shows that liquidity has a positive effect on firm value. But the research conducted by Stiyarini and Santoso (2016) shows that liquidity does not affect the value of the company.

Research conducted by Pertiwi and Hermanto (2017) shows that dividend policy has a positive effect on the value of the company. However, research conducted by Anita and Yulianto (2016) shows that dividend policy does not affect the value of the company.

Then the research conducted by Pertiwi and Hermanto (2017) shows that debt policy has a positive effect on firm value. However, the research conducted by Mayogi and Fidiana (2016) shows that high and low debt does not affect investor decisions in increasing the value of the company.

Table 1. Average PBV, INST, ROA, ROE, CR, DPR, DER in Manufacturing Companies Listed on IDX 2012-2016

	2012	**2013**	**2014**	**2015**	**2016**
Inst	73.3	73.25	71.83	71.08	71.07
ROA	16.73	18.78	14.15	14.07	12.27
ROE	31.13	28.85	28.24	25.00	23.15
CR	255.49	220.54	188.92	264.11	270.69
DPR	43.97	52.75	38.98	53.08	108.04
DER	2.08	0.84	.87	.76	.72
PBV	7.00	7.24	8.05	7.21	6.28

Based on Table 1 average company value (PBV) in manufacturing companies listed on the Stock Exchange in 2012-2016 experienced fluctuations. After experiencing three consecutive years of improvement, the next two years actually decreased the value of the company. In 2013, PBV increased from 7.00 to 7.24 and then increased

again to 8.05 in 2014. But in 2015 it decreased to 7.21 and in 2016 it also decreased to 6.28.

The liquidity variable proxied by CR against PBV shows the gap. In 2015, CR experienced an increase from 188.92 to 264.11 but PBV decreased from 8.05 to 7.21. Likewise in 2016, CR increased from 264.11 to 270.69 but PBV decreased from 7.21 to 6.28. The company should be more liquid then it will be followed by a high company value.

The dividend policy variable proxied by the DPR against PBV also shows the gap. In 2015, the House of Representatives increased from 38.98 to 53.08 while PBV experienced a decrease from 8.05 to 7.21. Likewise in 2016, when the House of Representatives experienced an increase in PBV it actually declined. In 2016, the House of Representatives increased from 53.08 to 108.04 and PBV decreased from 7.21 to 6.28.

Based on the description above, the formulation of the problem proposed is whether institutional ownership affects the value of the company? Does Return on Assets (ROA) affect the value of the company? Does Return on Equity (ROE) affect the value of the company? Does Current Ratio (CR) affect the value of the company? Does Dividend Payout Ratio (DPR) affect the value of the company? Does Debt to Equity Ratio (DER) affect the value of the company?

From the formulation of the above problems, the purpose of this study was to determine whether institutional ownership, Return on Assets (ROA), Return on Equity (ROE), Current Ratio (CR), Dividend Payout Ratio (DPR), Debt to Equity Ratio (DER) affect the value of the company.

Hypothesis Development

Institutional ownership is the ownership of shares by parties of institutions or institutions such as insurance companies, banks, investment companies and other institutional ownership. Institutional ownership has an important role in more optimal supervision of management and is able to suppress opportunistic behavior carried out by managers. With a high level of ownership, it will reduce agency costs in the company and use of debt by management (Vitalia & Widyawati, 2016). Al-Najjar (2015) states that interest in institutional ownership in both developed and developing countries is reflected in the fact that they are considered effective owners and can be seen as a good monitoring tool. In accordance with the research of Apriada and Suardhika (2016) that institutional ownership has a positive effect on firm value, meaning that the higher the institutional ownership, the value of the company will increase.

H1: Institutional ownership has a positive effect on the value of the company.

Return on Assets (ROA) describes the extent to which the ability of assets owned by a company can generate profits (Tandelilin, 2010). ROA ratio is used to measure the effectiveness of a company in generating profits by utilizing its assets (Wijayanto, 2010). The higher the ROA ratio will be attractive to investors so they will be interested in investing in the company (Annisa & Chabachib, 2017). Previous research conducted by Vitalia and Widyawati (2016) shows that profitability as measured by ROA has a positive effect on firm value. In line with Annisa & Chabachib's (2017) research. This means that the higher the ROA, the higher the value of the company.

H2: Return on Assets (ROA) has a positive effect on the value of the company.

