

# **EFFECT OF INVESTMENT POLICY, DIVIDEND POLICY, LEVERAGE, PROFITABILITY, AND FIRM SIZE ON COMPANY VALUE ( Empirical Study of Food and Beverage Companies Registered in IDX 2014-2018)**

1<sup>st</sup>Ayu Gina Pertiwi, 2<sup>nd</sup> Dr. Iman Sofian Suriawinata, SE., AK, MBA., M.COM(Hons), CA., CPC

Management Department  
Indonesian College of Economics  
Jakarta, Indonesia  
ayuginap@gmail.com; [imansuriawinata@stei.ac.id](mailto:imansuriawinata@stei.ac.id)

**Abstract** - This research aims to determine the effect of investment policies, dividend policies, leverage, profitability, and the size of the company on the value of the company on food and beverage companies listed on the Indonesia StockExchange (IDX).. The population of this study is a food and beverage company listed on the Indonesia Stock Exchange year 2014-2018. Samples are determined based on *purposive sampling*, with a total perusahaan observasi of 14 food and beverage companies, so sehingga the total observation of this research data is as many as 70 observations. The data used in this study is secondary data.. The data collection method uses documentation through the official IDX website. Data analysis techniques using panel regression analysis with E-Views 10. Based on the results of coefficient of determination (*R-Squared*) explained that investment policy, dividend policy, *leverage*, profitability, and firm size of the company has an influence on the value of the company by 97.85% and the rest is 2,15% explained by order factors not included in this study. The results of study show that investment policy profitabilitas berpengaruh berpengaruh (*as measured by growth in fixedasset*) have a positive effect on firm value, dividend policy (*as measured by dividend yield*) have a negative effect on firm value, *leverage* (*as measured by debt to equityratio*) have a positive effect on firm value, profitability (*as measured by return on asset*) have a positive effect on firm value, and firm size o(*as measured by the total ln of assets*) have no effect on firm value.

**Keywords :Company Value, Investment Policy, Dividend Policy, Leverage, Profitability, Company Size**

## **I... INTRODUCTION**

The increasingly sophisticated influence of globalization in the present era sekarang has an impact on increasing economic growth in a country supported by the development of the business world.. A company stands to have the main goal of maksimum achieving maximum profit, increasing the value of the company and maximise the prosperity of the company's shareholders..

The competition between companies triggers each company to look for ways to increase good company value.. The increasing value of a company can be seen from the share price of a company. Shares go public that trade at a certain price hinting at a market response and valuation to the company. The share price indicates the amount dalam considered feasible by investors to be issued in order to obtain a share of ownership in the company (Fidhayatin and Dewi,2012) in (Rahadi and Octavera,2018:30).

Therefore, the market price can reflect the value of the company and can be used as a proxy in the effort to measure the value of the company.. Indicators used digunakan to measure the value of a company with a Tobin's Q ratio. This ratio is a ratio created by Tobin (1967) that can demonstrate the effectiveness of management and managing the resources of the company.. karena Tobin's Q ratio is considered to provide Rasio the best baik information, because in tobin's calculation q includes all elements of the company's debt and share capital.. The assets taken into account in Tobin's Q also indicate all of the company's assets.. Thus, the higher the value of Tobin's Q then the company will be more able to increase the value of the company (Rahmantio et al, 2018).

According to some literature there are several factors that can affect the value kebijakan of the antaranya company, namely: (i) investment policy (Xiong,2016; Mubyarto and Khairiyani, 2019), (ii) *dividend policy* (Semaun et al, 2019; Mubyarto and Khairiyani,2019), (iii) *leverage* (Hasibuan et al, 2019; Sari and Priyadi,2016), (iv) *profitability* (Chasanah,2018; Tarima et al, 2016), and (v) *firm size* (Susanti et al, 2019; Dwiastuti and Dillak,2019).

In light of this research, researchers chose to use food and beverage companies as research objects because many food and beverage companies are constantly evolving in creating new products.. The growth of the food and beverage sector is driven by the tendency of people, especially the upper middle class, who prioritize the consumption of higenistic and natural food and beverage products.. The tendency of Indonesians to enjoy ready to eat food causes the volume of needs for food and drink to continue to increase, so many new companies are popping up in the field of food and drink..

The growth of the large and medium manufacturing industry in 2018 increased by 4.07%. The increase was mainly due to the increase in leather industry production, leather goods and footwear increased by 18.78%, the beverage industry increased by 16.04%, the apparel industry increased by 13.17%, the rubber, rubber and plastics industries increased by 11.29%, the machinery and equipment industry increased by 10.85% (bps.go.id). Throughout 2018, the food and beverage industry was able to grow by 7.91% or exceed national economic growth (kemenprin.go.id).

