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THE EFFECT OF PROFITABILITY, LEVERAGE, INSTITUTIONAL OWNERSHIP, MANAGERIAL OWNERSHIP, AND DIVIDEND POLICY ON FIRM VALUE

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ABSTRACT

This study aims to examine the effect of profitability, leverage, institutional ownership, managerial ownership, and dividend policy on firm value controlled by firm size. The sample of this study used 170 manufacturing companies listed on the Indonesian Stock Exchange from 2014 to 2018 which were selected using a purposive sampling method. The research method used was multiple linear regression analysis. The program used is the SPSS version 24 program. The results of the study indicate that profitability, institutional ownership, managerial ownership and dividend policy are significantly positive with firm value, leverage is negatively related to firm value. As a control variable, firm size has a significant positive effect on firm value.

Keywords: 1st Firm Value, 2nd Profitability, 3rd Leverage, 4th Ownership, 5th Dividend Policy.

ABSTRAK

Penelitian ini bertujuan untuk menguji pengaruh profitabilitas, leverage, kepemilikan institusional, kepemilikan manajerial, dan kebijakan dividen terhadap nilai perusahaan yang kontrol oleh variabel ukuran perusahaan. Sampel dalam penelitian ini menggunakan 170 perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia dari tahun 2014 hingga 2018 yang dipilih dengan menggunakan metode purposive sampling. Metode penelitian yang digunakan adalah analisis regresi linier berganda. Program yang digunakan adalah program SPSS versi 24. Hasil penelitian menunjukkan bahwa profitabilitas, kepemilikan institusional, kepemilikan manajerial dan kebijakan dividen berpengaruh positif signifikan dengan nilai perusahaan, leverage berhubungan negatif dengan nilai perusahaan. Sebagai variabel kontrol, ukuran perusahaan berpengaruh positif signifikan terhadap nilai perusahaan.

Kata Kunci: Nilai Perusahaan, profitasbility, Leverage, Kepemilikan, Kebijakan Dividen

INTRODUCTION

To increase company value, each company must estimate how profitable it will be, this is what makes investors interested in investing or investing their shares in the company. It will be said that attractive companies can not only make a profit but also maintain and increase profits (Fajaria & Isnalita, 2018). A company will be attractive when the company always gets profit continuously and this will affect shareholders whose share price continues to increase. A high market price of outstanding shares can increase the value of the company and there is an assessment of the company's equity that has been recorded in the financial statements.

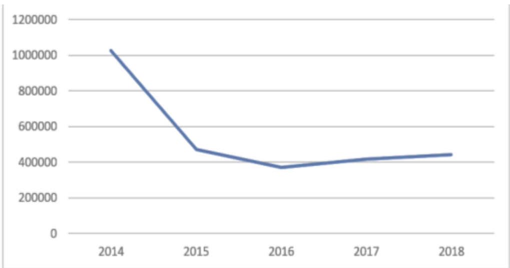

Figure 1. Stock price movements of manufacturing companies listed on the Indonesian Stock Exchange, *source: (IDX, 2018)*

When seen the rise and fall of stock prices from 2014-2018. In 2018, there were 622 companies registered on the IDX. In 2015 the share price began to fall and the lowest was in 2016. The biggest influence of this decline was the company PT. Tiga Pilar Sejahtera Food Tbk from 2014 to 2018 Rp.2095, Rp1235, Rp2050, Rp472, and Rp168. This is because of the boss of PT. Tiga Pilar Sejahtera Food embezzled funds named Joko Mogoginta and Budhi Istanto Suwito with the alleged flow of funds amounting to IDR 1.78 trillion and some parties were allegedly affiliated with the previous management. Which made it difficult to pay interest and principal on bonds that made him default. In 2017, in the financial statements, there were funds worth IDR 4 Trillion to carry out the markup. The cases that occur above show that if the company does not look good, there will be a decline in shares and this indicates that the company is failing and has no investor interest in investing its shares in the company (https://www.cnbcindonesia.com/market/20190329075353-17-63576/tiga-pilar-dan-drama-penggelembungan-dana)

The success of the company in managing company management can be seen in the company's value (Lestari & Armayah, 2016). The higher the profit generated by the company the higher the profit; (Thamrin *et al*. 2018); (Fajaria 2018); (Oktarina, 2018); (Oktaryani & Mannan, 2018); (Kushariani *et al*., 2019) and (Faozi & Ghoniyah, 2019). But according to Aggarwal & Padhan (2017) profitability when measured as the number of return assets gives negative results because of the dense capital from the industry for several periods, the company's profitability is determined by the quality of operations.