Return on Equity (ROE) describes the extent to which a company's ability to generate profits can be obtained by shareholders (Tandelilin, 2010). Mayogi and Fidiana (2016) stated that ROE is a measure of the company's ability to generate profits with the total equity used. Companies that have good financial performance or profitability (ROE) will have an impact on their stock prices, thus if the company's stock price rises then the profits will be enjoyed by investors (Lubis et al., 2017).

Pertiwi and Hermanto's research (2017) shows that profitability calculated using ROE has a positive effect on firm value. This means that the higher the profit or profit generated, the higher the value of the company.

H3: Return on Equity (ROE) has a positive effect on the value of the company.

Current ratio (CR) is a ratio that describes a company's ability to meet its short-term obligations (Hasania et al., 2016). CR can be calculated by the formula of current assets divided by current liabilities. According to Annisa and Chabachib (2017) with a high CR level reflecting cash adequacy, the more liquid a company is in the eyes of investors so that it can affect the company's value. The research conducted by Hasania et al. (2016) shows the results that CR significantly influences the value of the company.

This means that the higher the CR, the higher the value of the company.

H4: Current ratio (CR) has a positive effect on firm value.

Dividend Payout Ratio (DPR) shows the amount of dividends that will be paid by the company from the total earnings obtained by the company (Tandelilin, 2010). According to Erfiana and Ardiansari (2016) the increase in dividends paid can give a clear signal to the market that the company's prospects have progressed. This is in accordance with the signaling theory which states that high dividend payments by the company are considered by the company to have good profit prospects while the decrease in the amount of dividends paid by the company can be bad information for the company because it will impact the decline in stock prices and ultimately reduce the value of the company (Efni et al., 2012). So that it can be said that if a company increases its dividend payment, it will increase the value of the company.

According to the results of the study, Mayogi and Fidiana (2016) show that the dividend policy measured using the DPR has a positive effect on the value of the company. Research conducted by Pertiwi and Hermanto (2017) also shows the results that dividend policy (DPR) has a positive effect on firm value.

H5: Dividend payout ratio (DPR) has a positive effect on firm value.

Debt to equity ratio (DER) is a comparison between total debt to total equity. DER reflects the ability of companies to use their own capital to pay debts (Pertiwi & Hermanto, 2017). With high debt, companies will try to increase profits because of the debt that must be paid. Companies that raise their debt are seen as companies that are confident in their prospects in the future because they have many opportunities to use their capital to expand to expand their businesses (Darmanto & Ardiansari, 2017).

Annisa and Chabachib's (2017) research shows that DER has a significant positive effect on firm value, as well as research conducted by Pertiwi and Hermanto (2017) which shows that debt policy (DER) has a positive effect on firm value. This means, the higher the DER, the higher the value of the company.

H6: Debt to equity ratio (DER) has a positive effect on the value of the company.

Based on the literature review and various sources of previous research, the framework of thinking in this study is as Figure 1.

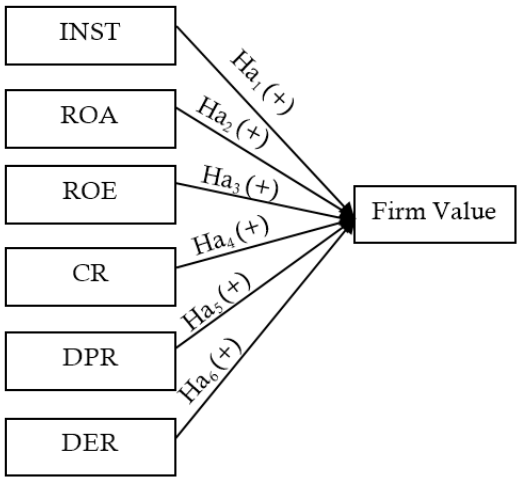

Figure 1. Mindset

METHOD

Type of research is quantitative study. The population of this study are manufacturing companies listed on the Indonesia Stock Exchange in 2012-2016 which amounted to 132. The sampling technique used was purposive sampling technique. The number of research samples was 14 companies during the period 2012-2016 so the research data amounted to 70. The sample criteria of this study were manufacturing companies that distributed dividends during the study year, namely 2012-2016.

Data collection techniques used in this study is documentation that is by collecting data through the company's financial reports have been published through www.idx.co.id.

