Factors that Influence the Firm Value in Consumer Goods Sector Companies Listed on the Indonesia Stock Exchange 2013 – 2017

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ABSTRACT

Firm value is the price of company's stock in the capital market that must be paid by an investor if he wants to own the company. Every company aims to maximize the firm value because with a high firm value, investors assume that the company's performance is better and has prospects in the future so that investors will be interested to invest in the company. Optimizing the firm value can be done with the implementation of financial management functions. Financial management involves decisions made by the company. This research aims to find out the influence of dividend policy, debt policy, investment decision, and profitability on the firm value. The population in this study is consumer goods sector companies listed on the Indonesia Stock Exchange (IDX) period 2013-2017. A sample of 12 companies is obtained by using purposive sampling method. Analysis techniques used are statistical analysis and multiple linear regression analysis with SPSS 16. The results of this study show that the variables of dividend policy, debt policy, investment decision, and profitability have an effect on the firm value.

ABSTRAK

Nilai perusahaan adalah harga saham perusahaan di pasar modal yang harus dibayar oleh investor jika dia ingin memiliki perusahaan tersebut. Setiap perusahaan memiliki tujuan untuk memaksimalkan nilai perusahaan, karena dengan nilai perusahaan yang tinggi, investor menganggap bahwa kinerja perusahaan lebih baik dan memiliki prospek di masa depan sehingga investor akan tertarik untuk berinvestasi di perusahaan tersebut. Mengoptimalkan nilai perusahaan dapat dilakukan dengan penerapan fungsi manajemen keuangan. Manajemen keuangan melibatkan keputusan yang dibuat oleh perusahaan. Tujuan penelitian ini adalah untuk mengetahui pengaruh kebijakan dividen, kebijakan utang, keputusan investasi, dan profitabilitas terhadap nilai perusahaan. Populasi dalam penelitian ini adalah perusahaan sektor barang konsumsi yang terdaftar di Bursa Efek Indonesia (BEI) periode 2013-2017. Sampel yang terdiri dari 12 perusahaan diperoleh dengan menggunakan metode purposive sampling. Teknik analisis yang digunakan adalah analisis statistik dan analisis regresi linier berganda dengan SPSS 16. Hasil penelitian ini menunjukkan bahwa variabel kebijakan dividen, kebijakan utang, keputusan investasi, dan profitabilitas berpengaruh terhadap nilai perusahaan.

INTRODUCTION

The results of the research on the firm value in the consumer goods industry sector, based on news release from *www.cnninonesia.com* on January 9, 2017, show that in January 2017, the index of the consumer goods sector managed to become the strongest stock sector index. According to Reza Priyambada, a senior analyst at Binartha Securities, the strengthening of the consumer goods sector index was due to buying action of market players because they considered that the stock prices of several companies, such as PT Unilever Indonesia Tbk (UNVR) and PT Indofood CBP *Sukses Makmur* Tbk (ICBP), had been relatively low since December 2016.

The consumer goods industry sector has indeed proven its success. However, according to the Ministry of Industry as reported on the site *www.kemenperin.go.id* on May 28, 2018, this

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sector was inseparable from the problems faced by several companies in it, that is, the decline in the stock price of PT Tiga Pilar Sejahtera Food Tbk (AISA) due to investigation carried out by the police in the AISA subsidiary warehouse, PT Indo Beras Unggul, having business in rice industry and trade on Thursday, July 20, 2017. PT Indo Beras Unggul allegedly committed fraudulent practices in trading rice by replacing the subsidized rice packaging with a quality rice brand packaging.

The consumer goods company which also experienced a decline in stock price was PT Kalbe Farma Tbk (KLBF), one of the pharmaceutical companies in Indonesia. The decline in stock price was due to a problem at the Siloam Hospital, Karawaci in Tangerang, where two patients died after being given a spinal buvanest anesthetic drug.

Every company aims to maximize the firm value. Optimizing the firm value can be done by implementing financial management functions, where one financial decision will have an impact on other financial decisions. Financial management includes decisions made by companies such as dividend policy, debt policy and investment decision.

Dividend policy is how much profit must be paid to shareholders and how much profit should be reinvested in the company. Based on the bird in the hand theory, investors prefer profits distribution in the form of dividends to capital gains because investors assume that the risk of dividends is not as large as capital gain. The existence of high dividend distribution from the company makes many investors interested in investing their capital, so that it can cause the company's value to increase. However, based on the tax preference theory, the high dividend distribution makes the tax on dividend profits also high. Therefore, investors prefer capital gains because they can delay tax payments.

