ANALYSIS OF THE EFFECT OF FINANCIAL RATIO AND DIVIDEND POLICY ON COMPANY VALUE IN MANUFACTURING COMPANIES ERA 2018-2022

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ABSTRACT

This study aims to test the effect of leverage, liquidity, profitability on company value. The research population is manufacturing companies listed on the Indonesia Stock Exchange (BEI) 2018-2022. The sample obtained was 18 manufacturing companies based on purposive sampling criteria. Data analysis used descriptive statistics, multiple linear regression analysis, normality test and hypothesis testing with SPSS version 22.0. Based on the case phenomenon experienced by PT. Wijaya Karya (Persero) Tbk (WIKA) experienced a decline in performance due to a decrease in net profit generated by the company which resulted in the value per share decreasing. So the results of this research show that leverage, profitability and dividend policy have a positive effect on the company value. Liquidity has no effect on company value. So the implication in this research is to know the level of increase or decrease in company value based on the company's ability to fulfill its obligations, earn profits and distribute dividends by the company which are taken into consideration when investing in the company. The level of company liquidation does not influence investors to invest because investors usually consider by the company profit. With a different manufacturing and research period as object than previous research

INTRODUCTION

The rapid development of the times means that economic growth and development are also developing rapidly. This condition is followed by strong competition between companies, which requires companies to increasingly innovate and create strategies to increase maximum operational results to achieve business success which can be achieved by increasing company value in order to invite investors to invest in the company by buying securities. traded on the capital market (Hidayat & Sari, 2021).

The performance of managers in carrying out company operations to generate profits is very important because earning large profits increases the prosperity of owners and shareholders which can be reflected in increasing company value. Share prices can describe the prosperity of

shareholders and owners. The high share price is able to reflect the increasingly prosperous stakeholders in the company (Robiyanto et al., 2020). Considerations before making an investment are not only based on the company's current performance but also consideration of the company's sustainability in the future, company management in generating profits can influence the thoughts of potential investors regarding the company's level of success which is often linked to share prices.(Lumoly et al., 2018). The phenomenon related to company value can be seen from the case of PT. Wijaya Karya (Persero) Tbk (WIKA) based on the financial report of the WIKA company recorded a decrease in net profit which was originally Rp. 185.76 billion to Rp. 117.66 billion which affects the dividends that will be distributed to shareholders. The value of Wijaya Karya's earnings per share fell due to declining performance from the position of Rp. 20.71/share at the end of 2020 to Rp. 13,12/share at the end of 2021 (cnbcindonesia, 2022).

One of the important factors for consideration by potential investors in determining financial investments is financial performance reflected in financial reports published openly by the company (Alfredo et al., 2013). Financial reports are important documents containing information regarding a company's financial records regarding financial positions, performance and cash flows within a certain time period which are published on the capital market. Financial reports are used as a reliable decision-making tool. Information content that allows investors to assess shares, use of financial information provided in financial reports that investors use to carry out analysis as a consideration for making investment decisions that include liquidity, leverage, financial position and profitability of the company (Faroji & Ali, 2021).

Financial report analysis carried out by investors can determine the financial performance of a company to make investment decisions. The company's financial management results are assessed from financial ratios which include leverage, profitability, liquidity and dividend policy. According to Oktaviarni et al., (2019) assessment of a company's ability to manage its finances can influence company value, because company value is believed to not only reflect the company's current performance but also describe the possibilities that will occur in the company's future.

This research was conducted with the aim of investigating whether leverage, liquidity, profitability and dividend policy have a positive effect on increasing or decreasing company value. Research uses annual reports and financial reports.
The literature review in this research is:

Agency theory explains the relationship between agents and principals. In this case, the agent is a manager as a person who has more information and at the same time carries out the company's operational activities and has an interest in enriching himself(Rahmasari et al., 2019).

Leverage is the first ratio used by the test, namely leverage. Companies have sources of funding which can come from internal sources in the form of retained earnings and depreciation or external to the company such as issuing shares and debt (Bagus et al., 2016). Leverage shows the company's ability to pay off debt using its own capital. The smaller the debt ratio, the better the company's ability to survive and fulfill its obligations to creditors. Companies that are able to pay their obligations can increase investors' confidence in investing in the company, which will increase the value of the company.