In the leverage variable, Fajaria (2018), Sualehkhattak & Hussain, (2017), and Oktarina, (2018) said that when a company has high debt it will affect the company so that investors are not interested in investing. Companies cannot make a benchmark in determining the value of companies in the service industry sector because of the psychological influence of the Indonesian capital market which creates stock prices and added value (Khuzaini *et al*. 2017; Sadi'ah, 2018). For managerial ownership variables, Siregar *et al*. (2018) and Kushariani *et al*., (2019) say that a large number of managerial ownership cannot be aligned with management because the goal of achieving firm value cannot be achieved. According to Zahra *et al*., (2018), managerial ownership in

Indonesian companies refers to a flow direction due to the lack of closeness between shareholders and managerial ownership.

Institutional ownership variable according to Setiyawati *et al*., (2018), Kushariani *et al*., (2019), and Trafalgar & Africa, (2019) Institutional ownership of company shares is seen as being able to improve the company's supervisory function for the better. A high dividend payout ratio value, will minimize share prices and have a positive influence on investors on the specified dividend amount (Sadi'ah, 2018); (Triani & Tarmidi, 2019); (Putri & Rachmawati, 2018). But according to Sualehkhattak & Hussain, (2017); Khuzaini *et al*., (2017); and Faozi & Ghoniyah, (2019) that the ratio of dividend payments shows insignificance in high growth opportunities while low ones also do not show opportunities.

According to Firm Size, Iswajuni *et al*., (2018), Ardillah, (2018), and Fajaria, (2018) large company size can control market conditions so that they can face economic competition, which sometimes is uncertain, thus increasing investor confidence. In increasing company value, there are some influences, such as the profit generated by the company, leverage, company size, institutional ownership, managerial ownership, and dividend policies that affect the selling price of shares to attract investors to invest in the company. In the writer's mind, the analysis is about the elements that affect the company's value. The objectives of this study are as follows:

a) Analyze whether there is an effect of profitability on firm value
b) Analyze whether there is an effect of leverage on firm value
c) To analyze whether there is the influence of institutional ownership on company value
d) Analyzing whether there is managerial ownership influence on firm value
e) Analyze whether there is an effect of dividend policy on firm value
f) Analyze whether there is an effect of firm size on firm value

Literature Review

Firm Value

Rosikah *et al*. (2018) measure the value of the company that is carried out when taking into account the progress of share prices in the secondary market, if the share price rises then it shows that there is an increase in company value. Iswajuni *et al*. (2018) companies can increase company value by increasing the welfare of owners and shareholders as the main goal of the company. Company managers are demanded by the company to react according to the wishes of shareholders and shareholders that can increase their welfare. If the company value is high, it is all the wishes of the company owner, because high company value can show prosperity among shareholders (Budiharjo, 2018). The market price of shares presented is the investment decision, financing, and the company's assets are owned by the wealth of the shareholders and the company itself. According to Kushariani *et al*., (2019) firm value is an important design for investors. The value of the company that is owned is like an indicator to assess the company in its entirety and in increasing the value of the company there is a purpose, namely the success that a company has and is related to the stock price. The value of shares is a reflection of the ability of a company to achieve desired profits, growth in sales, and increased capital (Faozi & Ghoniyah, 2019). Firm value can be measured by Tobin's Q, which is the total market value of shares and market value of leverage divided by the book value of the company's assets.

