FACTORS AFFECTING FIRM VALUE OF MISCELLANEOUS INDUSTRY COMPANIES ON INDONESIA STOCK EXCHANGE

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Abstract: The purpose of this research is to analyze the influence of leverage, dividend policy, effectiveness, efficiency and firm size to firm value with Ln stock price proxy, and compare it to prior research that correlates with this research. Data used in this research is the annual financial statements of miscellaneous industry companies, which is listed in Indonesia Stock Exchange 2012-2020 period. The sampling method used in this research is purposive sampling, which 5 companies met the criteria, and analyzed using panel data with fixed effect model. The result of this research indicates that leverage, dividend policy, efficiency and firm size don't influence firm value, while efficiency has an influence on firm value.

Keywords: leverage, dividend policy, effectiveness, efficiency, firm size, firm value

Abstrak: *Tujuan dari penelitian ini adalah untuk menganalisis pengaruh leverage, kebijakan dividen, efektivitas, efisiensi dan ukuran perusahaan terhadap nilai perusahaan dengan proksi harga saham Ln, dan membandingkannya dengan* penelitian *sebelumnya yang berhubungan dengan penelitian ini. Data yang digunakan dalam penelitian ini adalah laporan keuangan tahunan perusahaan aneka industri yang terdaftar di Bursa Efek Indonesia periode 2012-2020. Metode pengambilan sampel yang digunakan dalam penelitian ini adalah purposive sampling, dimana 5 perusahaan memenuhi kriteria, dan dianalisis menggunakan data panel dengan model fixed effect. Hasil penelitian ini menunjukkan bahwa leverage, kebijakan dividen, efisiensi dan ukuran perusahaan tidak berpengaruh terhadap nilai perusahaan, sedangkan efisiensi berpengaruh terhadap nilai perusahaan.*

Kata kunci: leverage, kebijakan dividen, efektivitas, efisiensi, ukuran perusahaan, nilai perusahaan

INTRODUCTION

Firms always want to have a constant growth to satisfy their customers' and wants. One of the simplest tool of measurement to know a firm's growth is through seeing its' stock price, whether it is rising or not, it will be a deciding factor if the firm is growing well or not. The firm needs to think carefully about the actions needed, what investment is the best for certain scenario, and its financing decisions. Firm value is the company's image to their investors. A firm with good level of firm value will maximize their company's stock price to raise their stockholder's wealth. (Gitman and Zutter 2015, 56)

Certain factors and financing decision is needed in order to reach a good level of firm value. According to Anita and Yulianto (2016), leverage is one of the factors that can influence

a firm's value, by adding certain amount of debts to decrease the amount of tax paid, a company can use these funds to finance certain aspects that can ensure the company's growth. As shareholder's prosperity is one of the main goals for a firm, giving dividend is one of few methods to give satisfaction for shareholders that already invests and funds the company. Firm size is also important, as it gives impression and popularity for the firms to be known by public, thus increase future investors' confidence in investing to the firm, which is something that a small firm cannot do. (Hasangapon and Iskandar 2021)

Based on the data from Indonesia Stock Exchange statistics 2017 period, only 2 sectors that has DER value under 1, while the others have DER value more than one. This indicates that most of the sectors are using debts to finance their companies rather than using equity.

Based on the data from Indonesia Stock Exchange statistics 2017 period, miscellaneous industry sector is the only sector that has DER value over 30, while other sectors have DER value 10 and under, but looking at the stock price of miscellaneous industry on 2017 which doesn't fall as low even when having very high DER value. This is the reason why miscellaneous industry sector become the object for this particular research.

Table 1 DER value of all sectors listed on IDX 2017 period

No	Sectors	DER
1	AGRICULTURE	10.24
2	MINING	2.01
3	BASIC INDUSTRY AND CHEMICALS	2.52
4	**MISCELLANEOUS INDUSTRY**	**35.24**
5	CONSUMER GOODS INDUSTRY	0.82
6	PROPERTY, REAL ESTATE AND BUILDING CONSTRUCTION	0.96
7	INFRASTRUCTURE, UTILITIES AND TRANSPORTATION	1.36
8	FINANCE	3.6
9	TRADE, SERVICES & INVESTMENT	1.29

Source: Indonesia Stock Exchange statistics

Table 2 Ln Stock Price value of all sectors listed on IDX 2017 period

No	Sectors	Ln Stock Price
1	AGRICULTURE	3.208524
2	MINING	3.18752
3	BASIC INDUSTRY AND CHEMICALS	2.838357
4	**MISCELLANEOUS INDUSTRY**	**3.140249**
5	CONSUMER GOODS INDUSTRY	3.456577
6	PROPERTY, REAL ESTATE AND BUILDING CONSTRUCTION	2.695052

7	INFRASTRUCTURE, UTILITIES AND TRANSPORTATION	3.073245
8	FINANCE	3.057224
9	TRADE, SERVICES & INVESTMENT	2.964537

Source: Indonesia Stock Exchange statistics

Criteria set by researcher in terms of period and companies, and with checklist method, researcher has 45 observation data from 5 companies and 9 years period, from 2012-2020, which has the biggest sample size.