The food and beverage sector continues to see good share price growth in 2018. . Some of the company's share price growth in the food and beverage sub-sector for the period 2014-2018.

## **II. THE FOUNDATION OF THEORY**

### **2.1. Capital Structure Theory**

Modern capital structure theory began in 1958 when Franco and Modigliani and Merton Miller (hereby abbreviated mm) published what was called the most influential financial article of all time. Proving that, with a strict set of assumptions, the value of a company should not be affected by the capital structure. Modigliani and Miller proved that the way the company funds its operations is not a problem so the capital structure is irrelevant. The assumptions underlying Modigliani and Miller research are unrealistic so the results can be questioned. Here are some of Modigliani and Miller assumptions:

1. No crossbar fee
2. No tax
3. No bankruptcy costs
4. Investors can borrow at the same interest rate as companies.
5. All investors have the same information as management about the company's future investment opportunities
6. EBIT is not affected by the use of debt

By mentioning the conditions in which the capital structure is irrelevant, Modigliani and Miller provide clues about what is needed to make the capital structure relevant, and therefore may affect the value of the company (Brigham and Houston, 2019:28).

### **2.1.2. Trade Off Theory**

According to Brigham and Houston (2019:31) the capital structure theory states that companies exchange tax benefits for debt with problems granted by potential bankruptcy. The optimal debt ratio will be determined based on the consideration between the costs incurred due to the use of additional debt on the debt can still be tolerated by the company as long as the benefits provided are still greater than the costs due to the debt itself, if the debt costs are too high, then the company should not add to the debt debt to avoid unwanted risks.

In this theory, it states that a company will not be able to reach the optimal value if the company's funding is fully financed by debt. From this trade off theory it can be concluded that companies that have a high level of profit can use a small amount of debt to avoid unwanted risks.

### **2.2. Signalling Theory**

According to Brigham and Houston (2019:33) signal theory is an action taken by the company's management that instructs investors on how the company views the company's prospects. Signal theory explains that companies have an urge to displace information because there is asymmetric information between the company and external parties. External parties assess the company as a function of *different signalling* mechanisms.

According to Jogiyanti (2012) in (Widiastari and Yasa, 2018: 964) information published as an announcement will provide a signal for investors in making investment decisions. If the information contains positive value, it is expected that the market will react when the announcement is received by the market. At the time of the information, investors first analyze the information as a good signal or a bad signal. If the announcement contains a positive value, the market will respond well to the information so that there will be a change in trading volume and changes in share prices, where it can affect the value of the company.

### **2.3. Company Value**

According to Keown (2010:35) the value of the company is the market value of debt and equity. The invested capital is a little more conceptually problematic, the capital invested by the company is the sum of all the funds that have been invested in it. The higher the share price, the higher the value of the company or the performance of the company.

In this study, to measure the value of the company using Tobin's Q ratio, because Tobin's Q can show the value of the company reflected by the share price. It should be understood that in addition to fundamental factors, market conditions also affect the ups and downs of Tobin's Q value.

According to Chung and Pruitt (2015) Tobin's Q played an important role in much of the company's finances. Tobin's Q is defined as the ratio of a company's market value to the cost of replacing its assets, Q has been used to describe a number of diverse corporate phenomena, such as cross sectional differences in investment and diversification decisions (Joe, Nichols and Stevenes (1986), the relationship being between managerial equity ownership and company value (McConnel and Servaes (1990). The procedure commonly used in Q calculations is that the values are so complex and impractical.

Tobin's Q can be formulated as follows:

$$Q = \frac{MVE + DEBT}{TA}$$

#### **2.4. Investment Policy**

Investment policy is a decision primarily related to the selection of objects and the value of investments into economic assets or resources that are considered most profitable, as an effort to use or allocate funds available in the company. Investment Policy is based on the accuracy of which types of assets the company should hold or purchase and at what value, as a profitable option (Sugeng, 2017:39).

According to Nurvianda et al (2018), investment decisions are decisions on what assets a company buys and manages. Investment decisions have a direct effect on the amount of investment profitability and cash flow.

According to Ross et al (2015: 339) Net Present Value (net present value) is a measure of how much value is currently created or added by making an investment. The objective is to create value for shareholders, the capital budgeting process can be considered as an attempt to find investments that have positive net present value.

From the above theories, it can be concluded that the investment made by the company aims to create value for shareholders. Usually companies make investments such as buying land and buildings and other assets that can provide added value for the company. With this investment, the company hopes to produce a positive net present value because a positive net present value will increase the value of firm (firm value). It can be said that a company is important in making investment decisions because the investment will result in a positive or negative npv.