The next ratio is liquidity, company liquidity can be determined from current assets, current liabilities and cash. Liquidity shows the condition in which a company can be declared good and healthy because it is able to pay off short-term obligations according to the deadline. Liquidity affects the amount of dividends that will be distributed to shareholders. The more dividends shareholders receive, the higher the share price. High share prices determine the increase in company value (Jariah, 2016).

Profitability ratios measure a company's ability to generate profits from its normal business activities. Companies need profits for the continuity of their business. If the company experiences an increase in profits, the company's profitability level will be higher. The profitability ratio is important in reflecting effectiveness and with the assets it owns the company is able to generate profits (Faroji & Ali, 2021).

Dividend policy is the ability to pay dividends and can also determine the value of the company. According to Nohuz et al. (2014)Dividend policy is an action agreed upon by a company to determine the allocation of company income that will be given to investors who are decided to reinvest or retain it as the company's retained earnings. Dividend policy must be followed by considering the opportunity to increase profits distributed as dividends, not only providing profits that the company has obtained to investors, so that the value of the company increases because the ability to pay dividends also increases. Appropriate allocation of profits between profit payments as dividends and profits retained by the company is an important aspect of dividend policy (Hutama, 2022).

Hypothesis

The Effect of Leverage on Company Value

Leverage in financial management is to increase potential shareholder profits with the use of assets and funding sources by companies that have fixed expenses (Maronrong and Setiani, 2017). If shareholders obtain high profits, it shows that the company is able to fulfill its long-term obligations. A company that is able to pay long-term obligations represents good company value.

In agency theory, it is explained that the higher the leverage, the greater the transfer of prosperity that will be obtained by the principal, which can cause a conflict of interest between management and shareholders. Shareholders will pay more attention to how the company can organize and manage its debt by looking at the information the company has provided. Company managers who manage the company have earlier information than shareholders, so it is easier for managers to use information about the company's debt for their own benefit.

Research conducted by Maronrong and Setiani (2017) states that leverage has a positive and significant influence on company value. Supported by the results of research conducted Pratama and Nurhayati (2021)which states that leverage has a positive and significant effect on company value. Therefore, in this research the first hypothesis is formulated as follows:
H1= leverage has a positive effect on company value

The Effect of Liquidity on Company Value

According toLumoly et al., (2018)Liquidity is an indicator of a company's ability to use available current assets to pay all short-term financial obligations at the specified deadline. The higher the company's liquidity, the more funds available for the company to finance operational activities within the company and pay dividends, thereby increasing investor interest in the company's performance.

The relationship between liquidity and agency theory is that the manager as the manager of the company will reveal all good information about the company so that in the eyes of investors the company has a good image. Information regarding a low level of liquidity indicates a high liquidity risk, investors will consider the company's liquidity level so they will not hesitate to invest in the company. The more investment the company receives, of course the managers in the company will also gain profits.

Research conducted by Rahmasari et al., (2019)shows that liquidity has a positive effect on company value. This is in line with the research results Oktaviarni et al., (2019) which shows that

liquidity has an effect on company value. So the second hypothesis in this research is formulated as follows:

H2 = liquidity has a positive effect on company value

The Influence of Profitability on Company Value

Profitability is the result of the company's performance in earning profits. The company's increasing prospects are symbolized by high profitability. Increasing company profitability represents increasing company efficiency, so this shows that the company's performance is getting better. Good company performance can increase the confidence of investors who want a return on their investment, because good company performance is shown by increasing profits(Suwardika and Mustanda, 2017).

The relationship between agency theory and profitability is that if the company does not experience problems, shareholders, creditors and suppliers will see the extent to which the company is able to generate profits from company sales and investments. Companies that succeed in posting increasing profits and high profitability indicate good company performance.