Signaling Theory

According to Brigham and Houston (2019, 500), signaling theory is when a firm provides a hint to investors as a method of indirect communication where investors would understand the firm's perspective about the future of the firm itself. One of the signal's form is through annual financial statement, which investors can see the financial result of a company, whether it is favorable for them to keep investing or back out from investing to the company. This information will give benefit to the firm as it can influence the value of the firm itself. As not only the financial statements that can be seen form the annual reports, management service and quality is also a deciding factor to determining a firm's value. According to the theory this two main signals will become a deciding factor as to increase or decrease firm value.

Trade-off Theory

Trade-off theory emphasizes on using debt as a benefit to decrease the amount of tax with by decreasing amount of interest with using debt for the firm's financing method. According to Brigham and Houston (2019, 498), trade-off theory is taking a look at a firm would be in a better financing position with using debt financing, which gives tax shield, a benefit for firms that has lots of taxes to be paid. On short term, to finance and make the firm grow constantly in a year or two, using debt will suffice the amount of money needed, as it can be used for financing certain aspect and division of the company, as well as increasing productivity and sales in the upcoming years, which will increase a firm's image and value to investors.

Firm Value

According to Gitman and Zutter (2015, 56), firms has a lot of goals to be reached, but one of the most important and critical goals that needs to be reached is to raise the firm's value. To raise the value, firms must do several things and consider several factors, one of them is to maximize shareholder's wealth. With the shareholders being happy with the condition of the firm, future prospects, promising projects, and consistent dividends payout, the firm can have investors' trust to keep investing on the firm, thus giving firm the financial ability to keep developing the firm. Firms need to maximize the stock price in order to increase stockholder's wealth (Husna and Satria 2019). As a firm's image is reflected by the stock's price in the market, firms have to do more effort to ensure the firm's constant growth. (Munawar, 2019). Firm Value is measured using Ln Stock Price. (Gujarati, 2008)

Leverage

According to Kurniasih and Sari (2013), leverage is method where a firm uses debt, to add certain amount of debt which increases the amount of interest, resulting in reduced amount of tax needed to be paid by the firm. Leverage is calculated using DER.

Research conducted by Cheng and Tzeng (2011), Fajaria (2018), Kartikasari et al. (2019) shows that leverage has positive influence on firm value, while research conducted by Goh & Rumapea (2021) shows that leverage has no influence on firm value.

H1: Leverage has no influence on firm value

Dividend Policy

According to Anita and Yulianto (2016), dividend policy is an important decision that needs to be made by the firm, which the policy would divide the amount of income that will be given to shareholders as dividends. This decision would favor two parties when conducted, management who will get benefit in form of trust from shareholders, and shareholders that gains dividends as reward for their loyalty. Dividend policy is measured using Dividend payout ratio (DPR).

Research conducted by Fajaria (2018), Sukmawardini & Ardiansari (2018), Putri & Rachmawati, (2018), shows that dividend policy has no influence on firm value, while research conducted by Tamrin et al., (2018) shows that dividend policy has a positive influence on firm value.

H2: Dividend policy has no influence on firm value

Effectiveness

According to Munawar (2019), effectiveness of a company when a company's ability to increase sales that exceed to amount of assets owned. Effectiveness can be seen from a firm's total asset turnover, which can measure how much sales can the frim get from investing in the total asset of a firm. Effectiveness is measured using Total Asset Turnover (TATO).

Research conducted by Kahfi et al., (2018), Hasangapon & Iskandar (2021), Lubis et al., (2018), Gunawan (2016) shows that effectiveness measured with total asset turnover has a positive influence on firm value.