Investment Policy can be formulated as follows:

$$Growth\ in\ Fixed\ Asset_t = \frac{Growth\ Fixed\ Asset_t - Growth\ Fixed\ Asset_{t-1}}{Growth\ Fixed\ Asset_{t-1}}$$

#### **2.5. Dividend Policy**

According to Sartono (2010:281), the dividend policy is a decision on whether the profit earned by the company will be distributed to shareholders as dividends or will be held in the form of retained earnings for future investment financing.

According to (Modigliani and Miller) in (Brigham and Houston, 2019:61) the increase in dividends above the expected amount is a signal to investors that the company's management is forecasting good profits in the future. And if the dividend downgrade, or a smaller-than-expected increase in dividends, is a signal that management is forecasting poor future profits.

According to Brigham and Houston (2019:58) the optimal dividend policy is a dividend policy that should strike a balance between current and future dividends and maximize the share price.

The dividend discount model is a model for determining estimated share prices by discounting all dividend flows that will be received in the future. *Discount Dividend Constant Growth Model*, this model uses the assumption that sometimes, the company experiences growth that is very much above normal growth and very promising for several years, but gradually decreases steadily. Thus, the determination of the value of this stock is used if the dividend to be paid is not constantly growing (Tandelilin, 2017:31)

The Dividend Policy can be formulated as follows:

$$\text{Dividen Yield} = \frac{\text{Dividen Per Share}}{\text{Price Per Share}}$$

## 2.6. Leverage

According to Ross et al (2015:66) leverage is *a ratio to measure the company's long-term ability to meet its obligations or liability.*

According to Brigham and Houston (2018:126) states that the debt ratio provides an overview of how the company funds its assets as well as the company's ability to pay back long-term debt.

Gitman and Zutter (2015:124) state that the more fixed debt the company uses, the greater the risk and return.

Leverage can be formulated as follows:

$$\text{Debt to Equity Ratio} = \frac{\text{Total Debt}}{\text{Equity}}$$

## 2.7. Profitability

According to Ross et al (2015:72) stated that profitability is used to measure how efficiently a company leverages its assets and manages its operations.

Brigham and Houston (2018:139) states that profitability ratios are a group of ratios that demonstrate the effect of a combination of liquidity, asset management, and debt on operating results.

Profitability ratio is the ratio to assess the company's ability to make a profit (Cashmere, 2018:196). This ratio also provides a measure of the effectiveness of a company's management. This is indicated by the profit generated from the sale and investment income of the company.

Profitability can be formulated as follows:

$$\text{Return on Asset} = \frac{\text{Laba Bersih}}{\text{Total Aset}}$$

## 2.8. Firm Size

According to Nurmindia et al (2017) in Dwiastuti (2019:138) the size of the company is a value that indicates the size or small of a company in various ways, judging by the total assets, total sales, and market capitalization. The size of the company is a reflection of the small size of a company that is seen from its total assets. The size of the company will affect the ability to bear the risks that may arise from various industries faced by the company.

According to Halim (2015:125), the larger the size of the company, the tendency to use foreign capital is also greater. This is because the company needs a large amount of funds to support its operations and one of the alternatives to fulfillment is foreign capital if with insufficient capital alone.

According to (Putra dan Lestari, 2016) the size of the company can be measured by the natural logarithm ( $Ln$ ) of the total assets. Total assets in  $Ln$  because generally the total assets amount to billions or even trillions of rupiah, while other variables in the percentage unit, then the total asset must be in  $Ln$  to interpret.

The Size of the Company can be formulated as follows:

$$Size = (Ln) Total Aset$$

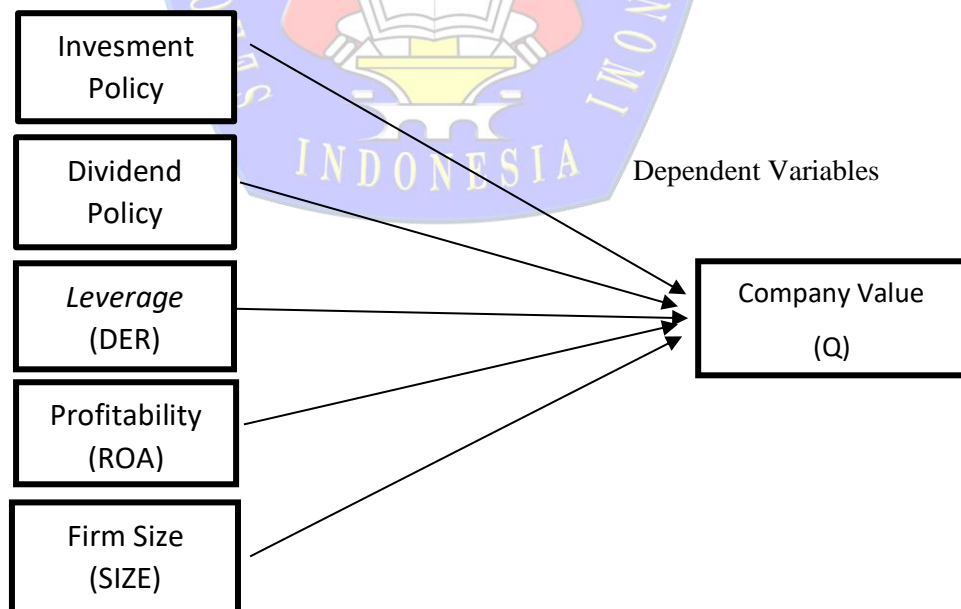
## 2.9. Hypothetical Development

Based on the formulation of problems and empirical studies that have been done before, the hypotheses presented in this study are:

- H1 = Investment policy affects the value of the company
- H2 = Dividend policy affects the value of the company
- H3 = *Leverage affects* the value of the company
- H4 = Profitability affects the value of the company
- H5 = Firm size of the company affects the value of the company

## 2.10. Conceptual Framework

Independent Variables



From the above theory framework can be explained the relationship between independent variables (investment policy, dividend policy, leverage, profitability, and company size) and dependent variables (company value). Where an independent variable is expected to affect the value of the company as a dependent variable.

### III. RESEARCH METHODS

The strategy used in this study is an associative strategy. Associative research is suspected of a significant relationship between two or more variables (Sugiyono, 2019:210). This research strategy was chosen to determine the effect of *investment policy measured by growth in fixed assets*, dividend policy as measured by *dividend yield*, *leverage* as measured by debt to equity ratio, *profitability* as measured by *return on asset*, and the size of the company as measured by *(ln)total assets* against the *company's value* in food and beverage companies listed on the Indonesia Stock Exchange for the period 2014-2018.

The population used in the study was a food and beverage company listed on the Indonesia Stock Exchange during the period 2014-2018. The population of food and beverage companies listed on the Indonesia Stock Exchange is 27 companies.

Sampling in this study using *purposive sampling technique*, sample determination technique with certain considerations (Sugiyono, 2019:133). Researchers have certain considerations and criteria in sampling. The criteria in this study are:

1. Food and beverage companies listed on the Indonesia Stock Exchange during the period 2014-2018.
2. Food and beverage companies have a complete annual report and have been audited using the financial year ended December 31 (period 2014-2018).

**Table 1. Research Sample**

No	Stock Code	Company Name
1	ADES	PT Akasha Wira International Tbk
2	High	PT Tri Banyan Tirta Tbk
3	Ceka	PT Wilmar Cahaya Indonesia Tbk
4	DLTA	PT Delta Djakarta Tbk
5	ICBP	PT Indofood CBP Sukses Makmur Tbk
6	INDF	PT Indofood Sukses Makmur Tbk
7	MLBI	PT Multi Bintang Indonesia Tbk
8	MYOR	PT Mayora Indah Tbk
9	PSDN	PT Prashida Aneka Niaga Tbk
10	ROTI	PT Nippon Indosari Corporindo Tbk
11	SKBM	PT Sekar Bumi Tbk
12	SKLT	PT Sekar Laut Tbk
13	STTP	PT Siantar Top Tbk
14	ULTJ	PT Ultrajaya Milk Industry and Trading Company Tbk

Source: Processed Data (2020)

The type of data used in this study is secondary data. Secondary data is a source that does not directly provide data to data collectors, for example through others or through documents (Sugiyono, 2019:194). Data used in *cross section time series data* or so-called data panes. It is said that the *time series* used in this study is 2014-2018, while it is said to be *cross section* because in this study it uses several food and beverage companies listed on the Indonesia Stock Exchange.

The data collection methods used in this study are as follows:

1. Library Studies  
This research collects theories relevant to literature and other library materials such as, journals, books and other sources related to research topics.
2. Study Documentation

Secondary data collection used is through internet media, namely by studying the annual financial statements of food and beverage companies listed on the Indonesia Stock Exchange for the period 2014-2018, the data is obtained from several websites including web idx, yahoo finance, and ok shares.