The dependent variable in this study is the value of the company. The value of the company is the investor's expectation of the company, which is often associated with stock prices (Kombih & Suhardianto, 2017). Company value variable is measured by price book value (PBV). Pertiwi and Hermanto (2017) stated that the higher the PBV produced shows that the company's performance in the future is considered more prospective by its investors. PBV is formulated as follows:

$$PBV = \frac{Stock\ price}{Book\ value\ of\ shares}$$

The independent variable in this study is institutional ownership (INST), Return on Assets (ROA), Return on Equity (ROE), Current Ratio (CR), Dividend Payout Ratio (DPR), Debt to Equity Ratio (DER).

Institutional ownership is the percentage of share ownership held by institutional parties.

So that institutional ownership can be formulated as follows:

$$INST = \frac{\Sigma\ Institutional\ Shares}{\Sigma\ Outstanding\ Shares}$$

According to Wardoyo and Veronica (2013), Return on Assets (ROA) is one form of profitability ratio that is intended to measure a company's ability to fund all of the funds invested in a company's operating activities aimed at generating profits by utilizing its assets. ROA can be formulated as follows:

$$ROA = \frac{Net\ Income}{Total\ Asset}$$

According to Pasaribu et al (2016), ROE is a ratio that shows the rate of return obtained by shareholders for investment in the company. Agustina and Ardiansari (2015) stated that the number in ROE shows how well management utilizes the investment of shareholders. The higher ROE shows the more efficient the company uses its own capital to generate net profit or profit (Wardoyo & Veronica, 2013). ROE can be formulated as follows:

$$ROE = \frac{Net\ profit}{Total\ Equity}$$

According to Stiyarini and Santoso (2016), Current ratio (CR) is a ratio to measure a company's ability to pay short-term liabilities or debt that is due immediately when billed as a whole. The CR formula is as follows:

$$CR = \frac{Current\ assets}{Current\ Liabilities}$$

Dividend Payout Ratio (DPR), is the ratio between dividend payments and net profits. Dividend Payout Ratio is a ratio that looks at the share of income from a company that is paid to shareholders in the form of dividends, which is calculated by dividing dividends per share with revenue per share (Erfiana & Ardiansari, 2016). The formula Dividend Payout Ratio (DPR) is as follows:

$$DPR = \frac{Dividends\ per\ Share}{Earnings\ per\ Share}$$

Debt to equity ratio (DER) is a ratio that measures the level of use of debt to the total equity of shareholders owned by the company. Formula Debt to equity ratio (DER) is as follows:

$$DER = \frac{Total\ Amoun\ of\ Debt}{Total\ Equity}$$

Analysis of the data in this study using multiple linear regression were processed using Eviews 9. The linear regression equation in this study are:

$$PBV = \alpha + \beta_1\ INST + \beta_2\ ROA + \beta_3\ ROE + \beta_4\ CR + \beta_5\ DPR + \beta_6\ DER + e$$

Where:

PBV	= Firm Value
α	= Konstanta
β	= Regression coefficient of each independent variable
INST	= Institutional Ownership
ROA	= Profitability
ROE	= Profitability
CR	= Liquidity
DPR	= Dividend Policy
DER	= Debt Policy
e	= Value Error

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

Table 2. Descriptive Analysis

	PBV	INST	ROA	ROE	CR	DPR	DER
Mean	5.74	.73	.15	.27	2.40	.59	.80
Max.	52.86	.98	.71	1.36	7.73	4.14	2.56
Min.	.14	.50	.00	.00	.61	.04	.15
Std. Dev.	12.29	.15	.12	.31	1.31	.65	.60

Based on Table 2, the variable of company value measured using ratio Price to Book Value (PBV)shows an average value of 5.74 with a standard deviation of 12.29. This means that the average value is smaller than the standard deviation, so that indicates a poor result. The maximum PBV value is 52.86 and the minimum value is 0.14.

Based on Table 2, institutional ownership variables measured by the proportion of shares owned by institutions (INST) have an average value of 0.73 and a standard deviation of 0.15. This means that the average value is greater than the standard deviation, thus indicating good results. The maximum INST value is 0.98 and the minimum value is 0.50.

Based on Table 2, the variable profitability with proxy Return on Assets (ROA) has an average value of 0.15 and a standard deviation of 0.13. This means that the average value is greater than the standard deviation, thus indicating good results. The maximum value of ROA is 0.71 and the minimum value is 0.00.

Based on Table 2, the profitability variable with theproxy Return on Equity (ROE) has an average value of 0.27 and a standard deviation of 0.31. This means that the average value is smaller than the standard deviation value, thus indicating a poor result. The maximum ROE value is 1.35 and the minimum value is 0.00.