Profitability

The first variable that affects firm value is profitability. Profitability is a ratio that provides an assessment of the company by looking at how capable a company is to generate profits. Lestari & Armayah, (2016), Thamrin *et al*. (2018), Fajaria (2018), Oktarina, (2018), Oktaryani & Mannan, (2018), Kushariani *et al*., (2019), and (Faozi & Ghoniyah, 2019) suggest that company performance and firm value are significant positives. According to Lestari & Armayah, (2016) manufacturing companies affect firm value, the higher the company's ability to benefit from assets and equity owned, the higher the firm value. The level of profitability in a high company shows that the company can manage its resources which results in the company getting the expected achievements (Fajaria & Isnalita, 2018). Likewise, the financial performance projected by high profitability will attract investors to invest in companies (Thamrin *et al*. 2018). When investors see the company in good condition, investors will be interested in investing in the company, which will have a positive effect on company value (Faozi & Ghoniyah, 2019). Aggarwal & Padhan (2017) stated that profitability when measured as the number of return assets shows a significant negative firm value. Due to the capital density of the industry over several periods, the company's profitability is determined by the quality of its operations.

H$_1$: Profitability has a significant positive effect on Firm value.

Leverage

Leverage is a ratio that measures how much debt expense is borne by the company compared to the assets owned by the company. Oktarina, (2018) leverage on firm value has a significant negative effect. If the company has high debt, then the risk level of not paying will be high, as result investors are less interested in investing in a company (Fajaria & Isnalita, 2018). This resulted in a decrease in company value. By using debt to the fullest, it will provide tax savings and thus play an important role in corporate perusahaan (Sualehkhattak & Hussain, 2017). Aggarwal & Padhan (2017) say leverage has a significant effect on firm value. This study shows the importance of capital structure on firm value. According to Khuzaini *et al*. (2017), leverage is not significant and positive firm value. Leverage companies cannot be used as a benchmark in determining company value in the service industry sector because of the psychological influence of the Indonesian capital market which creates stock prices and added value. Investors know that the company's management uses its funds to be effective so that they can achieve company value. Market share prices are not influenced by fluctuating credit when viewed from market conditions, investors do not care about obligations, but they are more worried about managers whether they can plan or design credit policies themselves effectively (Sadi’ah, 2018).

H$_2$: Leverage negatively has a significant effect on Firm value.

Institutional Ownership

Institutional ownership is the ownership of shares in management companies by non-bank institutions. This non-bank institution manages funds using someone else's name (Kushariani *et al*., 2019. According to Kushariani *et al*., 2019, institutional ownership has a significant positive effect on company value. The higher the institutional ownership of the company, the higher the value of the company (Wajdi *et al*., 2019). Kushariani *et al*., (2019) said that institutional ownership of company shares is seen as improving the company's supervisory function, in the context of better corporate governance practices. A company increases institutional ownership, which is expected to put pressure on the company to continue to implement better corporate governance as desired by institutional investors. Therefore, with good company performance, the company can increase its company value (Purba & Africa, 2019). Institutional investors who own the majority of shares in the company have an obligation to build the company's reputation for minority shares (Handayani *et al*., 2018). When institutional investors are unable to monitor properly, companies are unable to demonstrate an increase in their assessment. That way the institution that is a shareholder can detect errors that occurred at the time of the incident (Setiyawati *et al*., 2018).

H$_3$: Institutional ownership has a significant positive effect on firm value.

Managerial ownership

Managerial ownership is the ownership of shares in a management company Managerial ownership is the ownership of shares in a management (Zahra *et al*., 2018). Siregar *et al*. (2018); Kushariani *et al*., (2019) that managerial ownership does not have significant company value. The higher the managerial ownership, the lower the firm value (Siregar *et al*., 2018). Because the low level of shares owned by management has a bad effect because management feels that they do not own a company whose benefits cannot be enjoyed by management, and provides motivation to maximize satisfaction that is detrimental to shareholders (Rely & Purwanti, 2018). According to Zahra *et al*., (2018), managerial ownership in Indonesian companies refers to a flow direction due to the lack of closeness between shareholders and managerial ownership. So that the interests of their management so that the goal of achieving company value is not obtained (Khuzaini *et al*., 2017).

H$_4$: Positive managerial ownership has no significant effect on Firm value.