#### **IV. RESEARCH RESULTS AND DISCUSSIONS**

##### **4.1. Statistical Analysis of Data**

The descriptive analysis used in this study is, maximum, minimum, mean, median and standard deviation. Based on the results of statistical tests obtained as much as 70 data derived from the results of the study between the research period of 5 years from the period 2014-2018 with a total of 14 companies. The descriptive statistical results in this study are:

**Table 2. Descriptive Statistical Analysis**

	TOBINS 'Q	GFA	DY	The	Roa	SIZE (Billions)
Mean	2.5088	0.1307	0.0338	0.9645	0.0960	Rp. 10.757.11
Median	1.4012	0.1034	0.0082	0.9929	0.0737	Rp. 1.735.78
Maximum	12.2630	0.6779	0.7692	3.0286	0.5267	Rp. 96.537.79
Minimum	0.3552	-0.0155	0.0000	0.1635	-0.0686	Rp. 331.57
Std.Dev.	2.6873	0.1247	0.1006	0.5223	0.1109	Rp. 23.171.84
Observations	70	70	70	70	70	70

Source: Processed Data (2020)

Based on Table 2. can explain that descriptive statistical analysis is used to find out the minimum value, maximum value, median (middle value), mean (average value) and standard deviation of each variable. Observation data is taken from the financial statements of food and beverage companies listed in IDX for the period 2014-2018 so that 70 observations are obtained. The results of the descriptive analysis are described as follows:

Investment policy variables as *measured by growth in fixed asset* (GFA) have an average value of 0.1307 with a standard deviation of 0.1247. Where the standard deviation value is smaller than the average value, this indicates that the level of volatility or the level of risk deviation from growth in fixed assets is low. The lowest value (minimum) held by PT Multi Bintang Indonesia Tbk in 2015 was -0.0155 while the highest value (maximum) was held by PT Sekar Laut Tbk in 2016 of 0.6779.



The variable dividend policy as measured by *dividend yield* (DY) has an average value of 0.0338 with a standard deviation of 0.1006. Where the standard value of the deviation is higher than the average value, this indicates that the level of volatility or the level of risk deviation from the dividend yield is high. The lowest value (minimum) is owned by PT Akasha Wira International Tbk, PT Tri Banyan Tirta Tbk, PT Prashida Aneka Niaga Tbk, PT Sekar Bumi Tbk, PT Siantar Top Tbk in 2014-2018 which is 0.0000 while the highest value (maximum) was owned by PT Multi Bintang Indonesia Tbk in 2014 of 0.7692.

Variable *leverage* as measured by *debt to equity ratio* (DER) has an average value of 0.9645 with a standard deviation of 0.5223. Where the standard value of the deviation is lower than the average value, this indicates that the level of volatility or the level of risk deviation from the debt to equity ratio is low. The lowest value (minimum) owned by PT Ultrajaya Milk Industry and Tading Company Tbk in 2018 was 0.1635 while the highest value (maximum) was owned by PT Multi Bintang Indonesia Tbk in 2014 of 3.0286.

Variable *profitability* as measured by *return on asset* (ROA) has an average value of 0.0960 with a standard deviation of 0.1109. Where the standard deviation value is higher than the average value, this indicates that the level of volatility or risk level deviation from the high return on asset (minimum) is owned by PT Prashida Aneka Niaga Tbk in 2015 of -0.0686 while the highest value (maximum) is owned by PT Multi Bintang Indonesia in 2017 of 0.5267.

The variable size of the company as measured by *total assets* (in the form of billions of rupiah) has an average value of Rp. 10,757.11 billion with a standard deviation of Rp. 23,171.84 billion. Where the standard value of the deviation is higher than the average value, this indicates that the level of volatility or the level of risk deviation from the size of the company is high. The lowest value (*minimum*) owned by PT Sekar Laut Tbk in 2014 is with total assets (in the form of billions of rupiah) amounting to Rp. 331.57 billion while the highest value (maximum) is owned by PT Indofood Sukses Makmur Tbk in 2018 amounting to Rp. 96,537.79 billion

#### 4.2. Data Panel Regression Model Selection Test

**Table 3. Hausman Test Results**

Correlated Random Effects - Hausman Test  
Equation: REM  
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	45.330165	5	0.0000

Source: Processed Data (2020)

Based on the hausman test results in table 3. indicates that the *probability value of the random cross section* on the Hausman test result of 0.0000 this value is smaller than 0.05 then  $H_0$  is rejected. Thus, the most appropriate model used to estimate regression equations is the *fixed effect model* (FEM).

### 4.3. Multicholinerity Test

**Table 4. Multicholinerity Test Results**

Variable	Coefficient Variance	Centered Bright
GFA	0.870067	1.053349
DY	1.395747	1.099905
The	0.050080	1.062678
Roa	1.153398	1.104995
SIZE	0.006091	1.045774

Source: Processed Data (2020)

Based on the multicholinerity test results in table 4. indicates that no single independent variable has a VIF value of more than 10 ( $VIF > 10$ ). This indicates that in the resulting regression model there is no multicholinerity between independent variables.

### 4.4. Heteroskedastisity Test

**Table 5. Heteroskedastisitas Cross-Section Test Results**

	Value	Df	Probability
Likelihood ratio	55.34761	14	0.0000

Source: Processed Data (2020)

Based on the results of the heteroskedastisity test in table 5. in the cross section test shows a likelihood ratio of 55.34761 which has a probability value of  $0.0000 < 0.05$ , the results indicate that the error has symptoms of heteroskedastisity.

