The Influence of Profitability, Leverage , Liquidity, Dividend Policy, And Company Size on Company Value in Food and Beverage Companies in 2019-2021

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Abstract. Company value is an investor's assessment of a company's performance which is often interpreted based on the price and the amount of demand for shares in the market. High company value is a prospect in the future and in the present so that the market will believe in a company's condition. This company has a sample of 32 food and beverage companies listed on the Indonesia Stock Exchange for 2019-2021. The purposive sampling method was used to draw samples. Data was collected by documenting data from annual reports and financial reports of Food and Beverage companies for 2019-2021 listed on the Indonesian Stock Exchange. using multiple linear regression analysis techniques. The results of data analysis show that there is a positive influence between liquidity and company value. Meanwhile, other variables, profitability, leverage, dividend policy and company size have no influence on company value.

Keywords: Firm Value, Profitability, Leverage; Liquidity, Dividend, Company Size

1. Introduction

The importance of company value greatly impacts company performance because it reflects that company performance can influence investor's views. An increase in share prices indicates prosperity for shareholders and company value. The company's share price is an illustration of the company's future success prospects. If the share price is in a high, it will give rise to high company value so that market confidence arises as investors appreciate the increase in the success of the company's value performance. According to the Ministry of Industry (2022), Entering the 2nd quarter of 2021, the food and beverage or F&B industry achieved 38.42% and became the largest contributor, and contributed directly to 6.66% of national income in Gross Domestic Product (GDP) in Indonesia. One of the factors that has enabled industrial companies in the Food and Beverage sector to increase their sales growth even during the Covid-19 pandemic is the high demand for basic necessities to increase the body's immunity in an effort to maintain health. The following is a graph of the GDP development of the Food and Beverage Industry:

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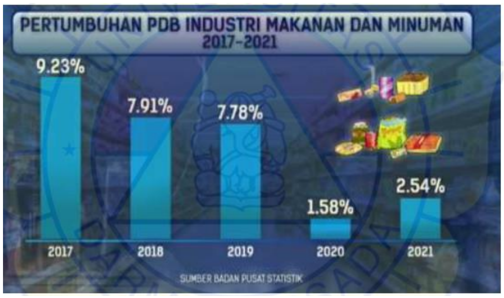

Figure 1: GDP Growth of F&B Industry 2017-2021

Source: Central Statistics Agency (IDX channel)

It can be seen from Figure 1.1 above, explaining the GDP graph of the food and beverage sector in 2017. In 2018, the growth percentage of F&B companies was 9.23%, and increased again by 7.78% in 2019. However, in 2020 and 2021 there was a decline in the growth value of the F&B sector by only 1.58% and 2.54% respectively. In other words, the growth of food and beverage companies in Indonesia is still fluctuating.

Based on the background that has been described, considering the importance of company value, especially in F&B Industry, to attract investor interest and for the survival of the company. There are several factors that influence company value, namely profitability, leverage, liquidity, dividend policy and company size.

2. Literature Review And Hypothesis Development

Signaling theory

Ross first developed this signal theory in 1977. Asymmetric information is the problem that is the basis for the formation of this signal theory, there are differences in the information held by management and shareholders.

Signal theory reveals how signals should be given by companies to use company financial reports[9]. The signal sent is information about management's performance regarding the company's success, how management has achieved results in realizing the goals of owners and shareholders. This information is also used to attract new investors to want to invest in the company and be able to increase the company value. The lack of signals given by management regarding information and company value can also have an impact on low share prices.