Dividend Policy

The Dividend Policy determines the profit distributed to shareholders (Sadi'ah, 2018). (Sadi'ah, 2018); Triani & Tarmidi, (2019); Putri & Rachmawati, (2018) said that the Dividend Policy provided significant results. A high dividend payout ratio value will minimize share prices and have a positive influence on investors on the specified dividend amount (Sadi'ah, 2018). Therefore managers must pay dividends for their responsibility to the value of the firm through an appropriate increase in share prices. When the company's dividend policy can increase the value of the company, investors will like it and expect dividends as a return (Putri & Rachmawati, 2018). Investors will be more interested in dividends. Because dividends provide a safer value and provide certainty than capital gains (Triani & Tarmidi, 2019). The more investors who think like that, the more investors will invest their funds in companies that distribute dividend policies. This will affect the stock price and will increase the company's value.

Sualehkhattak & Hussain, (2017); Faozi & Ghoniyah, (2019) Dividend payout ratio and growth opportunities are not significant. The ratio of dividend payments shows that it is not significant with company value in terms of high growth opportunities, while in terms of low growth opportunities it is also insignificant (Sualehkhattak & Hussain, 2017). Dividend policy in the capital market is irrelevant to company value because the firm value is determined by current cash flows and future investment decisions, not by how profits are divided as dividends or retained earnings ditahan (Faozi & Ghoniyah, 2019). Khuzaini *et al*., (2017) that the amount of dividends from the company giving it to shareholders does not affect the company's value because investors choose capital gains that are preferred by investors because they can pay dividends. Capital gains provide a smaller tax than a dividend tax

H$_5$: Dividend policy has a significant effect on Firm value.

Firm Size

Firm size is a measure seen from how many assets it has in a company Iswajuni *et al*., (2018); Ardillah, (2018) conducted research on company size which gave a significant positive value. The bigger the company size, the better the company value (Munawar, 2019). The large size of the company means that a company can steer market conditions and can also face a lot of economic competition, making the company uncertain and increasing investor confidence (Iswajuni *et al*., 2018). Because companies can have accessibility to get funds from the capital market than small companies. The company also focuses on increasing the value of its company from environmental, social, and financial conditions (Ardillah, 2018). The size of a company will increase the value of the market share price so that investors start to be interested in investing their shares in the company (Fajaria & Isnalita, 2018). The size of the trade-off is inversely proportional to profitability due to the size of the company that can cover its financial problems (Aggarwal & Padhan, 2017). The size of the company cannot guarantee to increase firm value because the company does not add or reduce the firm value (Laili *et al*., 2019). From an investment perspective, investors will pay more attention to dividend returns and capital gains gain (Putri & Rachmawati, 2018). Therefore firm size does not affect firm value.

H$_6$: Firm size has a significant positive effect on Firm value.

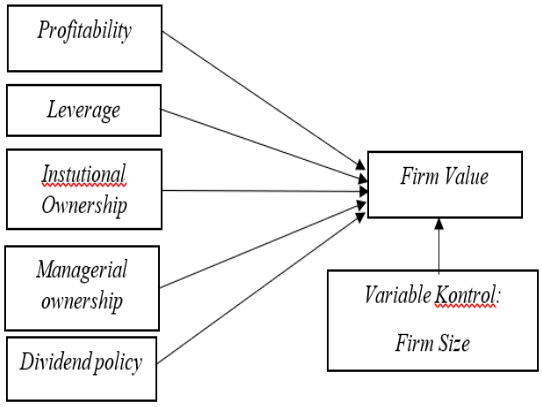

Figure1. Research Model

RESEARCH METHODOLOGY

This type of research uses explanatory, namely research whose purpose is to test whether the previous theory supports it or not. In this study, it shows whether there is a relationship between Profitability, Leverage, Institutional Ownership, Managerial Ownership, and Dividend Policy on Firm Value controlled by Firm Size. The object of research is manufacturing companies listed on the Indonesia Stock Exchange from 2014 to 2018 with a total of 170 companies. In selecting the sample using a purposive sampling method. This sample will be determined according to certain criteria and under the objectives of the study. There are several criteria used in this study are:

1. A manufacturing company listed on the Indonesia Stock Exchange.
2. Has an annual report by the company and presents data to regulate the independent variable, dependent variable, control variable, from 2014 to 2018.