Research conducted by Priscilia, Sientje and Victoria (2015) states that dividend policy has a significant effect on firm value. However, it is inversely proportional to the research conducted by Putri, Parengkuan and Johan (2016) which states that dividend policy has no effect on firm value.

The value of the company is also influenced by the debt policy set by the company. Debt policy is a company policy to use debt as a source of funding. The use of debt can cause firm value to decline because the more the companies rely on debt as a source of funding, the higher the costs to be borne, such as bankruptcy costs, because the higher the debt, the higher the probability of bankruptcy. On the other hand, the use of debt can also increase the firm value because the company can save taxes so that any debt policy set by the company can affect the firm value.

Research by Priscilia, Sientje and Victoria (2015) states, that debt policy has a significant effect on firm value. However, it is inversely proportional to the research conducted by Ika, Rina and Ilham (2015) which states that debt policy has no significant effect on firm value. Another policy that can affect firm value is investment decisions. Investment decisions are decisions made by the company to issue funds other than for operational activities and can provide benefits to the company in the future. Based on the signaling theory, when a company decides to invest, it can provide a positive signal that describes the growth of the company in the future, so that many investors will be willing to invest their capital. Thus, this can increase the firm value.

Another research by Ni Luh & I Ketut (2014) and Suroto (2016) states that investment decisions have a significant positive effect on firm value. However, it is inversely proportional to the research conducted by Safitri and Lailatul (2014) which states that investment decisions have a negative and insignificant effect on firm value. In addition to investment decisions, the firm value is also influenced by financial performance, one of which is the level of profitability of the company. In order to run its business, a company should be in profitable condition. Based on signaling theory, companies that have high profitability will provide a positive signal about better company performance, so investors will be more interested in investing in the company. Thus, it will affect the firm value.

Also, a research by Ayu & Ary (2013) states that profitability has a significant positive effect on firm value. However, it is inversely proportional to the research conducted by Titin Herawati (2013) which states that profitability has a significant negative effect on firm value.

As described above, the researchers were interested in conducting a research entitled "Factors that Affect the Firm Value in Consumer Goods Sector Companies Listen on the Indonesia Stock Exchange period 2013-2017"

THEORETICAL FRAMEWORK AND HY-POTHESIS

Signaling theory

According to Brigham and Joel (2011: 185), Signaling Theory is an action taken by management for investors in looking at the company's prospects in the future. Signaling theory also explains the provision of information that is beneficial to external parties. The information used as a signal for external companies includes financial and nonfinancial information. For this information, capital market players will conduct an analysis and determine whether the information is either a good signal or a bad signal.

Firm Value

Firm value is the price of company's stock in the capital market that must be paid by investor if he wants to own the company (Ika, Rina and Ilham, 2015). The stock price is an indicator used to show the firm value. Companies that have good prospects in the future will tend to attract investors to buy the company's stocks. This resulted in high demand from investors to obtain the stocks. Such a condition will leads to an increase in stock prices. Thus, high stock prices indicate that investors provide high value for the company. This theory is the main foundation in this research. Investors still consider that firm value is the main information in decision making. Therefore, various factors that can influence investor decisions cause fluctuations in the firm value. Positive and negative signals have an impact on investor decisions.

Dividend Policy

Dividend policy is a decision made by a company whether to hold its profits or to distribute part or all of them to shareholders. The company's decision to distribute the dividends is seen by some investors as a positive thing because it describes an improved management performance (Suroto, 2016).

However, too high dividend distribution will reduce the company's ability to invest. Some investors prefer small dividend payments or companies do not have to pay dividends because the investors prefer that the profits earned are reinvested in order to get a profitable investment. Theories concerning dividend policy are:

1. Dividend Irrelevance Theory

According to Professor Merton Miller and Franco Modigliani, dividend policy has no effect on firm value and capital costs (Brigham and Joel, 2011: 211). Miller and Modigliani argue that the size of the Dividend Payout Ratio does not determine the firm value. The firm value is determined by the ability of the company to produce profit and business risk, not on how the profit is broken down into dividends and retained earnings. So, it is not relevant to question dividend policy.

2. Bird In The HandTheory

This theory was put forward by Myron Gordon and John Lintner. According to Gordon and Lintner, dividend policy can have a positive effect on stock market prices. This means that the greater the dividend distributed by the company, the higher the stock market price is the opposite or vice versa. This is because dividend distribution can reduce the uncertainty experienced by investors. Gordon and Lintner assume that if the dividend payout ratio is high, the costs of own capital will be low because investors prefer dividends to capital gains.