Based on Table 2, the variable liquidity as measured by the Current ratio (CR) has an average value of 2.40 and a standard deviation of 1.31. This means that the average value is greater than the standard deviation value, so that indicates a pretty good result. The maximum value of CR is 7.73 and the minimum value is 0.60.

Based on Table 2, the dividend policy variable as measured by the DPR has an average value of 0.59 and a standard deviation value of 0.65. This means that the average value is smaller than the standard deviation value, thus indicating a poor result. The maximum value of the DPR is 4.15 and the minimum value is 0.04.

Based on Table 2, debt policy variables measured by Debt to equity ratio (DER) have an average value of 0.80 and a standard deviation value of 0.60. This means that the average value is greater than the standard deviation value, thus indicating good results. The maximum DER value is 2.56 and the minimum value is 0.15.

Normality Test

Table 3. Normalitas Test

Testing I	
Probability	.00000
Testing II	
Probability	.247246

Based on Table 3, it can be seen in test I probability value 0.0000 <0.5, so it can be concluded that the data is not normally distributed. To treat data that is not normal, data transformation takes the form of logs. In this study, the variable that is logged is thevariable price to book value. Based on the results of the test II obtained thevalue probability of 0.247246 >0.05, so that the data is normally distributed.

Test Multicollinearity

Table 4. Test Multicollinearity

	X1	X2	X3	X4	X5	X6
X1	1.00	.39	.35	-.08	-.01	.03
X2	.39	1.00	.88	-.06	.07	.25
X3	.35	.88	1.00	-.29	.09	.52
X4	-.08	-.06	-.29	1.00	-.06	-.56
X5	-.01	.07	.09	-.06	1.00	.13
X6	-.03	.25	.52	-.56	.13	1.00

Based on the results multicollinearity test shown in Table 4, it is known that between the variable coefficient is smaller than 0.9. So it can be concluded that the data above does not have multicollinearity.

Heterocedasticity Test

Table 5. Heterocedasticity Test

Heteroskedasticity Test: ARCH			
F-statistic	.033147	Prob. F(1.67)	.8561
Obs* R-squared	.034120	Prob.Chi Square(1)	.8535

Based on the test results in Table 5, it is known that the Prob. Chi Square value is 0.8535 . This is in accordance with the white test testing criteria which has a probability value Prob. Chi Square greater than significance. So it can be concluded that the data above does not occur heteroscedasticity.

Autocorrelation Test

Table 6. Autocorrelation Test

Testing I	
Durbin-Watson Stat	.779380
Testing II	
Durbin-Watson Stat	1.976892

A regression model is said to be free of autocorrelation if the value of dU< value DW <4-dU. The dU value can be seen in the DW Table by knowing the number of observations (n) and the number of independent variables (k), in this study, n = 70 and k = 6, so this data has a dL value of 1.4326 and dU of 1.8021 . Based on the results of the Durbin Watson test in Table 6, the

DW value of 0.779380 is lower than dL so there is a positive autocorrelation. Autocorrelation problems are treated withmethod the Cochrane-Orcutt two-step Procedure (Ghozali & Ratmono, 2013). Based on the results of the correction of the autocorrelation test obtained the DW value is 1.976892 with dL value of 1.4326 and dU of 1.8021 the autocorrelation is located in the 5th area (ie dU <DW <4-dU). Thus autocorrelation has not occurred.

Multiple Regression Analysis

Table 7. Multiple Regression Results

Variable	Coefficient	t-Statistic	Prob.
C	1.591652	1.808469	.0755
INST	-.282852	-.362770	.7181
ROA	-1.299699	-.702330	.4852
ROE	3.362943	2.815252	.0066
CR	-.263248	-2.402868	.0194
DPR	.038870	.256191	.7987
DER	-1.085337	-1.795275	.0776
R-squared		.7999060	
Adjusted R-squared		.7698920	
F-statistic		26.651090	
Prob(F-statistic)		.000000	

From the Table above regression equation can be written as follows:

PBV= 1.591652 – 0.282852INST – 1.299699ROA + 3.362943ROE – 0.263248CR + 0.038870DPR – 1.085337DER + e

Determination Coefficient (R^2)

Based on the test results shown in Table 7, it is known that the adjusted R-Squared results of the independent variables in this study amounted to 0.769892 or 76.98%. This means that 76.98% of the company's value (PBV) can be explained by the six independent variables namely institutional ownership (INST), Return on Assets (ROA), Return on Equity (ROE), Current Ratio (CR), Dividend Payout Ratio (DPR), Debt to Equity Ratio (DER). While 13.74% is explained by other variables outside the regression model.