The influence of profitability on company value

Profitability ratios are used to measure how much a company's ability to generate profits from its operational activities. A high Profitability Ratio reflects that the company has maximized its performance so as to obtain high profits for the company, which means that the operational activities of the company are able to operate effectively and efficiently. The high profitability ratio of a company will attract investors to invest in the company. This is in line with research conducted by Rudangga and Sudiarta[11], which states that profitability positively affects company value. Based on the description above, the following hypothesis can be formulated:
H_1 : Profitability has a positive effect on company value

The effect of leverage on company value

The Leverage Ratio is a ratio that measures the extent to which a company uses funds it has from debt to be used to fund company activities, both funding sources from short-term debt and long-term funding sources[14].Forests used to accommodate company operations will pose a risk of interest costs which will later have to be paid and become an additional burden for the company. The higher the debt and debt interest a company has, the more it will impact investors' assessment of the company's performance and can reduce the company's value in the eyes of investors. This is in line with research by Novari and Lestari[7] which states that leverage has a negative effect on company value. Based on the description above, the following hypothesis can be put forward:

H_2 : Leverage has a negative effect on company value

The effect of liquidity on company value

Liquidity is a ratio that can measure ability company in fulfilling its maturing obligations, both obligations to parties outside the company or inside the company . The more a company has high liquidity, the more capable the company is of paying its short-term obligations. Investors who see a company with a good level of liquidity will give a positive signal to the company. A company with a high liquidity value will certainly attract investors' interest in buying shares, the number of shares sold will increase the value of the company in the eyes of investors. Similar research was conducted by Yanti and Darmayanti[13] obtained results that liquidity can positively influence company value. then the following hypothesis can be put forward:

H_3 : Liquidity has a positive effect on company value

The effect of dividend policy on company value

Dividend policy is a policy related to company funding whether the profits earned by the company will be distributed as dividends or as a source of company funding . Reasonable dividend payments can increase investor confidence in the company, thus having a good impact on the company. Therefore, how much dividends are distributed will increase the value of a company[1]. Dividend policy is one of the tools to attract investors in making investment decisions. With the presence of a dividend policy signal, investors will be interested in investing their capital or buying company shares, increasing demand for shares in the market will also increase the company's share price so that the value of the company in the eyes of investors will also increase. increase. The higher the dividend policy provided by investors, the higher the company value, in line with the results of research conducted by Rizaldi [10]. The hypothesis that can be formulated is:

H_4 : Dividend policy has a positive effect on company value.

The influence of company size on company value

Company size is an assessment of the size of the company which is determined by the total assets owned by the company, this is a consideration for potential investors when investing their funds in the company[8]. The total assets owned by a company indicate the size of a company. The larger the company size, the easier it is to get internal or external funding sources, which will affect the value of the company itself. Company size is also supported by signal theory, the larger the company size, the more investors tend to pay attention to the company and at the same time it will provide a positive signal for investors before investing. This is in line with research conducted by Yanti and Darmayanti[13] which states that company size has a positive effect on company value. Based on the description above, the following hypothesis can be formulated:

H_5 : Company size has a positive effect on company value.

3. Methodology

The location of this research is the Indonesian Stock Exchange which provides information on company financial reports by visiting the website www.idx.co.id and downloading the required data. The object of this research is the financial and annual reports of food and beverage sector companies listed on the Indonesia Stock Exchange (BEI).

Operational Definition of Variables

Dependent variable (company value)

PBV ratio or book value is a proxy used to calculate company value. This company value assessment is used by investors to make investment decisions by comparing the share market price with the share book value. The formula for company value (PBV) is:

$$\text{PBV} = \frac{\text{Stock Price Per Share}}{\text{Book Vale Per Share}} \text{x}100\% \qquad (1)$$

Profitability (Pr)

Profitability is the ability of companies listed on the IDX to generate profits during a certain period. This variable is measured by Return On Assets (ROA), namely the comparison of net profit with total assets (assets) for the same period. ROA can be measured using a formula:

$$\text{ROA} = \frac{\text{Net Income}}{\text{Total Assets}} \text{x}100\% \qquad (2)$$

Leverage (L)

Leverage is a ratio that describes the comparison of liabilities and equity in funding for food and beverage companies listed on the IDX and shows the ability of the company's own capital to fulfill all obligations. This variable is measured by the debt to equity ratio (DER), which is a comparison of total debt with own capital. DER can be measured using the formula which is as follows.

$$\text{DER} = \frac{\text{Total Liabilities}}{\text{Total Equity}} \text{x}100\% \qquad (3)$$