3. The company has fully audited and published financial statements from 2014 to 2018 respectively.

Because in recent years there are still corporate governance problems, the researchers will examine manufacturing companies listed on the IDX in 2014-2018. From purposive sampling there are 133 companies with a sample of 665 data

Operational Definition

The research variable this time is the dependent variable using firm value while the independent variables are Profitability, Leverage, Institutional Ownership, Managerial Ownership, and Dividend Policy controlled by Firm Size.

Firm Value

The dependent variable used in this research is firm value. Firm value describes the condition of the welfare between the owners and shareholders (Iswajuni *et al*., 2018).

$$\text{Tobin's Q Formula} = \frac{\text{Equity market value + Liability market value}}{\text{Total asset}}$$

The market value of equity is obtained from the share price at the end of the year or called the closing price multiplied by the number of shares circulated at the end of the year.

Profitability

Profitability is a ratio that provides an assessment of the company by looking at how capable a company is to generate profits. ROE (Return on Equity) is profit to measure taxes according to the capital owned by the company itself. The higher the ROE, the better the company and the stronger the company (Fajaria & Isnalita, 2018).

$$\text{ROE (Return on Equity) Formula} = \frac{\text{Net income}}{\text{Total equity}}$$

Leverage

Leverage is a ratio that measures how much debt burden is borne by the company compared to the assets owned by the company. DER (Debt to Equity) is the ratio to assess debt to equity. The smaller the DER, the better (Oktarina, 2018).

$$\text{DER (Debt to Equity) Formula} = \frac{\text{Total Liabilities}}{\text{Total Equity}}$$

Institutional Ownership

Institutional ownership is ownership of the number of shares of a non-bank company where the non-bank institution manages the funds. Institutional ownership is the number of shares owned by an institutional which is measured per the percentage of the number of shares outstanding (Kushariani *et al*., 2019)

$$\text{Institutional Ownership Formula} = \frac{\text{Share owned by the institution}}{\text{Total shares}}$$

Managerial Ownership

Managerial ownership is the number of directors, managers, and commissioners as shareholders measured in accordance with the percentage of the number of shares outstanding (Zahra *et al*., 2018).

$$\text{Managerial Ownership Formula} = \frac{\text{Shares owned by management}}{\text{Total shares}}$$

Dividend Policy

A dividend policy is a decision on the dividend policy whether the profit generated by the company will be distributed to shareholders or retained earnings to finance future investments. (Oktaryani & Mannan, 2018).

$$\text{Dividend Policy Formula} = \frac{\text{Dividend per share}}{\text{Earning per share}}$$

Firm Size

Firm size is a measure seen from how many assets it has in a company. Firm size can be measured using the natural logarithm of total assets (Laili *et al*., 2019).

Firm size Formula = ln Natural logaritma of total asset.

Data Analysis Method

In this study, researchers used data analysis with multiple regressions which were used to determine whether or not there was a relationship between the independent variables and the dependent variable (Pramesti, 2017). The data that has been successfully collected will be processed to the next stage using an application called SPSS (Statistical Package for the Social Science) version 24.

Data Analysis Technique

The technique used in data analysis for research has several stages, namely descriptive statistical test, classic assumption test (normality test, multicollinearity test, autocorrelation test, and heteroscedasticity test), and hypothesis testing (F test, t-test, coefficient of determination test (R^2)). The regression model formed in the study is as follows:

Firm Value = -1.390 + 11.781 Profitability – 0.107 Leverage + 0.568 Institutional Ownership + 0.674 Managerial Ownership + 0.595 Dividend Policy + 0.068 Firm Size + e

PRO = Profitability

Lev = Leverage

IO = Institutional Ownership

MO = Managerial Ownership

DP = Dividend Policy

FZ = Firm Size

e = Error

DATA ANALYSIS

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FZ = Firm Size
e = Error

Results and Discussion

Descriptive results can be seen in table 1:

Table 1. Descriptive Statistic

	N	Minimum	Maximum	Mean	Std. Deviation
Firm Value	287	0.37976	17.57774	1.7297171	1.88145721
Profitability	287	-0.04663	1.35849	0.1277518	0.14070081
Leverage	287	0.07088	5.20044	0.8952653	0.81785483
Institutional Ownership	287	0.00000	0.99780	0.7611773	0.23288276
Managerial Ownership	287	0.00000	0.73203	0.361135	0.09871363
Dividend Policy	287	-0.41216	2.79584	0.3841391	0.33341521
Firm Size	287	11.80397	19.65822	15.150129	1.67608846
Valid N (listwise)					

Source: Author (2020)

Base on the table 1, it can be explained that the Firm Value variable has a standard deviation value of 1.88145721. The minimum value for a manufacturing company is PT Indofood (INDF) with a value of 0.37976 in 2015 and the maximum value for the company PT Unilever Indonesia (UNVR) in 2016 with a value of 17,57774 in 2017. The average value of manufacturing companies is 1.7297171.

The Profitability variable has a standard deviation of 0.14070081. The minimum value for a manufacturing company is PT Indomobil Sukses Internasional (IMAS) with a value of -0.04663 in 2016. While the maximum value of the company PT Unilever Indonesia (UNVR) is a value of 1.35849 in 2016. From the two companies, it can be concluded that UNVR can produce more profit than the IMAS company. The mean value of manufacturing companies is 0.1277518.

The Leverage variable has a standard deviation of 0.81785483. The minimum value for a manufacturing company is PT Sido Muncul (SIDO) with a value of 0.07088 in 2014. The maximum value of the company PT Jembo Cable Company (JECC) with a value of 5,20044 in 2014. To invest has a higher risk of debt owed by a company, the higher the company uses debt for the business. The smaller the ratio, the smaller the company uses its debt. The mean value is 0.8952653.

The Institutional Ownership variable has a standard deviation of 0.23288276. The minimum value is 0.00000 because the data shows companies that do not have governmental or private institutions. The maximum value is 0.99780 from the company PT Indofood CBP Sukses Makmur (ICBP) 2018 because it has institutions that are obtained from the government and the private sector. The mean average value is 0.7611773.

The Managerial Ownership variable has a standard deviation of 0.09871363. The minimum value is 0.00000 because the data shows companies that do not have shares owned by directors and commissioners in the company. The maximum value is 0.73203 from the company PT Barito Pacific (BRPT) in 2018. The average value (Mean) is 0.361135.

The Dividend Policy variable has a minimum value of -0.41216, a maximum value of 2.79584, an average value (Mean) of 0.3841391, and a standard deviation of 0.33341521. The lowest value is owned by 76 companies that do not pay dividends. The highest value is owned by the company PT Multistrada Arah Sarana (MASA) in 2014. The Firm Size variable has a standard deviation of 1.67608846. The minimum value of 11.80397 was shown in the company PT Lionmesh Prima (LMSH) in 2015. The maximum value of 19,65822 was shown in the company PT Astra Motor (ASSI) in 2018. The mean value was 15,150129.

The results of the Outlier Test on the Profitability, Leverage, Institutional Ownership, Managerial Ownership, Dividend Policy, Firm Size, and Firm Value variables showed that from 655 data that had a Standard Deleted Residual greater than 1.96 and less than -1.96 affected by outliers amounted to 378 data. then removed from the test and not included so that the remaining data that is carried out for further testing after the outlier is 287 sample data.

Classic Assumption Test

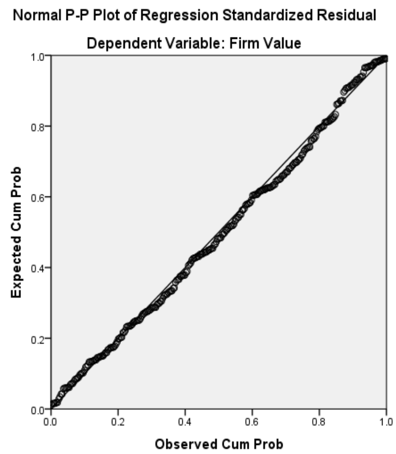

Figure 2. Normal P-P Plot Normality Test, *Source: Author (2020)*

Normality test if the points are on the diagonal line, it is said that the residual value is normal. If the dots move away from the normal line, it is said that the residual value is abnormal. In figure 2, the P-P Plot normality test results are on the diagonal line which states that the residual value is normal.

