# Influence Profitability, Policy debt, Policy Dividend, Investment Decision, And Firm Size to Company Value Manufacture Sub Sector Food and Drink Registered in the Indonesian Stock Exchange

## Abstract

The purpose of this report is to analyze and evaluate the effects of profitability, debt policy, and dividend policy. Investment Decision, and Firm Size, on the Company Value of Food and Beverage Sub Sector Manufacturing, which is listed on the Indonesia Stock Exchange. The approach used in this study is the Quantitative Approach Method. The population used comes from various producers listed on the Indonesia Stock Exchange from 2017 - 2021. The total number of samples used in the study was 85, which is the number of samples used by 17 different businesses over the five study periods. The research model is a linear multiple-regression mode

**Keywords:** Profitability, Debt policy, Dividends policy, Investments decision, Firm size

## Introduction

To prevent the spread of the COVID-19 virus, a lot of companies must stop operating to prevent the spread of this virus. One that looks caught impact this pandemic is profit earned company manufacturing on the IDX. In addition, various sectors of industries were also hit by COVID-19, one of them sector food and drink sectors.

Economic experts analyze that COVID-19 will impact on well-being of society and economy in a manner broad, mainly financial market trading, business general in terms of import and export, product, price material standard, and price material burn. booster growth economy in Indonesia Besides from trade, the company should also be its own mark good company to produce profit in a manner maximum so that can increase the level of economy in Indonesia. Enterprise values is one form achievement company in the financial aspect relating to income and costs operational in a manner whole. Instance A company, there are several one of the goals that is increase mark company the. The enhancement mark company reflected through price stock and followed by an increase mark holder stocks marked with returns high investment to holder stock.

There are several influencing factors that mark a company, for one is profitability. According to (Kasmir 2019:114) Indicators of profitability show the ability company to produce profit or still life during a period time certain. The research results of Ni Putu Ayu Yuniastri, Dewa Made Endiana, and Putu Diah Kumalasari (2021) show that the evaluation company is not affected by profitability in contrast to research from Erika Shofiatini Rahayu (2019) Which shows that profitability affects mark company.

In addition to profitability, policies draw up management is also important for a mark company. Policy the like policy debt, policy dividend, decision investment, and policy other. Use debt's own impact on value company in a manner whole, in proportion more debt large compared to more value low. If the proportion of debt is bigger than the mark company, the value company will down, however, If The portion of debt lower than the mark company, the value company will down. This is because of the benefits obtained by the company from the use of debt. (Abdillah, 2018). Hence, policy debt and policy dividend must be well considered, because will be risky to the expected return in the future. Study about policy debt by I Ketut Suardana, Dewa Made Endiana, Putu Edy Arizona (2020) and Dewi Wirasedanai (2018) show almost all. The same result Policy debt doesn't matter mark company.

In contrast to research previously about connection decision investment by Irawati (2021) and Erika Shofiatin Rahayu (2019) decision investment impacted significantly on value company. For policy dividend there is results of different research. Ni Luh Ayu Widyadnyani, Ni Made Sunarsih, and Gusti Ayu Asri Pramesti (2020) found that evaluation the company is not affected by the policy dividend. This contradicts the results study from Erika Shofiatin Rahayu (2019) states that policy dividend influential positive on ratings company andsignificant. According to (Widiastari & Yasa, 2018) Size company (firm size) is something possible scale used to classify company based on amount assets, sales, value stocks, and other factors.

The bigger size or scale company, it is increasingly easy to get internal and external funding. Size the company also described scale amount assets owned by the company that becomes consideration of potential investors to invest in the company. Study earlier about relationship between firm size and value company show different results. According to I Ketut Suardana, Dewa Made Endiana, and Putu Edy Arizona (2020) firm size have positive impact and significant to the value of the Company. whereas according to Ni Putu Ayu Yuniastri, Dewa Made Endiana, and Putu Diah Kumalasari (2021) firm size has an effect toward negative to mark company.