RESULT AND DISCUSSION

The results of hypothesis testing show that out of the six independent variables, only one variable has a positive effect on firm value, namely the profitability variable as measured by the ratio Return on Equity (ROE).

The first hypothesis states that institutional ownership has a positive effect on the value of the company, but the test results show that institutional ownership does not affect the value of the company. This is seen from the coefficient value of -0.282852 with a significance value of 0.7181, the significance value is greater than 0.05 (0.7181> 0.05). So that H1 is rejected. The results of this study support research conducted by Pertiwi and Hermanto (2017) which states that institutional ownership does not affect the value of the company.

With supervision from the institution, it is expected that the management does not act for its own sake. The greater the ownership by the institution, the greater the urge to supervise management in increasing shareholder prosperity, so that the value of the company will increase. However, the results of this study state that institutional ownership does not affect the value of the company.

According to Pertiwi and Hermanto (2017) institutional ownership does not affect the value of the company because the institutional side cannot effectively supervise the management. This can occur because of the information asymmetry between shareholders and management, so that management can control the company according to their wishes. This information asymmetry is an obstacle for the institution in supervising management behavior, because the information held by the institution is not as good as the information held by management, so the institution has difficulty controlling the behavior of management. Thus institutional ownership does not have an impact on the value of the company.

The second hypothesis states that Return on Assets (ROA) has a positive effect on firm value, but the test results show that Return on Assets (ROA) has no effect on firm value. This is seen from the coefficient value of -1.299699 with a significance value of 0.4852, the significance value is greater than 0.05 (0.4852 >0.05). So H2 is rejected. The results of this study support research conducted by Chaidir (2015) which states that ROA does not affect the value of the company.

Return on Assets (ROA) is a ratio that describes the extent to which the ability of assets owned by a company can generate profits or profits. This ability reflects the success of a company in the eyes of investors. The higher ROA will increase investor confidence in the company's performance and will have an impact on investors' decisions to invest their shares, so that the value

of the company will also increase. But the results of this study state that Return on Assets (ROA) does not affect the value of the company. The results of this study are not in accordance with the signal theory, where the higher ROA will give a good signal to investors that the company can provide good prospects because it has the ability to generate profits by managing its assets effectively.

The absence of the influence of ROA on the value of the company can be caused by the performance of management does not have the ability to use the assets owned which causes the net income to be small while the assets owned by the company are very large. Besides that, it can also occur because the profits owned by the company cannot reflect the size of the company.

The third hypothesis states that Return on Equity (ROE) has a positive effect on firm value, the test results show that Return on Equity (ROE) has a positive effect on firm value. This is seen from the coefficient value of 3.362943 with a significance value of 0.0066, a significance value smaller than 0.05 (0.0001 <0.05). So that H3 is accepted. The results of this study support research conducted by Chaidir (2015); Pasaribu et al. (2016) which states that ROE affects the value of the company.

ROE is a ratio that describes a company's ability to generate profits using its own capital (equity). Companies that have high ROE indicate that the company is able to utilize its equity well. The results of this study state that ROE has a positive effect on firm value. This result is in accordance with signal theory where high ROE can provide information to investors that the company is able to utilize its equity for the company's operational activities. The higher ROE shows the better the company's performance in utilizing its equity, because equity can be used to buy needs in the production and sales process so that the company is able to earn high profits or profits. So that the high ROE owned by the company can increase investor interest in buying company shares, thus triggering an increase in stock prices and will increase the value of the company.

The fourth hypothesis states that Current Ratio (CR) has a positive effect on firm value, but the test results show that Current Ratio (CR) has a negative effect on firm value. It is seen from the coefficient -0.263248 with a significance value of 0.0194, the significance value less than 0.05 (0.0194 <0.05) but the value of the coefficient is negative. So that H4 is rejected. The results of this study support research conducted by Abdurrakhman (2015) which states that CR does not affect the value of the company.