Research conducted by Oktaviarni et al., (2019)states that profitability influences company value. The research results are in line with research conducted by Utomo (2016)namely profitability has a positive and significant effect on company value. Therefore, the third hypothesis in this research is:

H3 = profitability has a positive effect on company value

The Effect of Dividend Policy on Company Value

According to Senate (2016)Dividends can be interpreted as an agreement between the company and its shareholders in determining the company's net profit that will be paid to investors. One of the management policies that must be decided is determining whether the profits earned by the company in a period will be distributed partly as dividends and partly not distributed in the form of retained earnings or divided all in the form of dividends. Management policy in determining the treatment of dividends is called dividend policy. High dividend payments will affect the value of the company, when dividend payments are large, the share price will be high and have an impact on increasing the value of the company (Prastuti & Sudiartha, 2016). Based on agency theory, managers manage assets and sources of funds to fulfill long-term obligations that reflect a good future for the company to increase investor confidence. If investors obtain increased profits, then the company is able to demonstrate the fulfillment of its long-term obligations. Companies that are able to fulfill long-term obligations represent good company value.

Research conducted by Senate (2016)states that dividend policy has a positive effect on company value. This is supported by Oktaviarni et al., (2019) in his research stated that dividend policy had an effect on the company. Therefore, this research has the following hypothesis:

H4 = dividend policy influences company value

The conceptual framework model can be seen in the following image:

Figure 1 conceptual framework
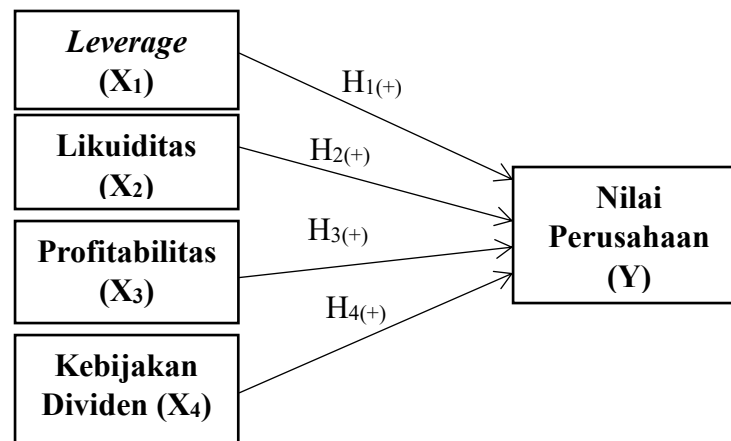
Source: Research Data, 2024

RESEARCH METHODS
Types of research

The research was conducted using a quantitative approach. The data in the research were obtained from secondary data. Secondary data is collected and obtained by downloading the company's financial reports and annual reports on the site www.idx.com and the company's official website. This research uses a population of 170 manufacturing companies listed on the Indonesia Stock Exchange (BEI) in the 2018-2022 period. The research uses purposive sampling as a sample determination method with predetermined criteria resulting in 71 financial reports of manufacturing companies listed on the BEI for the 2018-2018 period. 2022

Operational Definition of Research Variables

Company value
Company value is measured using price per book which is obtained from dividing the market price per share by the book value per share.

Leverage
The leverage ratio is used to determine the extent to which a company finances company activities financed by debt, namely leverage(Hidayat, 2019). Leverage measurement with the dept to equity ratio (DER) can be obtained by calculating the company's total debt divided by the total equity owned by the company

Liquidity
Liquidity is measured to find out information about the level of the company's ability to pay off its short-term debt. A company's liquidity depends on its ability to convert non-cash and cash assets Lumoly et al., (2018). Measuring the liquidity ratio with the current ratio is obtained from dividing current assets by current liabilities.

Profitability
Profitability is a ratio to measure a company's ability to gain profits. According to Oktaviarni et al., 2019 The ROA ratio is used to measure how effectively a company manages its assets to generate profits. ROA can be obtained from net profit after tax divided by total assets.

Dividend Policy

Dividend policy is a decision agreement regarding the distribution of profits which will be distributed to shareholders in the form of dividends or reused by the company in the form of retained earnings for future company activities (Pratama and Nurhayati, 2021). Measurement of dividend policy can be obtained from the results of dividend distribution using pre share earnings.