3. Tax Preference Theory

This theory was put forward by Litzenberger and Ramaswamy. Based on this theory, dividend policy has a negative effect on stock market prices. This means that the greater the dividend distributed, the lower the market price of the company's stock. This happens if the personal tax rate is different from dividend income and capital gains. If the tax rate is higher than capital gains, investors prefer to hold the profits received to help fund the investment made by the company.

Debt Policy

Debt policy is a policy made by the company to fund its operational activities using debt (Putri, Parengkuan and Johan, 2016). Debt policy is also a policy regarding corporate funding that comes from external sources of the company. The decision to use debt as funding must be considered as well as possible, because debt policy is an important decision for companies to use debt as a source of financing for the company's operations.

Investment Decision

According to Nahdiroh (in Suroto, 2016) investment decisions are actions taken by companies to spend their funds on certain assets in hopes of gaining profits in the future. The company's goal can be achieved if the company makes an investment, so that

investment decisions become an important factor in the company's financial function. Investment activity is very important for some companies because it involves evaluating the company's performance and operating activities carried out by the company.

Profitability

Management's performance in managing its business can be illustrated through the profitability of the company (Cecilia, Syahrul & Bahri, 2015). Profitability can be used as a reference for investors in buying stocks. Thus, it encourages companies to continue to increase profitability. It is the main factor for the company because profitability is related to the results obtained from business activities carried out by the company. The level of effectiveness of company management can also be shown by this ratio through profits earned from sales and investment.

The Effect of Dividend Policy on Firm Value

Dividend policy is a policy made by the company regarding how much profit will be distributed to investors in the form of dividends and how much profit will be reinvested. Dividend distribution can increase the firm value. Based on the birth in the hand theory, investors prefer dividends to capital gains because the risk of dividends is smaller than that of capital gains.

Dividend distribution also provides information to investors regarding company performance. If the company has a stable or increasing dividend distribution ratio, it will give a positive signal to investors so that it will attract investors to invest in the company. The increasing number of investors investing in the company causes the stock price to increase, which indicates that the firm value also increases.

However, dividend distribution will reduce the firm value because the high dividend distribution will cause dividend profit tax that must be borne by investors, so that investors prefer to receive capital gains because they can delay the payment of taxes. This is in line with the research conducted by Priscilia, Sientje and Victoria (2015) which states that dividend policy has a significant effect on firm value. As described above, a research hypothesis can be formulated as follows:
Hypothesis 1: Dividend policy has an effect on firm value.

The Effect of Debt Policy on Firm Value

Debt policy is a company policy in determining how much a company uses debt as a source of funding. The use of debt can provide benefits, namely tax savings. But, the use of debt can also cause costs for company, such as bankruptcy costs, if the company cannot pay off debt. So, the use of debt as a source of funding must be maintained and managed properly and the company must consider making debt policy because it can affect the high and low values of the company. The higher the company in determining the proportion of debt at a certain level, the higher the value of the company.

However, the firm value will decrease if the debt level exceeds the proportion of debt set by the company. Besides, the costs incurred from the use of debt are greater than the benefits obtained. This is in line with the research conducted by Priscilia, Sientje and Victoria (2015) which states that debt policy has a significant effect on firm value.

As described above, a research hypothesis can be formulated as follows:
Hypothesis 2: Debt policy has an effect on firm value

The Effect of Investment Decision on Firm Value

Investment decisions are actions taken by a company to spend its funds on certain assets in hopes of gaining profits in the future. If the company has been able to carry out investment activities, the investor's assessment of the company will be better. This illustrates that the company has managed to provide a positive signal to investors

The positive signal is expected to encourage investors to invest in the company. The number of investors who are willing to invest in the company will affect the increase in firm value. So investment decisions affect the increasing firm value. This is in line with the research conducted by Ni Luh & I Ketut (2014) and Suroto (2016) which states that investment decisions have a significant positive effect on firm value. As argued above, a research hypothesis can be formulated as follows:

Hypothesis 3: Investment Decision has an effect on firm value

The Effect of Profitability on Firm Value

Profitability is the level of a company's ability to generate profits. If a company is able to increase profits, it will attract investors to

invest in the company. The large number of investors who are willing to invest their capital will increase the demand for the company's stocks. Thus, this will also affect the increase in stock prices. Increasing stock prices affect the increase in firm value. This means that the higher the level of profitability, the higher the value of the company. This is in line with the research conducted by Ayu & Ary (2013) and Ika Sasti, Rina Tjandrakirana and Ilham Ismail (2015) which states that profitability has a significant positive effect on firm value. For that reason, a research hypothesis can be formulated as follow:

H 4: Profitability has an effect on firm value

RESEARCH METHOD
Research Design
This study employs quantitative approach. Quantitative study is a study that aims to examine the relationship between variables through numbers and in accordance with statistical procedures. Based on the objectives of the study, this study includes deductive approach. Deductive study is a study where the process of making decisions is based on the results of data analysis (Jogiyanto, 2007). Sources of data used in this study are secondary data, in which the sources of data are not obtained by researchers directly. The sources of data are in the form of archives or documents. This study uses the company's annual financial statements of consumer goods industry sector companies listed on the Indonesia Stock Exchange in 2013-2017.

Variable Identification
Dependent Variable (Y)
Firm Value

The value of a company can be reflected in the company's stock price. The value of the company in this study is measured by the Tobins'Q formula which is the ratio of market value of company stocks and equity book value which is calculated using the following formula (Madinatul and Fidiana, 2016):

$$\text{Tobins'Q} = \frac{(EMV+D)}{(EBV+D)}$$

Where:

Tobins'Q	: Firm value
EMV	: Equity Market Value, obtained from the multiplication of year-end Closing Price with outstanding stocks at the end of the year
EBV	: Equity book value, obtained from total equity
D	: Book value of total debt

Independent Variables (X)
Dividend Policy
Dividend policy is a policy made by a company to divide profits or hold company profits. This study uses dividend policy as an independent variable and is proxied by Dividend Payout Ratio (DPR). The DPR can be calculated as follows (Mamduh & Abdul, 2016: 83):

$$\text{DPR} = \frac{\text{Dividend Per Share}}{\text{Earnings Per Share}} \times 100\%$$

Debt Policy
Debt policy is a policy to determine how much a company uses debt as a source of funding. This study uses debt policy as an independent variable and is proxied by Debt to Equity Ratio (DER). DER can be calculated using the following formula (Ika, Rina & Ilham, 2015):

$$\text{DER} = \frac{\text{Total Debt}}{\text{Total Equity}} \times 100\%$$
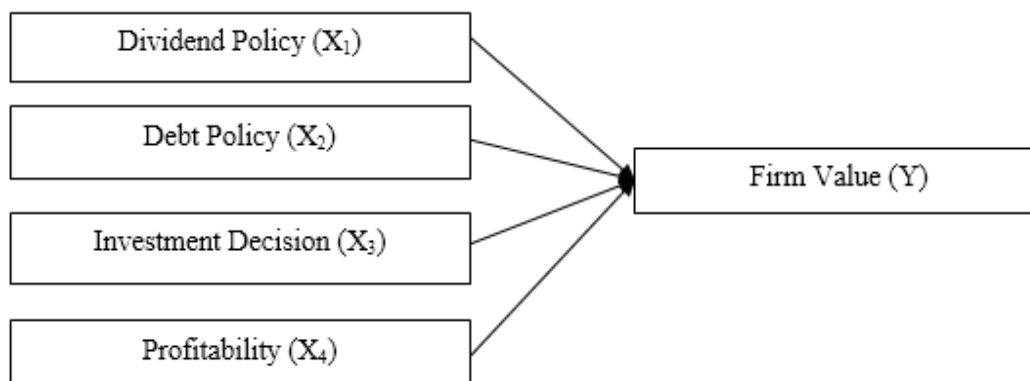

Figure 1
FRAMEWORK

Investment Decision

Investment decision is a decision taken by the company regarding investment to obtain results or profits in the future. This study uses investment decision as an independent variable and is proxied by Price Earnings Ratio (PER). PER can be measured by the following formula (Ni Luh & I Ketut, 2014):

$$PER = \frac{Share\ Closing\ Price}{Earnings\ per\ Share} \times 100\%$$

Profitability

Profitability is the level of a company's ability to profit from its business activities. Profitability in this study is proxied using Return on Assets (ROA). ROA can be formulated as follows (Mamduh & Abdul, 2016: 81):

$$ROA = \frac{Net\ Profit}{Total\ Assets} \times 100\%$$

Population, Sample, and Sampling Technique

The population in this study is consumer goods sector companies listed on the Indonesia Stock Exchange (IDX) in 2013-2017. The sampling technique is conducted using purposive sampling method. The criteria for sampling in this study are:

1. Companies included in consumer goods industry sector companies listed on the Indonesia Stock Exchange in 2013-2017
2. Companies that issued audited financial statements as of December 31 for 2013-2017
3. Companies that had complete data regarding financial statements used in measuring variables in this study

DATA ANALYSIS AND DISCUSSION

The data used were primary data selected by using a purposive sampling method. The initial data consisted of 42 consumer goods sector companies listed on the Indonesia Stock Exchange Period 2013-2017. After selection process, there were 16 companies that did not issue audited financial statements as of December 31 for 2013-2017, including PT. Sariguna Primatirta Tbk (CLEO) and PT. Buyung Poetra Sembada Tbk (HOKI). The companies did not issue financial statements from 2013 to 2016 due to the date of registration on the Indonesia Stock Exchange since 2017. In addition, Kino Indonesia Tbk (KINO) and PT. Chitose International Tbk (CINT) were also the companies that did not publish financial statements in 2013 due to the date of registration on the Indonesia Stock Exchange in 2015 and 2014.

From the selection process, there were 14 companies that did not have complete data regarding the distribution of dividends, including PT. Delta Djakarta Tbk (DLTA) and PT. Indofood CBP Sukses Makmur Tbk (ICBP). These companies decided not to distribute dividends in 2014, so there was no data on dividend distribution. Besides, PT. Kedaung Indah Can Tbk (KICI) and PT. Langgeng Makmur Industry Tbk (LMPI) from 2013 to 2017 did not distribute dividends so that the complete data regarding dividend distribution could not be obtained. Therefore, the number of samples that fit the criteria was 60 samples (12 companies multiplied by 5 years of the study period).

Descriptive Analysis

This study used descriptive statistical analysis with the aim to provide a description of the data seen from the mean value, standard deviation, variance, maximum, and minimum.

The minimum value of firm value was 0.59, owned by PT. Multi Bintang Indonesia Tbk (MLBI) in 2013, which means that the equity market value of MLBI in 2013 was lower than the book value of its equity. The maximum value of 12.96 was owned by Handjaya Mandala Sampoerna Tbk (HMSP) in 2017 which means that the market value of equity of HMSP in 2017 was higher than the book value of its equity.

Table 1
Overall Descriptive Statistics for 2013 – 2017

	N	Minimum	Maximum	Mean	Std.Deviasi
TobinsQ	60	0.59	12.96	3.6635	3.49028
DPR	60	0.06	1.53	0.4417	0.30403
DER	60	0.19	3.03	0.8212	0.55401
PER	60	0.22	56.24	23.1825	11.82644
ROA	60	0.03	0.66	0.1388	0.12723

Source: Data Processed

Higher market values indicate higher investor appreciation for the company. The mean value of 3.6635 with a standard deviation of 3.49028 means homogeneous.

The minimum value of dividend policy was 0.06, owned by Wismilak Inti Makmur Tbk in 2013 because Wismilak Inti Makmur Tbk distributed lower dividends than the following years. The maximum value of 1.53 was owned by PT. Multi Bintang Indonesia Tbk in 2014 because PT. Multi Bintang Indonesia Tbk distributed higher dividends than the previous and the following years. The mean value of 0.4417 with a standard deviation of 0.30403 means homogeneous.

The minimum value of debt policy was 0.19, owned by Handjaya Mandala Sampoerna Tbk (HMSP) in 2015 because companies preferred capital to debt that was used as a source of funding. The maximum value of 3.03 was owned by PT. Multi Bintang Indonesia Tbk in 2014 because the use of debt as a source of funding by companies was higher than the use of capital as a source of funding. The mean value of 0.8212 with a standard deviation of 0.55401 means homogeneous.

The minimum value of investment decisions was 0.22, owned by PT. Multi Bintang Indonesia Tbk (MLBI) in 2013 because the MLBI stock prices in 2013 were lower than earnings per share. The maximum value of 56.24 was owned by Kimia Farma (Persero) Tbk (KAEF) because stock prices were higher than earnings per share. The mean value of 23.1825 with a standard deviation of 11.82644 means homogeneous.

Classical Assumption Test

The classic assumption test was carried out before testing the hypothesis. The classic assumption test aims to find out whether the regression analysis is valid and normally distributed.

Table 2
Normality Test
One-Sample Kolmogorov-Smirnov Test

Kolmogorov-Smirnov Z	1.167
Asymp. Sig (2 Tailed)	0.131

Source: Processed Data

The results of the normality test show that the Kolmogorov-Smirnov value is 1.167, with the significance level of the Asymp Sig of 0.131> 0.05. This means that residual data is normally distributed.