Liquidity (LK)

To assess a company's ability to use its funds to meet its short-term obligations, it is necessary to assess liquidity. Liquidity itself can be measured using the current ratio (CR) proxy to see the value of current assets and liabilities in the company's financial statements. Current Ratio (CR) can be measured using a formula[3].

$$\text{CR} = \frac{\text{Total Current Assets}}{\text{Total Current Liabilities}} \text{x}100\% \qquad (4)$$

Dividend policy

Dividend Policy is a company policy related to determining the percentage of the company's net profit that is distributed as dividends to shareholders. The dividend policy in this research uses the Dividend Payout Ratio (DPR) indicator. DPR can be measured using the following formula:

$$\mathrm{DPR} = \frac{\text{Dividend Per Share}}{\text{Earnings Per Share}} \text{ x } 100\% \qquad (5)$$

Company size

Company size can be assessed based on the total assets owned by a company. If it has a lot of total assets then the company can be said to be a large company, and vice versa. Company size is said to be capable of the company's ability to bear risks that may arise from various situations faced by the company. Calculation of company size can be calculated using the following formula:

$$\text{Size} = \text{ Ln of Total asset} \qquad (6)$$

Determination of population and sample

Food and Beverage companies in Indonesia that have been listed in the 2019-2021 period on the Indonesia Stock Exchange. The sampling method used in this research is purposive sampling, namely a technique for determining samples with certain considerations [12]. The sample in this research is all Food and Beverage companies listed on the Indonesia Stock Exchange that meet the following criteria:

1) food and beverage companies listed on the Indonesian Stock Exchange in 2019-2021 respectively.
2) Companies that prepare and publish annual financial reports during the research period.
3) The company presents financial reports in rupiah currency.

From the criteria that have been determined, the sample used in this research can be determined as 32 companies.

Method of collecting data

In this research, the research collected various kinds of data using the documentation method, where all company financial report documents were collected and data was searched according to research needs from the financial reports of food and beverage industry companies on the Indonesian Stock Exchange in 2019-2021.

Data analysis technique

Descriptive statistics

Descriptive statistics is data that is processed to be able to describe the situation of an event by looking at the standard deviation, variance, mean, mode and other data.

Classic assumption test

The classical assumption test is carried out to determine whether the data fulfills the classical assumptions and can be applied to a regression model, so that it is suitable to be used to predict the influence of the independent variable on the dependent variable. The classical assumption test consists of four tests, namely the normality test, multicollinearity test, heteroscedasticity test and autocorrelation test.

Multiple linear regression
Hypothesis testing is carried out using multiple linear analysis. Multiple linear regression analysis is used to carry out measurements between two or more independent variables and the dependent variable, the aim is to measure how strong the relationship between the two variables is [5].The multiple linear regression model equation used is:

$$NP = \alpha + \beta 1Pr + \beta 2L + \beta 3Lk + \beta 4KD + \beta 5UK + e \qquad (7)$$

Determination Coefficient Test (R^2 Test)
The coefficient of determination (R2) is used to see how variations in the attachment variable can be explained by the research model. If the R2 value is small then the ability of the dependent variable is very limited, whereas if the value obtained is close to one it means that the independent variable is able to provide a complete explanation in predicting variations in the dependent variable. The coefficient of determination is measured using Adjusted R2.

F Statistical Test
The F statistical test is used to simultaneously test the influence of the independent variables as a whole on the dependent variable. Apart from that, it is also to test whether the regression model fits the observation data. If the sig value is ≤ 0.05 then the model is said to fit the observation data and passes the F test[5].

Statistical Test t
To determine the effect of the dependent variable on the independent variables one by one, it is necessary to carry out a T statistical test. By carrying out the T test, we can see the significance level of each independent variable (sig t) compared to (alpha) 5%. If sig t ≤ 5% then the hypothesis is accepted, meaning that each independent variable has a significant effect on the dependent variable.