H3: Total asset turnover has a negative influence on firm value

Efficiency

According to Munawar (2019), efficiency is something that a firm requires in order to constantly generate income. A firm's efficiency can be raised by adding funds to current investment to increase productivity. Efficiency is measured with Net profit margin, which can give information regarding strategies for pricing sales and controlling operating expenses. (Gunawan 2016)

Research conducted by Widyanti (2021) and Hadi (2018) shows that efficiency measured with net profit margin has no influence on firm value, while different outcome is made from research conducted by Gunawan (2016), which states that efficiency measured with net profit margin has a positive influence on firm value.

H4: Efficiency has no influence on firm value

Firm Size

According to Goh & Rumapea (2021), firm size is a perspective to see how much assets that is owned by a firm. These assets need to be used with thoughtful strategy to make the usage optimal, as it will increase firm value and increase the firm's stock price. Firm size is measured using Ln Sales

Research conducted by Goh & Rumapea (2021) and Hasangapon & Iskandar (2021) shows that firm size has no influence on firm value, while research conducted by Sujoko (2018) shows that firm size has a positive influence on firm value.

H5: Firm size has no influence on firm value

Figure 1 Theoretical Model

RESEARCH METHOD

The samples used in this research is 5 miscellaneous industry companies with 45 observation data which listed on Indonesia Stock Exchange 2012-2020 period. The criteria which used in determining samples in this research is: (1) Miscellaneous Industry Companies that are listed on IDX in 2020 period, (2) Companies that have consistent Annual Report over the period and is using Rupiah as their report's currency, (3) Companies that give consistent dividend throughout 2012-2020 period. Based on the criteria above, there are 5 samples which meets the criteria, which the details is explained in the table below:

Table 3 Samplig

\No.	Sample Criteria	Total
1	Miscellaneous Industry Companies that are listed on IDX in 2020 period	54
2	Companies that have consistent Annual Report over the period and is using Rupiah as their report's currency	(20)
3	Companies that give consistent dividend throughout 2012-2020 period	(29)
	Companies used for research data	5
	Total Research Period	9
	Total Research data	**45**

In this research, Firm value is used as the dependent variable for this research. According to Munawar (2019), Firm value is a perspective seen by the investors, whether the firm is feasible or not for the investors to keep investing in the firm. In this research, firm value is measured by using Ln Stock Price. (Sujoko, 2007).

Leverage according to Kurniasih and Sari (2013), is the decision to use debt for financing the company, thus resulted in decreased amount of tax paid because of the additional interest from using debt.

$$DER = \frac{Total\ Liabilities}{Common\ Stock\ Equity}$$

Dividend policy according to Anita and Yulianto (2016), is a ratio to know how much of the firm's income being given to shareholders that have invested in the company.

$$DPR = \frac{DPS}{EPS}$$

Effectiveness according to Munawar (2019), is a way to see how a company uses their asset to increase the value of the company.

$$TATO = \frac{Sales}{Total\ Asset}$$

Efficiency according to Munawar (2019), is a measurement to see how much income that the firm get with a decided amount of sacrifices and costs to get that income.

$$NPM = \frac{Earnings\ available\ for\ common\ stockholders}{Sales}$$

Firm size according to Goh & Rumapea (2021) is how much asset owned by the company, how the company uses the asset to increase the company's stock price.

Firm Size: Ln-Sales

RESEARCH RESULTS

Results of descriptive statistics test can be seen from the table below:

Table 4 Descriptive statistic test result

Variable	N	Mean	Maximum	Minimum	Std. Deviation
LEVERAGE	45	1.110667	4.020000	0.250000	1.036016
DIV. POLICY	45	0.469538	3.521127	-0.294118	0.581629
EFFECTIVENESS	45	0.988860	1.505432	0.314611	0.332870
EFFICIENCY	45	0.069131	0.160000	-0.044386	0.056182
FIRM SIZE	45	4.016398	5.378770	2.746634	0.803589
FIRM VALUE	45	3.260951	3.919078	2.318063	0.490780

Leverage (DER) variable has mean value of 1.110667, maximum value of 4.020000 is obtained from Indomobil Sukses Internasional Tbk. in 2020, minimum value of 0.25000000 obtained from Selamat Sempurna Tbk. in 2020 and standard deviation value of 1.036016.

Dividend Policy (DPR) variable has mean value of 0.469538, maximum value of 3.521127 is obtained from Trisula Internasional Tbk. in 2017, minimum value of -0.294118 obtained from Indomobil Sukses Internasional Tbk. in 2016 and standard deviation value of 0.581629.