Table 2. Multicollinearity Test Results Dependent Firm Value

	Collinearity Statistics		Information
	Tolerance	VIF	
(Constant)			
Profitability	0.883	1.132	Non Multicollinearity
Leverage	0.905	1.105	Non Multicollinearity
Institutional Ownership	0.623	1.605	Non Multicollinearity
Managerial Ownership	0.645	1.550	Non Multicollinearity
Dividend Policy	0.892	1.121	Non Multicollinearity
Firm Size	0.909	1.100	Non Multicollinearity
Var.Dependent: Firm Value			

Source: Author (2020)

The multicollinearity test is in accordance with the criteria if the variance inflation factor (VIF) value is less than 10 and the tolerance value is also not more than 0.1, which means it is free from multicollinearity. In the table, all independent variables have met the criteria so that there is no multicollinearity, including the Profitability variable, the VIF value is 1.132, the Leverage VIF value is 1.105, the Institutional Ownership VIF value is 1.605, the Managerial Ownership VIF value is 1.550, the Dividend Policy VIF value is 1.121, and Firm size of the VIF value is 1,100.

Table 3. Firm Value Dependent Autocorrelation Test Results

Durbin-Watson	Conclusion
1.167	Non Autocorrelation

Source: Author (2020)

The results of the Dependent Firm Value Autocorrelation Test by the Durbin-Watson criteria are between -2 to +2 meaning that the autocorrelation does not exist with the results of the dependent variable Firm value gives a Durbin-Watson value of 1.167. These results indicate that the data used is worthy of further investigation.

Table 4. Glejser Test Results Dependent Firm Value

Variable Dependent	*Unstandardized Coefficients*		Standarized Coefficients Beta	t	Sig.
	B	Std. Error			
(constant)	-0.211	0.217		-0.972	0.332
Profitability	0.882	0.171	0.304	5.153	0.000
Leverage	0.010	0.029	0.021	0.352	0.725
Institutional Ownership	0.070	0.123	0040	0.576	0.571
Managerial Ownership	-0.101	0.285	-0.025	-0.355	0.723
Dividend Policy	-0.120	0.072	-0.098	-1.665	0.097
Firm Size	0.041	0.014	0.14	2.927	0.004

a. Dependent Variable: abs_res

Source: Author (2020)

Glejser test, namely by regressing the absolute residual value with the independent variables in the model. The Glejser test criterion is that the regression model does not contain heteroscedasticity if the independent variable does not have a significant effect on the absolute value of its residuals or the t-test output the output must be greater than 0.05 (Sig.> 0.05). Based on the output, it can be seen that four variables, Leverage, Institutional Ownership, Managerial Ownership, and Dividend Policy, have met the criteria for a significance value greater than 0.05. but two variables do not meet the criteria because of a significance value less than 0.05 Those variables are profitability and firm size. Thus it can be concluded that based on the Glejser test, the regression model does not meet the homoscedasticity assumption.

Model Analysis and Hypothesis Testing

Table 5. Results of F Test Dependent Firm Value

Variable Dependent	Sig.	Information

Firm Value	0.000	Significant

Source: Author (2020)

The F test is a test whose purpose is to see all independent variables on the dependent variable whether there is any influence. The significance value obtained from the test results is 0.000, which is less than 0.05. The conclusion from the test results, namely the independent variable Profitability, Leverage, Institutional Ownership, Managerial Ownership, Dividend Policy, and Firm Size are significant to Firm Value as the dependent variable.