4. Results And Discussion
Multiple Linear Regression Analysis

Table1. Results of Multiple Linear Regression Analysis

Coefficients a						
Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	232,340	130,747		1,777	,079
	ROA	,064	,097	,067	,659	,512
	DER	-.034	,036	-.093	-.931	,355
	CR	.016	,005	,291	2,919	,004
	DPR	,082	,075	.109	1,095	,277
	TA	-4,267	4,654	-.095	-.917	,362
a. Dependent Variable: PBV						

Source: processed data (2023)

Based on Table 1 above, the multiple linear regression equation is as follows:

Y = a + Pr + L + Lk + KD + UK

Y = 232,340 + 0.064Pr – 0.034L + 0.016Lk + 0.082KD – 4.267UK

From the results of statistical tests and the regression equation above, it can be explained that:

1.Constant
The constant value is 232,340, meaning that if all the independent variables in this study are equal to 0, then the company value is 232,340.
2. Liquidity (LK)
The regression coefficient value for the liquidity variable (Lk) is 0.016 in a positive direction, this explains that if liquidity increases by one unit, the company value increases by 0.016 assuming the other independent variables are constant

.**F Statistical Test**

Table 2. F Statistical Test Results

ANOVA [a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	81617.789	5	16323.558	2,631	.029 [b]
	Residual	558415.038	90	6204.612		
	Total	640032.827	95			
a. Dependent Variable: PBV						
b. Predictors: (Constant), TA, DER, DPR, CR, ROA						

Source: processed data (2023)

The results of the F test above show that the data that has been processed has passed the F test, in other words, that all the independent variables in this research simultaneously influence the related variable, namely company value. This can be seen from the significance value, namely 0.029, which is smaller than 0.05.

Statistical Test t

Table 3. Results of the t statistical test

Coefficients a						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	232,340	130,747		1,777	,079
	ROA	,064	,097	,067	,659	,512
	DER	-.034	,036	-.093	-.931	,355
	CR	.016	,005	,291	2,919	,004
	DPR	,082	,075	.109	1,095	,277
	TA	-4,267	4,654	-.095	-.917	,362
a. Dependent Variable: PBV						

Source: processed data (2023)

Based on the results of the t test in Table 3 above, the relationship between variables can be explained as follows:

1. Profitability

The t-test result obtained a beta value of 0.064 with a sign level of 0.512, this value is greater than the significance level of 0.05. This shows that the hypothesis that profitability will have a positive impact on firm value is rejected and the results have no impact.

2. Leverage

The second hypothesis of the analytical test is considered rejected because in the t-test, the regression coefficient value of leverage is -0.034 with a significance level of 0.355 > 0.05. therefore leverage does not affect the value of the company.

3. Liquidity

The t-test calculation results show that the value of the liquidity regression coefficient is 0.016 with a significance level of 0.004 <0.05. This shows that liquidity has a positive impact on company value, meaning that the third hypothesis of this study is accepted.

4. Dividend Policy

The fourth hypothesis in this research states that dividend policy has a positive effect on company value, but this hypothesis is rejected because dividend policy is unable to influence company value as seen from the results of the t test calculation which shows that the dividend policy regression coefficient value is 0.082 with a significance level of 0.277, where this value is greater. from a significance level of 0.05.

5. Company Size

Company size has no effect on company value, which means the fifth hypothesis in this research is rejected. The results of the t test obtained a company size regression coefficient value of -4.267 with a significance level of 0.362, where this value is greater than the significance level of 0.05.

The Influence of Profitability on Company Value

The results of this research show that profitability has a coefficient value of 0.064 with a significance level of 0.512 so that the results of testing the first hypothesis (H1) show that profitability has no effect on company value, which means the first hypothesis in this research is rejected. The research results show that company value is not necessarily only measured by high profitability. Many factors are of concern to investors when making investment decisions, one of which is the stability and politics of a country. political problems that occur in a country often have an impact on changes in shares in the market so that even though the profitability is large, it is not able to change the value of the company in the eyes of investors. The size of the assets used by the company to generate profits cannot affect the value of the company. This is because the effectiveness of using company assets to generate net profit after tax is not a benchmark for investors to invest their capital and assess the company's performance. The results of this research are in line with the results of research conducted by Juhandi, et al[6] which states that profitability has no effect on company value.