Effectiveness (TATO) variable has mean value of 0.988860, maximum value of 1.505432 is obtained from Selamat Sempurna Tbk. in 2014, minimum value of 0.314611 obtained from Indomobil Sukses Internasional Tbk. in 2020 and standard deviation value of 0.332870.

Efficiency (NPM) variable has mean value of 0.069131, maximum value of 0.160000 is obtained from Selamat Sempurna Tbk. in 2016, minimum value of -0.044386 obtained from Indomobil Sukses Internasional Tbk. in 2020 and standard deviation value of 0.056182.

Firm Size (Ln-Sales) variable has mean value of 4.016398, maximum value of 5.378770 is obtained from Astra Internasional Tbk. in 2018, minimum value of 2.746634

obtained from Trisula Internasional Tbk. in 2012 and standard deviation value of 0.803589.

Table 5 Hypothesis test result

Variable	Coefficient	Std. Error	t-Statistic	Prob
C	5.520379	1.526311	3.616812	0.0009
Leverage	-0.171284	0.117652	-1.455849	0.1543
Dividend Policy	0.044988	0.048818	0.921547	0.3631
Effectiveness	0.406670	0.180163	2.257234	0.0303
Efficiency	1.191152	1.272012	0.936431	0.3555
Firm Size	-0.641072	0.342586	-1.871272	0.0697

Source: Statistical test result

Hypothesis test-1 result shows that the t-statistic value is -1.455849, which is lower than t-table value 2.0227, and is inside H0 can't be rejected area. The probability value is 0.1543, which is higher than alpha (0.05). The result can be summarized as leverage has no influence on firm value of miscellaneous industry company listed on Indonesia Stock Exchange 2012-2020 period.

Hypothesis test-2 result shows that the t-statistic value is 0.921547, which is lower than t-table value 2.0227, and is inside H0 can't be rejected area. The probability value is 0.3631, which is higher than alpha (0.05). The result can be summarized as dividend policy has no influence on firm value of miscellaneous industry company listed on Indonesia Stock Exchange 2012-2020 period.

Hypothesis test-3 result shows that the t-statistic value is 2.257234, which is higher than t-table value 2.0227, and is outside H0 can't be rejected area. The probability value is 0.0303, which is lower than alpha (0.05). The result can be summarized as effectiveness has an influence on firm value of miscellaneous industry company listed on Indonesia Stock Exchange 2012-2020 period.

Hypothesis test-4 result shows that the t-statistic value is 0.936431, which is lower than t-table value 2.0227, and is inside H0 can't be rejected area. The probability value is 0.3555, which is higher than alpha (0.05). The result can be summarized as efficiency has no influence on firm value of miscellaneous industry company listed on Indonesia Stock Exchange 2012-2020 period.

Hypothesis test-5 result shows that the t-statistic value is -1.871272, which is lower than t-table value 2.0227, and is inside H0 can't be rejected area. The probability value is 0.0697, which is higher than alpha (0.05). The result can be summarized as firm size has no influence on firm value of miscellaneous industry company listed on Indonesia Stock Exchange 2012-2020 period.

CLOSING

This research's goal is to test and analyze Leverage, Dividend Policy, Effectiveness, Efficiency and Firm Size on Firm Value of Miscellaneous Industry Companies listed on Indonesia Stock Exchange 2012-2020 period. Result of the research shows that

Leverage, Dividend Policy, Efficiency and Firm Value has no influence on firm value, while Effectiveness has influence on Firm Value.

From this research's result, researcher hopes that this research can be influential and for companies to consider more about the usage of the firm's asset as it is very important on how to use, how much to invests on those assets, the distribution of those assets, as it will influence the flow of productivity in the firm. Giving dividend to loyal investors is also a thing to consider as firms need investor's trust and loyalty to keep the company active and running well.

This research has several limitations, as for future researchers that want to use this particular research as a reference will have to consider some of these limitations, which are: (1) the sample size amount, which is only 5 sample and only 45 observation data, which the minimum observation data needed for statistical tool to analyze is 40. (2) Limit on independent variables, which only uses Leverage, Dividend Policy, Effectiveness, Efficiency and Firm size in this research, even though there are still much more variables out there that can influence Firm Value. (3) there is autocorrelation in this research when analyzing the data, which is something to avoid for future researcher when using these particular objects and variables.

From few of limitations above, researcher can give some recommendation which might help future researchers that uses Firm Value as the dependent variable, which are: (1) Using other object that have more samples, (2) use other or add more variables to avoid autocorrelation, (3) Prolong the time period for the research, as this research only has 9 years period, which can still be expanded.

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