Data Sources and Data Analysis Techniques

The data source comes from the annual reports of 18 manufacturing companies that have met the research criteria. The data analysis method uses descriptive statistics. Multiple linear regression analysis, F test, t test, and coefficient of determination test were used to analyze the four hypotheses. Before testing the hypothesis, the researcher carried out a classic assumption test consisting of a normality test, multicollinearity test, autocorrelation test and heteroscedasticity test. Multiple regression analysis is fulfilled if the sig value <0.05. The multiple linear regression equation is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Information:

Y	= Company Value
α	= Constant
$\beta 1\ \beta 2\ \beta 3\ \beta 4$	= Linear regression coefficient
X1	= Leverage
X2	= Liquidity
X3	= Profitability
X4	= Dividend Policy
ε	= error

RESULT AND DISCUSSION
Multiple Linear Regression Test Results

Table 1.
Multiple Linear Regression Test Results

Coefficientsa

Model	Unstandardized Coefficients			Standardized Coefficients
	B		Std. Error	Beta
1	(Constant)	1,450	,156	
	LOG10_X1	,359	,130	,318
	LOG10_X2	,156	,137	,126
	LOG10_X3	,875	,115	,715
	LOG10_X4	,285	,128	,197

a. Dependent Variable: LOG10_Y

Source: Secondary Data, 2024, processed

In the regression equation above, the conclusions that can be explained are as follows:

1) A positive constant value of 1.450 indicates that if the leverage, liquidity, profitability and dividend policy variables are constant then the Y value is 1.450.

2) The regression coefficient value of the leverage variable (X1) of 0.359 has a positive value, indicating that if the leverage level increases by one unit, assuming that other independent variables are constant, the company value will increase by 0.359.

3) The regression coefficient value of the liquidity variable (X2) of 0.156 has a positive value, indicating that if the liquidity level increases by one unit, assuming that other independent variables are constant, the company's value will increase by 0.156.

4) The regression coefficient value of the profitability variable (X3) of 0.875 has a positive value, indicating that if the level of profitability increases by one unit, assuming that other independent variables are constant, the company value will increase by 0.875.

5) The regression coefficient value of the dividend policy variable (X4) of 0.285 has a positive value, indicating that if the dividend policy level increases by one unit, assuming that other independent variables are constant, the company value will increase by 0.285.

Descriptive Statistical Test

Table 2.
Descriptive Statistical Test Results

	N	Minimum	Maximum	Mean	Std. Deviation
LEVERAGE	71	,067	1,831	,59365	,388945
LIQUIDITY	71	,058	6,917	2,76269	1.401669
PROFITABILITY	71	,009	,243	,09844	,057630
DIVIDEND POLICY	71	,054	1,478	,49690	,275690
COMPANY VALUES	71	,376	7,806	2.85993	1.941337
Valid N (listwise)	71				

Source: Secondary Data, 2024, processed

Based on the table above, it shows that the number of data (n) is 71. It can be seen that leverage has a minimum value of 0.067, namely by PT. Supreme Cable Manufacturing and Commerce Tbk (SCCO) and a maximum value of 1.831, namely by PT. Wijaya Karya Beton Tbk (WTON), has an average value of 0.59365. The average value shows a result below 1, which means that the company has lower debt compared to the capital it has. With a standard deviation value of 0.388945, which is lower than the average, it shows that the data distribution does not vary, meaning that the data is not spread far from its average.

Liquidity has a minimum value of 0.058, namely by PT. Arwana Citra Mulia Tbk (ARNA) and a maximum value of 6.917, namely by PT. Ekadharma International Tb (EKAD). The average value of 2.76269 means that the company has an average ability to meet its short-term obligations of 2.76269 times the total assets owned by the company in one period. The standard deviation value of 1.401669 shows that the distribution of data does not vary because the standard deviation value is lower than the average value.

Profitability has a minimum value of 0.009, namely by PT. Wijaya Karya Beton Tbk (WTON) and a maximum value of 0.243, namely by PT. Industri Jamu & Farmasi Sido Muncul Tbk (SIDO). The average value of 0.09844 indicates that every one rupiah of the Company's assets can generate a profit of 0.09844. The standard deviation value of 0.057630 indicates that the data distribution does not vary because the standard deviation value is lower than the average value.

Dividend policy has a minimum value of 0.054, namely by PT. Selamat Sempurna Tbk (SMSM) and a maximum value of 1.478, namely by PT. Indocement Tunggal Prakasa Tbk (INTP). The average value of 0.49690 indicates that the company has the ability to pay dividends of 0.49% of the profit generated by the Company. The standard deviation has a value of 0.275690. This shows that the distribution of data does not vary because the standard deviation value is lower than the average value.