Table 3
Multicolinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
DPR	0.684	1.462
DER	0.964	1.038
PER	0.945	1.058
ROA	0.697	1.435

Source: Processed Data

The results of multicollinearity test show that each independent variable has a tolerance value of ≥ 0.10, with a Variance Inflation Factor (VIF) value of ≤ 10, which means that there is no correlation between independent variables, or there is no multicollierity in the regression.

Table 4
Autocorrelation Test

Model	Durbin-Watson
1	1.961

Source: Processed Data

The results of the autocorrelation test show that the value of Durbin Watson (DW) is 1.961. This value is compared with the value of the Durbin Watson table. The results of the DW table show that dU value = 1.7274 and dL value = 1.4443, which means that the DW value is greater than the dU value of 1.7274 and less than 4-dU value of 2.2726, so it can be concluded that there is no autocorrelation.

Table 5
Heteroscedasticity Test

Model	Sig.
(constant)	0.480
DPR	0.508
DER	0.897
PER	0.243
ROA	0.000

Source: Processed Data

The results of heteroscedasticity test show that the significance level of the independent variables is ≥ 0.05, which means there is no symptom of heteroscedasticity. However, the significe level of profitability (ROA) is < 0.05, which means that there are symptoms of heteroscedasticity. So, the researchers conduct data transformation using Ln of the variables that have symptoms of heteroscedasticity, namely profitability. The following are the results of the heteroscedasticity test that uses the glacier test after the data transformation.

Table 6
Heteroscedasticity Test (after data transformation)

Model	Sig.
(constant)	0.018
DPR	0.167
DER	0.317
PER	0.400
ROA	0.053

Source: Processed

After the data transformation is done using Ln of the variables that have heteroscedasticity symptoms, namely profitability variable, the significance level of all independent variables is ≥ 0.05, which means that Heteroscedasticity does not occur in the data.

Multiple Linear Regression Analysis

Multiple linear regression analysis aims to determine whether the independent variables influence the dependent variable.

Table 7
Multiple Linear Regression Test

Model	Unstandardized Coefficients	
	B	Std. Error
(Constant)	4.643	0.843
DPR	3.827	0.628
DER	0.740	0.299
PER	0.119	0.014
Ln_ROA	2.663	0.260

Source: Processed Data

Based on table 7, it is obtained multiple linear regression model as follows:
TOBINSQ= 4.643 + 3.827DPR + 0.740DER + 0.119PER + 2.663Ln_ROA + e.

From this equation, it can be concluded that the values of DPR, DER, PER, Ln_ROA are constant, and the TOBINSQ value is 4.643. Furthermore, if DPR increases by one unit, TOBINSQ will increase by 3.827. Conversely, if DPR decreases by one unit, TOBINSQ will decrease by 3.827. Therefore, if DER increases by one unit, TOBINSQ will increase by 0.740. Conversely, if DER decreases by one unit, TOBINSQ will decrease by 0.740. Furthermore, if PER increases by one unit, TOBINSQ will increase by 0.119. Conversely, if DER decreases by one unit, TOBINSQ will decrease by 0.119. And if Ln_ROA increases by one unit, TOBINSQ will increase by 2,663. Conversely, if DER decreases by one unit, TOBINSQ will decrease by 2.663.

Hypothesis Test

This hypothesis test aims to determine the relationship between independent variables (dividend policy, debt policy, investment decisions and profitability) and the dependent variable (firm value).

Table 8
Statistics F Test

Model	F	Sig.
1 Regression	100.232	0.000

Source: Processed Data

The results of the F-test in Table 8 show that the value of F is 100,232 with a significance level of 0.000 < 0.05. The conclusion is that H_0 is rejected and H_a is accepted which means that the regression model fits the data and there is a significant influence between the independent variables (dividend policy, policy debt, investment decisions and profitability) on the dependent variable (firm value).

Table 9
Coefficient of Determination Test

Model	Adjusted R Square
1	0.871

Source: Processed Data

The result of R² test in the table above shows that the adjusted R² value is 0.871 or 87.1%. This means that dividend policy, debt policy, investment decisions and profitability affect the firm value, or 87.1%, while the remaining 12.9% is influenced by other variables.

Table 10
t-Test

Model	T	Sig.
(Constant)	5.510	0.000
DPR	6.094	0.000
DER	2.478	0.016
PER	8.375	0.000
Ln_ROA	10.232	0.000

Source: Processed Data

The t-test in this study compares between t_{count} with t_{table}, and the coefficient of this study is significant at α = 0.05. The t_{table} value is searched -by knowing the df value in t-table, where the df value is obtained from n - (k + 1). From this formula, it is known n = 60, k = 4. This means that the df value is 2.3044.