**Table 6. Heteroskedastisity Period Test Results**

	Value	Df	Probability
Likelihood ratio	1.990899	14	0.9999

Source: Processed Data (2020)

Based on the results of the heteroskedastisity test in table 6. in the test period shows a likelihood ratio of 1.990899 which has a probability value of  $0.9999 > 0.05$ , this indicates that there are no symptoms of heteroskedastisity or error is homoskedastisity.

**4.5. Correlation Test**

**Table 7. Auto correlation Test Results**

N	K	d <sub>L</sub>	d <sub>U</sub>	D	4-d <sub>U</sub>	4-d <sub>L</sub>	Conclusion
70	5	1,4637	1,7683	1,202836	2,2317	2,5363	There is a positive auto correlation

Source: Processed Data (2020)

Based on the results of the auto correlation test with Durbin-Watson (DW) shows that the value of d is 1.202836. The d<sub>L</sub> value is 1.4637. In this case, judging by the basis of the determined decision-making, the value d is between the value of 0 and d<sub>L</sub> which is  $0 < 1.202836 < 1.4637$  ( $0 < d < d_L$ ). Then it can be drawn the conclusion that there is a positive auto correlation.

**Table 8. Cross Correlation Results**

Residual Cross-Section Dependence Test

Test	Statistic	D.f.	Prob.
Breusch-Pagan LM	142.2009	91	0.0005
Pesaran scaled LM	3.795262		0.0001
Pesaran CD	0.669531		0.5032

Source: Processed Data (2020)

Based on table 8. can be seen breusch-pagan LM value of  $0.0005 < 0.0500$  indicating that there is a cross correlation relationship. To overcome the auto correlation on the *fixed effect model method* is estimated using the *white period method*.

**4.6. Data Panel Regression Analysis**

Hypothetical testing with data panel regression is performed using the E-Views program. After conducting hausman test, it can be known that the right approach used in this *study is fixed effect model* besides, because the results of the classic assumption test show that the research data shows symptoms of heteroskedastisity caused by cross *section* data, auto correlation and cross correlation then *the* estimated regression data panel is carried out using *white period standard errors covariance*.

**Table 9. Data Panel Regression Analysis**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-12.13998	12.13608	-1.000322	0.3219
GFA	0.995373	0.443467	2.244525	0.0292
DY	-5.613255	1.058570	-5.302679	0.0000
The	0.406969	0.196604	2.069997	0.0435
Roa	7.674610	2.560093	2.997785	0.0042
SIZE	0.474357	0.410167	1.156499	0.2529

Effects Specification

Cross-section fixed (dummy variables)

Weighted Statistics			
R-squared	0.978582	Mean dependent var	3.286256
Adjusted R-squared	0.971022	S.D. dependent var	3.116513
S.E. of regression	0.554665	Sum squared resid	15.69033
F-statistic	129.4531	Durbin-Watson stat	2.124850
Prob(F-statistic)	0.000000		
Unweighted Statistics			
R-squared	0.964609	Mean dependent var	2.508861
Sum squared resid	17.63571	Durbin-Watson stat	1.593719

Source: Processed Data (2020)

**4.7. Determination Coefficient Test (R<sup>2</sup>)**

Based on table 9, it can be seen that the R-squared value is 0.978582 indicating that the dependent variable (company value) can be explained by an independent variable (investment policy, *dividend policy*, *leverage*, *profitability*, and *company size*) of 97.85%. While the remaining 2.15% was influenced by other variables not analyzed in the regression equation model in this study.

**4.8. Significant Individual Parameter Test (Statistical Test t)**

The statistical test t basically shows how far one independent variable affects dependent variables by assuming other independent variables are constant (Ghozali and Ratmono, 2018:57). This test was conducted at significant levels with levels of 1%, 5%, and 10%.

1. Based on table 9, the yield of the investment policy coefficient as *measured by growth in fixed asset (GFA)* is 0.995373 with a probability value of 0.0292 which is a probability value lower than (0.05) 5%.
2. Based on table 9, obtained the dividend policy coefficient as *measured by dividend yield (DY)* is -5.613255 with a probability value of 0.0000 which is a probability value lower than 0.05 (5%).
3. Based on table 9, the leverage coefficient measured by debt to equity *ratio (DER)* is 0.406969 with a probability value of 0.0435 which is lower than 0.05 (5%).
4. Based on table 9, obtained the result of profitability coefficient as *measured by return on asset (ROA)* is 7.674610 with a probability value of 0.0042 which is a probability value lower than 0.05 (5%). Even profitability as measured by return on asset (ROA) has a significantly better rate of 1%.
5. Based on table 9, obtained the result of the company size coefficient *as measured by the ln total of assets* is 0.474357 with a probability value of 0.2529 which is the probability value greater than 0.05 (5%) and 0.10 (10%). The size of the company as measured by the total ln of assets does not have a significant influence at the levels of 5% and 10%.