Table 6. Firm Value Dependent t-test Results

Variable Dependent	Unstandardized Coefficients		t	Sig.	Information
	B	Std. Error			
(constant)	-1.390	0.389	-3.574	0.000	
Profitability	11.781	0.307	38.392	0.000	Significant Positive
Leverage	-0.107	0.052	-2.042	0.042	Significant Negative
Institutional Ownership	0.568	0.221	2.575	0.011	Significant Positive
Managerial Ownership	0.674	0.512	1.318	0.189	Not Significant
Dividend Policy	0.595	0.129	4.614	0.000	Significant Positive
Firm Size	0.068	0.025	2.664	0.008	Significant Positive
Var.Dependent: Firm Value					

Source: Author (2020)

In the table above, the significant value or Sig value. on the Profitability and Dividend Policy variables, which is equal to 0.000, which means it is reduced from 0.05 so that the variable has a significant effect on Firm Value. While Leverage has a significance value of 0.42, Managerial Ownership has a significance value of 0.189, Institutional Ownership has a significance value of 0.11, Firm Size has a significance value of 0.008 which means more than 0.05 so that the variable does not have a significant effect on Firm Value.

Tabel 7. Determination Coefficient Test

Adjusted R Square	Std. Error of The Estimate
0.867	0.68624033

Source: Author (2020)

The coefficient of determination (adjusted R^2) test is used to measure the variance model of the dependent variable by looking at its ability. The table above shows that the adjusted R Square is 0.867, meaning that the independent variable can explain the dependent variable by 86.7%, while 13.3% is explained by other variables not included in the model.

Discussion

The profitability variable is positively related to firm value because the company increases its firm value by increasing its profitability so that it is interested in investing this hypothesis in line with the research previous (Lestari & Armayah, 2016), (Thamrin *et al.*, 2018), (Fajaria, 2018), (Oktarina, 2018), (Oktaryani & Mannan, 2018), (Kushariani *et al.*, 2019), and (Faozi & Ghoniyah, 2019). The leverage variable is negatively related to firm value. If the company has high debt, then the risk level of not paying will be high, as result investors are less interested in investing in a company. This resulted in a decrease in company value (Fajaria 2018) (Sualehkhattak & Hussain, 2017), and (Oktarina, 2018). The institutional ownership variable is positively related to firm value because it shows that institutional ownership of company shares is seen as being able to improve the company's supervisory function, in the context of better corporate governance practices. So this hypothesis is in line with previous research (Setiyawati *et al.*, 2018), (Kushariani *et al.*, 2019), and (Trafalgar & Africa, 2019).

A large number of managerial ownership cannot harmonize between shareholders and the interests of their management so that they aim to achieve firm value is not obtained. His full interest is from the manager rather than achieving the company's goals in totality. So this hypothesis is in line with previous research (Zahra *et al*., 2018), (*Siregar et al*., 2018), and (Kushariani *et al*., 2019). The dividend policy variable is positively related to firm value because the value of the dividend payout ratio is high, it will minimize share prices and give investors a positive effect on the number of dividends determined. Therefore managers must pay dividends for their responsibility to the value of the firm through an appropriate increase in share prices. So this hypothesis is in line with previous research Sadi'ah, (2018), (Triani & Tarmidi, 2019) and (Putri & Rachmawati, 2018). The firm size variable is positively related to firm value because the size of the company is large, meaning that a company can control market conditions and can also face a lot of economic competition, which creates uncertainty from the company and increases investor confidence. So this hypothesis is in line with previous research (Fajaria & Isnalita, 2018), (Iswajuni *et al*., 2018) dan (Ardillah, 2018).

CONCLUSION

Based on the results of the analysis and discussion, it can be concluded that profitability, institutional ownership, managerial ownership, and dividend policy are significantly positive with firm value, leverage is negatively related to firm value, managerial ownership, and dividend policy are not significantly positive with firm value. As a control variable, the firm size has a significant positive effect on firm value. Recommendations that can be conveyed are that the company can use the company's assets to get high profits. With existing profits, it can increase the value of the company because it shows companies that have good performance. The existence of supervision in a company will show that the company is well managed. Companies must be able to balance between shareholders and management to show investors that they are sure to invest in the company. Investors must also pay attention to the financial statements of profitability and leverage to make investment decisions in a company so that mistakes do not occur. In analyzing this information, one must look at the company's financial statements related to the dividend policy and firm size to see whether the company has been able to manage the resources owned by the company so that shareholder value will increase. For further research, it is recommended to provide additional variables so that research can be more varied.

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