As presented on Table 10, the t-computed value of DPR is 6.094, in which 6.094 > 2.3044, with significance value of 0.000 < 0.05. This means

that dividend policy has an effect on firm value, or Ha is accepted. Furthermore, the t-computed value of DER is 2.478, in which 2.478> 2.3044, with significance value of 0.016 < 0.05. This means that debt policy has an effect on firm value, or Ha is accepted. Thus, the t-computed value of PER is 8.375, in which 8.375> 2.3044, with significance value of 0.000 < 0.05.This means that investment decisions has an effect on firm value, or Ha is accepted. And the t-computed value of Ln_ROA is 10.232, in which 10.232 > 2.3044, with significance value of 0.000 < 005. This means that profitability has an effect on company value, or Ha is accepted.

DISCUSSION

1. Test Result of Hypothesis 1 : The Effect of Dividend Policy on Firm Value

Dividend policy is a policy taken by a company to determine how much profit will be distributed to the shareholders in the form of dividends and how much profit should be reinvested as retained earnings. This variable is proxied by the Dividend Payout Ratio (DPR).

The description above shows that dividend policy has an effect firm value. This result is supported by the theory of bird in the hand which states that dividend policy can have a positive effect on stock market prices. Investors prefer dividend receipts than capital gains, because investors assume that the risk of dividends is not as large as that of capital gains. If the company decides to distribute dividends in large amounts, it will attract investors to invest in the company so that it can cause the company's value to increase.

The result of this study indicates that dividend policy has an effect on firm value. This is in line with the research conducted by Priscilia, Sientje and Victoria (2015) and Rina and Ilham (2015) which states that dividend policy affects the value of the company.

2. Test Result of Hypothesis 2: The effect of Debt Policy on Firm Value

Debt policy is a policy made by a company in the use of debt to fund its operations. Debt policy is a corporate funding policy that comes from external sources of the company. This variable is proxied by Debt to Equity Ratio (DER).

The description above shows that debt policy has an effect on firm value. This is because the use of debt will generate loan interest that must be borne by the company. Based on signaling theory, the company's ability to save tax will provide a positive signal to investors.

Investors will be interested in investing in the company. The number of investors who are willing to invest will increase the value of the company.

The result of this study shows that debt policy has an effect on firm value. This is in line with the research conducted by Priscilia, Sientje and Victoria (2015) and Titin (2013) which states that debt policy affects the value of the company.

3. Rest Result of Hypothesis 3 : The Effect of Investment Decision on Firm Value

Investment decisions are decisions made by the company to obtain profits in the future by spending its funds on certain assets. The company's purpose to develop its business will be achieved if the company makes an investment. So, investment decision is an important factor. This variable is proxied by Price Earnings Ratio (PER).

The description above shows that investment decision has an effect on firm value. This is because when a company makes the right investment decisions, it will improve the performance of the company so that it will have a positive impact on the company. Based on signaling theory, with the company's ability to invest, it will provide a positive signal of the company's growth in the future. This also proves that management has succeeded in managing the company. The management success can attract investors to invest in the company. So, this will affect the increase in company value.

The result of this study indicates that investment decision has an effect on firm value. This is in line with the research conducted by Ni Luh & I Ketut (2014) and Suroto (2016) which states that investment decision affects the value of the company

4. Test Result of Hypothesis 4 : The effect of Profitability on Firm Value

Profitability is the company's ability to generate profits from its operational activities. Profit is also evidence of the company's success in running its business. This variable is proxied by Return on Assets (ROA).

The description above shows that profitability has an effect on firm value. This is because the company has succeeded in utilizing assets owned effectively and efficiently so that the profits obtained by the company can be maximized. Based on signaling theory, the company's ability to generate profits will give

a positive signal to investors and investors will give a better assessment to the company. Furthermore, it will encourage investors to invest in the company. The number of investors who are willing to invest will increase the demand for company's stocks and, in turn, this will increase the value of the company. If the company is unable to produce optimal profits, the investor's valuation will decrease so that it can affect the decline in stock prices which in turn will result in a decrease in the value of the company.

The result of this study indicates that profitability has an effect on firm value. This is in line with the research conducted by Ayu & Ary (2013) and Ika, Rina and Ilham (2015) which states that profitability affects the value of the company.