Current Ratio (CR) is a ratio that describes a company's ability to meet its short-term obligations. A high CR reflects the adequacy of cash owned by the company and the company will be more liquid, so that the level of investor confidence will increase which can affect the value of the company. But in this study stated that CR has a negative effect on firm value. This can happen because the high liquidity of the company indicates the existence of assets/ idle cash that is not utilized by the company's management in its operational activities, so that the high CR will actually reduce the value of the company. The negative influence between CR and company value can also occur because this ratio only shows the company's ability to meet its short-term debt, so that investors in investing their capital do not pay attention to the liquidity factor owned by the company.

The fifth hypothesis states that the Dividend Payout Ratio (DPR) has a positive effect on the value of the company, the test results show that the Dividend Payout Ratio (DPR) does not affect the value of the company. This is seen from the coefficient value of -0.038870 with a significance value of 0.7987, a significance value greater than 0.05 (0.7987 >0.05). So H5 is rejected. The results of this study are in line with research conducted by Pamungkas and Puspaningsih (2013); Sari and Wijayanto (2015) which state that the DPR does not influence the value of the company.

According to the theory of signals, high DPR can be a good signal for investors to invest their shares, because the company's high dividend payments are considered to have good profit prospects, so investors will menamkan stake in the company and will be able to increase the value of the company. But the results of this study state that the DPR does not influence the value of the company. Pamungkas and Puspaningsih (2013) stated that, these results indicate that the ability of companies to pay dividends is not the main consideration of investors in buying shares. This can happen if investors only want short-term profits, namely by obtaining capital gains. According to Anita and Yulianto (2016) investors consider that small dividend income is currently no more profitable when compared to capital gains in the future.

The sixth hypothesis states that Debt to Equity Ratio (DER) has a positive effect on firm value, but the test results show that Debt to Equity Ratio (DER) has a negative effect on firm value. This is seen from the coefficient value of -1.085337 with a significance value of 0.0776, the

significance value is greater than 0.05, so that H6 is rejected. The results of the study support the research conducted by Mayogi and Fidiana (2016) which states that DER does not affect the value of the company.

Debt to Equity Ratio (DER) is the ratio of the amount of long-term debt to total equity. This ratio reflects the company's ability to pay long-term debt using its own capital. With the high DER will increase the value of the company. But in this study it actually gives results that DER has a negative effect on firm value, which means that the higher the DER will reduce the value of the company.

This can happen if investors pay little attention to the debt owned by the company, but they pay more attention to the company's ability to generate high profits by ignoring the amount of debt held by the company. Every company needs debt in running the company's operational activities, but the higher the debt that the company has, it shows the higher the risk that must be faced by the company to pay off the debt. According to Mayogi and Fidiana (2016) high debt must be balanced with high profits to cover debt. So if the company does not have the ability to generate high profits, the company will have difficulty in paying off its long-term debt and will have an impact on the company's value.

CONCLUSIONS AND RECOMENDATIONS

Based on the results of research and discussion in the previous chapter, it could be concluded as follows: 1) Institutional Ownership does not affect the value of the company, meaning that the increase or decrease in the proportion of shares held by the institution does not affect the size of the company's value. 2) Profitability measured through *return on access* (ROA) does not affect the value of the company, meaning that the increase or decrease in the ROA ratio does not affect the size of the company. 3) Profitability measured through Return on Equity (ROE) has a positive effect on the value of the company, meaning that with an increase in ROE it will increase the value of the company. 4) Liquidity measured through the current ratio (CR) negatively affects the value of the company, meaning that with an increase in CR, it will decrease the value of the company. 5) Dividend policy measured through the dividend payout ratio (DPR) does not affect the value of the company, meaning that the increase or decrease in the DPR does not affect the size of the company. 6) Debt Policy which is measured through debt to equity ratio (DER) does not affect the value of the company, meaning that with an increase in DER it will reduce the value of the company.

The suggestions from the authors are as follows: 1) For companies, the results of this research can be taken into consideration for companies in increasing the value of the company by taking into account the ROE ratio. So that the company can further improve its ability to generate profits from the amount of its own capital. In addition, companies must be more careful in making decisions relating to the use of debt for the company's operational activities, because the results of this study indicate that liquidity and debt policy negatively affect the value of the company, 2) For investors who want to invest in a company can pay attention profitability variable (ROE), because the higher the ROE reflects the value of the company as measured by the PBV ratio increases, 3) For the next researcher who wants to do research on the value of the company can add the research period and add the number of research variables or try to use other measurement indicators to knowing the effect of variables used from several ratios and measurements.

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