The Effect of Leverage on Company Value

The results of this research show that leverage has a coefficient value of -0.034 with a significance level of 0.355 so that the results of testing the second hypothesis (H2) show that leverage has no effect on company value, which means the second hypothesis in this research is rejected. This shows that the size of the debt used by the company does not get a response from investors to estimate the company's value. This can happen because of the size of a company's debt, if it is not operated well, it will have an impact on the company's difficulty in repaying its debt and vice versa, if the company's debt is managed well of course the debt will be a tool for the company to increase the company's production so that it will increasing company sales which will have an impact on increasing company profits. The results of this research are in line with the results of research conducted by Novari and Lestari[7] which stated that leverage has no effect on company value.

The Effect of Liquidity on Company Value

Hypothesis 3 in this research is accepted, meaning that liquidity is able to influence company value in a positive direction. The results show a coefficient value of 0.016 with a significance level of 0.004. Companies with good liquidity scores are apparently able to attract investors' attention and provide good signals and provide information that high liquidity scores reflect the company's ability to use its funds to meet its short-term obligations. With many investors being attracted to high liquidity figures, this will directly affect demand for company shares and have an impact on increasing company value. Rizaldi[10] conducted similar research and the results stated that liquidity had a positive effect on company value.

The Effect of Dividend Policy on Company Value

Statistical hypothesis test 4 was rejected because it obtained a coefficient value of 0.082 with a significance level of 0.277 so that dividend policy had no effect on company value. Company value cannot be influenced by dividend policy, because companies often distribute dividends based on the results of management decisions. Most investors are more interested in the results of capital gains than marketed dividends, because capital gains are considered more profitable . This is because obtaining capital gains requires a relatively short time rather than waiting for the company's dividend distribution. The results of this research are in line with the results of research conducted by Anita & Yulianto[2] which stated that dividend policy has no effect on company value.

The Influence of Company Size on Company Value

The results of testing the fifth hypothesis (H 5) show that company size has a significance value of 0.362 and a regression coefficient of -4.267, indicating that company size has no effect on company value. The value of the company cannot be determined based on the size of the total value of the company's assets. The company's total assets do not necessarily indicate that the company's performance is said to be good so that it can attract investors' interest in investing. Investors with experience will certainly see the many aspects that can be assessed in a company's financial statements. Farooq et al. [4] in their research results also stated that company size has no effect on company value.

5. Conclusion

The aim of this research is to test and obtain empirical evidence regarding the influence of profitability, leverage , liquidity, dividend policy and company size on company value in Food and Beverage companies listed on the IDX. The number of samples used in this research was 52 Food and Beverage companies registered on the IDX that met the sample qualifications with a total of 96 observations over 3 years, namely from 2019-2021. The analysis technique used is multiple linear regression analysis with the conclusions obtained from the results of this research being as follows:

1. Profitability has no effect on company value in Food and Beverage companies in 2019-2021.

2. Leverage has no effect on company value in Food and Beverage companies in 2019-2021.
3. Liquidity has a positive effect on company value in Food and Beverage companies in 2019-2021.
4. Dividend policy has no effect on the company value of Food and Beverage companies in 2019-2021.
5. Company size has no effect on company value in Food and Beverage companies in 2019-2021.

The suggestions for further research are as follows:

1. The results of this research show that the variables profitability, leverage , liquidity, dividend policy and company size have an influence of 7.9% on company value, while the remaining 92.1% is explained by other variables outside the regression model used. So that further research can add other independent variables that can influence company value such as sales growth, capital structure and asset growth.
2. For future research that will use the same topic, it is best to expand the research sample by expanding the company sector, such as using all companies listed on the IDX as a sample so that they can represent the company's situation as a whole.
3. The observation period used in this research only uses a three year time period, namely 2019-2021, so for further research it is recommended to use the latest observation time period.

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