Meanwhile, the company value has a minimum value of 0.376, namely by PT. Supreme Cable Manufacturing and Commerce Tbk (SCCO) and a maximum value of 7.806, namely by PT. Impack Pratama Industri Tbk (IMPC). The standard deviation value is 1.941337. This shows that the distribution of data does not vary because the standard deviation value is lower than the average value. The average value of 2.85993 indicates that to get one share of stock, Rp. 2.85993 must be paid.

Hypothesis Testing

t-test

Table 3.
t-test Results

Coefficientsa					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1,450	,156		9,321	,000
LOG10_X1	,359	,130	,318	2,769	,007
LOG10_X2	,156	,137	,126	1,140	,258
LOG10_X3	,875	,115	,715	7,601	,000
LOG10_X4	,285	,128	,197	2,222	,030

a. Dependent Variable: LOG10_Y

Source: Secondary Data, 2024, processed

Based on the results of the t-test, the following conclusions can be drawn:

a) The t-test on the leverage variable (X1) obtained a t count of 2.769 and a significance value of 0.007. The leverage coefficient value on the company value is 0.359. The significance value of the leverage variable is less than 0.05. So it is concluded that the leverage variable (X1) has a positive effect on the company value (Y), so H1 is accepted.

b) The t-test on the liquidity variable (X2) obtained a t count of 1.140 and a significance value of 0.258. The coefficient value of liquidity on company value is 0.156. The significance value of the liquidity variable is greater than 0.05. So it can be concluded that the liquidity variable (X2) does not affect the company value variable (Y), so H2 is rejected.

c) The t-test on the profitability variable (X3) obtained a calculated t of 7,601 and a significance value of 0.000. The coefficient value of profitability on company value is 0.875. The significance value of the profitability variable is less than 0.05. So it is concluded that the profitability variable (X3) has a positive effect on the company value variable (Y), then H3 is accepted.

d) The t-test on the dividend policy variable (X4) obtained a t count of 2.222, a significance value of 0.030 and a dividend policy coefficient value of 0.285. The significance value of the dividend policy variable is less than 0.05. So it is concluded that the dividend policy variable (X4) has a positive effect on the company value variable (Y), so H4 is accepted.

F Test

Table 4.
F Test Results

ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	4,440	4	1,110	17,041	,000b
Residual	4,299	66	,065		
Total	8,739	70			

a. Dependent Variable: LOG10_Y

b. Predictors: (Constant), LOG10_X4, LOG10_X2, LOG10_X3, LOG10_X1

Source: Secondary Data, 2024, processed

Based on the table above, it can be concluded that the variables of leverage, profitability, liquidity and dividend policy have a significant effect on the variable of company value that has been tested simultaneously. This is because the significant value obtained is 0.000. The significant value is less than the test criteria of 0.05.

Classical Assumption Test

From the results of the classical assumption test, it is concluded that the variables leverage, liquidity, profitability, dividend policy and company value used in this research are free from the classical assumption test. The classical assumption tests carried out consist of normality tests, multicollinearity tests, autocorrelation tests and heteroscedasticity tests.

Normality Test

The data normality test aims to find out whether the variables used have a normal distribution or not. The one sample test of Kolmogorov Smirnov was used in this study using a significance level of 0.05 to show that the distributed variables were normal, then the data was processed using SPSS version 22.0.

Table 5.
Normality Test Results

a. One-Sample Kolmogorov-Smirnov Test		
Unstandardized Residual		
N		71
Normal Parametersa,b	Mean	,0000007
	Std. Deviation	,24770050
Most Extreme Differences	Absolute	,098
	Positive	,078
	Negative	-,098
Test Statistics		,098
Asymp. Sig. (2-tailed)		,087c

a. Test distribution is Normal.

Source: Secondary Data, 2024, processed

The normality test is conducted to test whether in the regression model, the residual variables or dependent and independent variables have a normal distribution. The normality test in this study uses Kolmogorov-Smirnov (KS), based on the table obtained a value of 0.098 and Asymp. Sig. Of 0.087, it can be concluded that the data is normally distributed.