**V. SUMMATIONS AND SUGGESTIONS**

**5.1. Summation**

Based on the data processing results and the results of discussions in research conducted on 14 food and beverage companies listed on the Indonesia Stock Exchange (IDX) in 2014-2018 on the

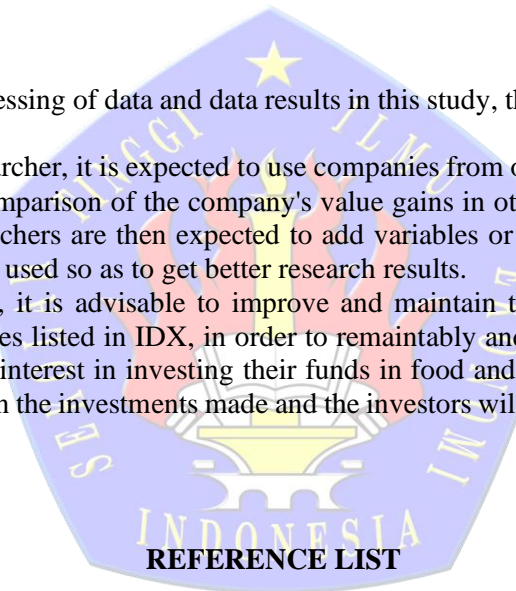
influence of investment policies, dividend policies, leverage, profitability and the size of the company on the value of the company, it can be concluded as follows:

1. Investment Policy (*Growth in Fixed Asset*) has a positive and significant influence on the Company's Value on Food and Beverage Companies listed on the Indonesia Stock Exchange (IDX) in the period 2014-2018.
2. The Dividend Yield Policy has a negative and significant effect on the Company's Value on Food and Beverage Companies listed on the Indonesia Stock Exchange (IDX) in the period 2014-2018.
3. Leverage (*Debt to Equity Ratio*) has a positive and significant influence on the Company's Value in Food and Beverage Companies listed on the Indonesia Stock Exchange (IDX) in the period 2014-2018.
4. Profitability (*Return on Asset*) has a positive and significant influence on the Company's Value in Food and Beverage Companies listed on the Indonesia Stock Exchange (IDX) in the period 2014-2018.
5. The Size of the Company (*ln Total Assets*) has no effect on the Company's Value in Food and Beverage Companies listed on the Indonesia Stock Exchange (IDX) in the period 2014-2018.

## **5.2. Suggestion**

Based on the processing of data and data results in this study, the researchers provide advice among others:

1. For the next Researcher, it is expected to use companies from other sectors listed in IDX, so as to know the comparison of the company's value gains in other companies listed in IDX. In addition, researchers are then expected to add variables or use other financial variables that are still rarely used so as to get better research results.
2. For the Company, it is advisable to improve and maintain the performance of food and beverage companies listed in IDX, in order to remain attractive and make potential investors or investors have an interest in investing their funds in food and beverage companies, so that investors believe in the investments made and the investors will continue to invest the funds.



Brigham, E. F. and J. F. Houston. 2018. *Financial Management Basics*. Issue 14. Jakarta: Salemba Four.

\_\_\_\_\_. 2019. *Financial Management Basics*. Issue 14. Jakarta: Salemba Four.

Chasanah, N. A. 2018. Effect of Liquidity, Leverage, and Profitability Ratio on Company Value in IdX-Listed Manufacturing Companies. *Journal of Economic and Business Research*, 3 (1).

Chudik, A., M. H. Pesaran and E. Tosetti. 2011. Weak and Strong Cross-Section Dependence and Estimation Of Large Panels. *The Econometrics Journal*. Vol. 14. 2011.

Chung, K. H. dan S. W. Pruitt. 2015. A Simple Approximation of Tobin's Q. *Financial Management Association Internasional*. Vol. 23, No. 23. 2015