CONCLUSION, IMPLICATION, AND SUGGESTION

This study aims to determine the effect of dividend policy, debt policy, investment decisions and profitability on firm value in consumer goods industry sector companies listed on the Indonesia Stock Exchange in 2013 - 2017. The samples used in this study are 12 companies. The results of multiple linear regression analysis show that all independent variables, consisting of dividend policy, debt policy, investment decisions and profitability, have an effect firm value.

This research is expected to have implications on the consumer goods industry sector companies to improve financial performance. This is because consumer goods sector is an important sector in the manufacturing sector which greatly impacts the excitement of the capital market in Indonesia.

This study has limitations, particularly in heteroscedasticity testing, where the variable of profitability, which is proxied by ROA, experiences symptoms of heteroscedasticity.

Based on these limitations, there are several suggestions including: First, when Heteroscedasticity occurs, the next researchers are advised to carry out transformations. Second, the next researchers are expected to use samples of companies other than consumer goods industry sector, such as basic industry and chemical industry sectors or various industrial sectors. Third, the next researchers should add other variables that can affect firm value, such as firm size or capital structure.

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APPENDIX
Overall Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
TOBINSQ	60	.59	12.96	3.6635	3.49028
DPR	60	.06	1.53	.4417	.30403
DER	60	.19	3.03	.8212	.55401
PER	60	.22	56.24	23.1825	11.82644
ROA	60	.03	.66	.1388	.12723
Valid N (listwise)	60				

Results of Classical Assumption Testing

    a.   Normality Testing

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		60
Normal Parameters[a]	Mean	.0000000
	Std. Deviation	1.49447337
Most Extreme Differences	Absolute	.151
	Positive	.111
	Negative	-.151
Kolmogorov-Smirnov Z		1.167
Asymp. Sig. (2-tailed)		.131

a. Test distribution is Normal.

    b.   Multicollinearity Testing

Coefficients[a]

Model	Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	VIF
1 (Constant)	-3.217	.554		-5.811	.000		
DPR	3.912	.801	.341	4.882	.000	.684	1.462
DER	.337	.371	.053	.909	.367	.964	1.038
PER	.130	.018	.440	7.414	.000	.945	1.058
ROA	13.424	1.897	.489	7.076	.000	.697	1.435

a. Dependent Variable: TOBINSQ

    c.   Autocorrelation Testing

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.904[a]	.817	.803	1.54786	1.961

a. Predictors: (Constant), ROA, PER, DER, DPR

b. Dependent Variable: TOBINSQ

> d. Heteroscedasticity Testing

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.247	.347		.711	.480
	DPR	-.334	.502	-.093	-.666	.508
	DER	-.030	.232	-.015	-.130	.897
	PER	.013	.011	.141	1.179	.243
	ROA	4.610	1.189	.538	3.878	.000

a. Dependent Variable: Abs_Res

(There is a symptom of Heteroscedasticity in ROA, so data transformation is conducted in the form Ln).

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.352	.555		2.438	.018
	DPR	.579	.413	.199	1.401	.167
	DER	.198	.196	.124	1.009	.317
	PER	-.008	.009	-.106	-.848	.400
	Ln_ROA	.339	.171	.276	1.978	.053

a. Dependent Variable: Abs_RES5

(After data transformation, there is no Heteroscedasticity in all variables including ROA).

Multiple Linear Regression Testing

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	4.643	.843		5.510	.000
	DPR	3.827	.628	.333	6.094	.000
	DER	.740	.299	.117	2.478	.016
	PER	.119	.014	.402	8.375	.000
	Ln_ROA	2.663	.260	.551	10.232	.000

a. Dependent Variable: TOBINSQ

T Testing

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
	B	Std. Error	Beta			Zero-order	Partial	Part
1 (Constant)	4.643	.843		5.510	.000			
DPR	3.827	.628	.333	6.094	.000	.690	.635	.285
DER	.740	.299	.117	2.478	.016	.215	.317	.116
PER	.119	.014	.402	8.375	.000	.525	.749	.392
Ln_ROA	2.663	.260	.551	10.232	.000	.751	.810	.479

a. Dependent Variable: TOBINSQ

F testing

ANOVA[b]

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	632.038	4	158.010	100.232	.000[a]
Residual	86.704	55	1.576		
Total	718.743	59			

a. Predictors: (Constant), Ln_ROA, DER, PER, DPR

b. Dependent Variable: TOBINSQ

Determination Coefficient Testing

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.938[a]	.879	.871	1.25557

a. Predictors: (Constant), Ln_ROA, DER, PER, DPR