Autocorrelation Test Results

Table 6.
Autocorrelation Test Results

Model Summaryb				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,713a	,508	,478	,25522	1,980

a. Predictors: (Constant), LOG10_X4, LOG10_X2, LOG10_X3, LOG10_X1

b. Dependent Variable: LOG10_Y

Source: Secondary Data, 2024, processed

Autocorrelation test aims to test whether in the linear regression model there is a correlation between the disturbance error in period t with the disturbance error in period t-1. This study uses the Durbin-Watson test where if the result is dU < DW < 4-Du then there is no autocorrelation. Based on the results of the Durbin-Watson test of 1.980. With k = 4 then dU = 1.7358, 4- dU = 2.2642, then 1.7358 < 1.980 < 2.2642 so that the data does not have an autocorrelation problem.

Multicollinearity Test

Table 7.
Multicollinearity Test Results

Coefficientsa				
Model			Collinearity Statistics	
			Tolerance	VIF
1	LOG10_X1	,566		1,766
	LOG10_X2	,612		1,633
	LOG10_X3	,842		1,187
	LOG10_X4	,946		1,057

a. Dependent Variable: LOG10_Y

Source: Secondary Data, 2024, processed

The Multicollinearity Test aims to test whether there is a correlation between independent variables in the regression model. The multicollinearity test can be seen from the tolerance value and Variance Inflation Factor (VIF). If the tolerance value is > 0.1 and the VIF value is < 10, then there is no multicollinearity. Based on the results of the multicollinearity test, all variables have values greater than 0.1 and VIF is less than 10, so it can be concluded that there is no multicollinearity problem.

Heteroscedasticity Test

Table 8.
Heteroscedasticity Test Results

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,226	,078		2,902	,005
	LOG10_X1	,064	,065	,152	,990	,326
	LOG10_X2	,010	,068	,022	,148	,883
	LOG10_X3	,057	,057	,123	,984	,329
	LOG10_X4	-,166	,064	-,307	-2,593	,012

a. Dependent Variable: Abs

Source: Secondary Data, 2024, processed

The Heteroscedasticity Test aims to test whether the regression occurs a difference in variance from the residual of one observation to another. Based on the results of the Glejser test, all variables have a significant value greater than 0.05, so it can be concluded that there is no heteroscedasticity problem.

Determinant Coefficient Test (R^2)

Table 9.
Determinant Coefficient Test Results

Model Summaryb

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,713a	,508	,478	,25522	1,980

a. Predictors: (Constant), LOG10_X4, LOG10_X2, LOG10_X3, LOG10_X1

b. Dependent Variable: LOG10_Y

Source: Secondary Data, 2024, processed

The value of the determinant coefficient or adjusted R Square in this study is 0.478 or 47.8%, which means that the ability of the leverage, profitability, liquidity, and dividend policy variables to influence company value is 47.8%, or it can be said that 52.2% is influenced by other variables that are not included in the study.

Leverage on Company Value

Statistical testing is carried out to prove the leverage hypothesis on company value. Based on the tests that have been carried out, it shows that leverage has an effect on company value. The smaller the leverage, the better the company's ability to survive and fulfill its obligations to creditors. The results of the study show that the higher the company in managing debt to develop the company and the company can meet debt by using the equity it has, the more it will impact investor interest in investing their funds which will result in increased stock value and increased company value. In agency theory, it is explained that the higher the leverage, the greater the transfer of prosperity that the principal will get, which can cause a conflict of interest between management and shareholders. Shareholders will pay more attention to how the company can organize and manage its debt by looking at the information that the company has provided.