- Dwiastuti, D. S. and V. J. Dillak. 2019. Effect of Company Size, Debt Policy, and Profitability on Company Value. *Journal of Accounting Research*. Vol. 11, No. 1, 2019.
- Ghozali, I. and D. Ratmono. 2018. *Multivariate Analysis and Econometric Theory, Concepts and Applications with EViews 10*. Semarang: UNDIP.
- Gitman, L. J. dan C. J. Zutter. 2015. *Principles of Managerial Finance. 14<sup>th</sup>*. United States: Pearson Education Limited.
- Halim, A. 2015. *Auditing ( Audit Basics of Financial Statements)*. Yogyakarta: UPP STIM YKPN.
- Hasibuan, V. et. al. 2016. Effect of Leverage and Profitability on Company Value. *Journal of Business Administration*. Vol. 39, No. 1 October 2016.
- Hery. 2015. *Introduction to Accounting Comprehensive Edition*. Jakarta: PT Grasindo.
- Hsiao, C. 2014. *Analysis Of Panel Data Third Edition*. United States Of America: Cambridge University Press.
- Keown, A. J. et. al. 2010. *Financial Management*. Tenth Edition. Jakarta: Index.
- Mubyarto, N. and Khairiyani. 2019. Investment Policy, Funding, and Dividends as Determinants of Company Value. *Journal of Multiparadigma Accounting*. Vol. 10, No. 2 Aug 219.
- Nurvianda, G., Yuliani and R. Ghasarma. 2018. Effect of Investment Decisions, Funding Decisions, and Dividend Policies on Company Value. *Sriwijaya Journal of Management and Business*. Vol. 16 (3), 2018.
- Son, A. P., S. W. Agustiningih and Purwanto. 2017. Factors Affecting the Value of STATE-Owned Enterprises on the Indonesia Stock Exchange year 2011-2015. *Journal of Dewantara Management*. Vol. 1, No. 2 October 2017.
- Son, AA. N. D and P. V. Lestari. 2016. Effect of The Company's Dividend, Liquidity, Profitability and Size Policies on The Company's Value. *E-Journal of Unud Management*. Vol. 5, No. 7, 2016.
- Rahadi, F. and S. Octavera. 2018. Securities of Investment Policy, Funding Policy, and Dividend Policy on Company Value. *Journal of The Economic Tower*. Vol. 4, No. 1 April 2018.
- Rahmantio, I., M. Saifi and F. Nuralaily. 2018. Effect of Debt to Equity Ratio, Return On Equity, Return On Asset and Company Size on Company Value. *Journal of Business Administration*. Vol. 57, No. 1 April 2018.
- Ross, S. A. et. al. 2015. *Introduction to Corporate Finance*. Global Asia Edition (Ratna Saraswati : Translator). Jakarta: Salemba Four.
- \_\_\_\_\_. 2016. *Introduction to Corporate Finance*. Global Asia Edition (Ratna Saraswati : Translator). Jakarta: Salemba Four.

## ***Effect Of Investment Policy, Dividen Policy, Leverage, Profitability, and Firm Size On Company Value***

---

- Sari, R. A. I. and M. P. Priyadi. 2016. Effect of Leverage, Profitability Size, and Growth Opportunity on Company Value. *Journal of Management Science and Research*. Vol. 5, No. 10 October 2016.
- Sartono, A. 2010. *Financial Management and Tori Applications*. Yogyakarta: BPFE Yogyakarta.
- Semaun, S. *et. al.* 2019. The Effect Of Corporate Governance, Dividen, Policy and Firm Size on Financial Performace and Firm Value of The Banking Industry Listed On the Indonesian Stock Exchange. *Journal of Research in Business and Management*. Vol. 7, Issue 5, 2019.
- Sugeng, B. 2017. *Fundamental Financial Management*. Yogyakarta: CV Budi Utama Publishing Group.
- I'm not going to say that. 2019. *Qualitative Quantitative Research Methods and R&D*. Bandung: Alfabet.
- Susanti, A., K. Z. Wafirotin., A. Hartono. 2019. Influence of Good Corporate Governance, Profitability, and Size of The Company on the Value of Manufacturing Companies Listed in IDX Period 2011-2016. *Journal of Ekonomi, Management & Accounting*. Vol. 3, No. 1 April 2019.
- Tandelilin, E. 2017. *Investment Analysis and Portfolio Management*. Yogyakarta: Canisius.
- Tarima, G., T. Parengkuan and V. Untu. 2016. Effect of Profitability, Investment Decisions and Funding Decisions on The Value of the Company. *Journal of Periodic Scientific Efficiency*. Vol. 16, No. 4, 2018.
- Widarjono, A. 2018. *Introduction to Econometrics and Its Application With EviewsGuide*. Yogyakarta: UPP STIM YKPN.
- Widiastari, A. P. and G. W. Yasa. 2018. Effect of Profitability, Free Cash Flow, and Company Size on Company Value. *E-Jurnal Akuntansi Universitas Udayana*. Vol. 23, No. 2, 2018.
- Xiong, J. 2016. Institutional Investors, Dividen Policy and Firm Value – Efidence From China. *Journal of Social Science*. 2016.

[www.idx.co.id](http://www.idx.co.id)

[www.finance.yahoo.com](http://www.finance.yahoo.com)