Company managers who manage the company have earlier information than shareholders, so it is easier for managers to use information about the company's debt for their own benefit. The results of this study are in line with research conducted by Pratama and Nurhayati (2021) which states that leverage has a significant positive effect on company value. Supported by research conducted byMaronrong and Setiani (2017)

Liquidity on Company Value

Statistical testing is carried out to prove the liquidity hypothesis on company value. Based on the tests that have been carried out, it shows that liquidity has no effect on company value. This is because liquidity is not a determinant of company value. Thus, the management of the company in fulfilling its short-term obligations does not affect the value of the company. This shows that the high or low ability of a company to cover its current liabilities with current assets cannot affect the value of the company because investors in investing their funds do not pay attention to the company's liquidity level. The relationship between liquidity and agency theory is that managers as company managers will disclose all good information about the company so that in the eyes of investors the company has a good image. Information about low liquidity levels indicates high liquidity risk, investors will consider the company's liquidity level so that they do not hesitate to invest in the company. The more investments the company receives, of course the managers in the company will also benefit. The results of this study are supported by research that has been conducted by Ambarwati (2021) which states that liquidity has no effect on company value.

Profitability on Company Value

Statistical testing is carried out to prove the profitability hypothesis on company value. Based on the tests that have been carried out, it shows that profitability has a positive effect on company value. research is supported. The increasing profitability ratio is the result of efforts to manage funds invested by investors carried out well by the company's management so that it can generate greater profits. If the profitability ratio continues to increase, investors can have confidence that the company's prospects in the future look good. The relationship between agency theory and profitability is that if the company does not experience problems, shareholders, creditors, and suppliers will see how far the company is able to generate profits from sales and company investments. Companies that successfully record increasing profits and high profitability indicate good company performance. The results of this study are in line with research that has been conducted by The Great (2016) which states that profitability has a positive and significant effect on company value. In line with research conducted by Azhar & Wijayanto (2016) which states that profitability has a positive and significant effect on company value.

Dividend Policy on Company Value

Statistical testing was carried out to prove the hypothesis of dividend policy on company value. Based on statistical tests, it shows that dividend policy has a positive effect on company value. It can be concluded that the decisions made by the company in distributing dividends or retaining them as retained earnings are useful for financing investment. In accordance with agency theory, managers who have the task of managing the company will know information about company profits that will be retained or distributed to shareholders. So that the profit management that managers have carried out to maximize share prices influences investors in investing in the company. The high or low value of a company is influenced by the amount of dividend payments. Payment of dividends to investors in large amounts results in higher stock prices, which has an impact on increasing the value of the company. In agency theory, it explains the relationship that arises because of a contract between shareholders who give the responsibility of managing the

company to management. Managers tend to make decisions to invest the profits obtained so that the company experiences high growth. These incompatible interests often cause conflict because they are not in line with the wishes of shareholders who want profits to be distributed in the form of dividends. The results of this study are supported by research Prastuti and Sudiartha (2016) which states that dividend policy has a positive and significant influence on company value. The results of the study are in line with research conducted by Akbar and Fahmi (2020) which states that dividend policy has a positive effect on company value.

CONCLUSION

This research was conducted with the aim of examining the effect of leverage, liquidity, profitability and dividend policy on company value seen from financial reports listed on the Indonesia Stock Exchange (BEI) limited to only manufacturing company financial reports as research objects obtained from www. idx.co.id as well as the company's official website. Analysis was carried out using multiple linear analysis. Sample data is 71 annual reports in the 2018-2022 time period. Based on the results of this research, it can be concluded that leverage has a positive effect on company value. The results of this research are in line with research conducted by Pratama and Nurhayati (2021) which states that leverage has a significant positive effect on company value. Supported by research conducted by Maronrong and Setiani (2017)which states that leverage has a positive and significant effect on company value.

Liquidity has no effect on company value. The results of this research are supported by research conducted by Ambarwati (2021)which states that liquidity has no effect on company value. Profitability has a positive effect on company value. The results of this research are in line with research conducted by Utomo (2016)which states that profitability has a positive and significant effect on company value. In line with research conducted by Azhar & Wijayanto (2016)which states that profitability has a positive and significant effect on company value. Dividend policy has a positive effect on company value. The results of this research are supported by research by Prastuti and Sudiartha (2016) which states that dividend policy has a positive and significant influence on company value. The research results are in line with research conducted by Akbar and Fahmi (2020) which states that dividend policy has a positive effect on company value.

So the implication in this research is to know the level of increase or decrease in company value based on the company's ability to fulfil its obligations, earn profits and distribute dividends by the company which are taken into consideration when investing in the company. The level of company liquidation does not influence investors to invest because investors usually consider the profits generated by the company.

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