Based on the Presentation from this research can show Healthy or nope something company and can give description about company's financial position so that observers can use price share or stock investors to find out level investment and profit on a company. Studies previously shown inconsistent results, we want return researching How influence profitability, policy debt, policy dividend, decision investment and firm size in accordance with the value of the company, especially for companies manufacturing in the food and beverage sub-sector listed on the Indonesia Stock Exchange for the period 2017 - 2021.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Year | Profit After  Tax | Assets Fluent | Assets Still | Total Assets | Sale | Total Debt |
| BUDI | 2017 | 45,691 | 1027 | 1911 | 2,939 | 2,510 | 1,744 |
| 2018 | 50,467 | 1,472 | 1920 | 3,392 | 2,647 | 2.166 |
| 2019 | 64,021 | 1,141 | 1,858 | 2,999 | 3,003 | 1,714 |
| 2020 | 67,093 | 1,241 | 1,721 | 2,963 | 2,725 | 1,640 |
| 2021 | 91,723 | 1,320 | 1672 | 2,993 | 3,374 | 1605 |
| CAMP | 2017 | 43,421 | 864515 | 346,668 | 1,211 | 944,837 | 373,272 |
| 2018 | 61,947 | 664,681 | 339,594 | 1,004 | 961136 | 118,853 |
| 2019 | 76,758 | 723,916 | 333,612 | 1,057 | 1028 | 122,136 |
| 2020 | 44,045 | 751,789 | 335,083 | 1,086 | 956634 | 125,161 |
| 2021 | 100,066 | 856198 | 291,062 | 1.147 | 1.019 | 124,445 |
| GOOD | 2017 | 357,510 | 1,506 | 2057 | 3,564 | 7,480 | 2,305 |
| 2018 | 425,481 | 1,570 | 2,641 | 4,212 | 8048 | 1,722 |
| 2019 | 435,766 | 1999 | 3,063 | 5063 | 8,438 | 2,297 |
|  | 2020 | 245.103 | 2,321 | 4,349 | 6,670 | 7,719 | 3,713 |
| 2021 | 492,637 | 2,613 | 4.153 | 6,766 | 8,799 | 3,735 |

## Literature Review

## Profitability

According to (Prihadi 2020:166), profitability is ability to produce profit. Ratio profitability can be measured with:

𝑅𝑂𝐴 =Laba Bersih

𝑇𝑜𝑡𝑎𝑙 𝐴𝑠𝑒𝑡

## Policy Debt

According to (Rara & Susanto, 2018) policy debt is policy company about how much Far A company use funding debt. Ratio policy debt can be measured with:

*DER* =𝐷𝑒𝑏𝑡 𝐴𝑚𝑜𝑢𝑛𝑡

𝑇𝑜𝑡𝑎𝑙 𝐸𝑞𝑢𝑖𝑡𝑦

## Policy Dividend

Policy dividend according to study by Werner R. Murhadi (2018:4) policy Which done with expenditure cost Which quite expensive, because company must provide funds in large quantities big for necessity payment dividend. Ratio policy dividend can be measured with the following:

*DPR* = 𝑆𝑡𝑜𝑘 𝑃𝑟𝑖𝑐𝑒

𝐸𝑎𝑟𝑛𝑖𝑛𝑔 𝑝𝑒𝑟 𝑠ℎ𝑎𝑟𝑒

## Decision Investment

According to a study by Audry Leiwakabessy, Meidylisa Patty, Baretha M. Titioka (2021), decision investment is a choice That taken somebody from two alternatives Which There is in embed capital with various form investment (save, buy stock, insurance, buy assets etc.) Which aim to make profit in period Which will come. Ratio decision investment can be measured with the following:

*PER* = 𝑆𝑡𝑜𝑘 𝑝𝑟𝑖𝑐𝑒

𝐸𝑎𝑟𝑛𝑖𝑛𝑔 𝑝𝑒𝑟 𝑠ℎ𝑎𝑟𝑒

***firm size***

According to (Goh, Nainggolan, & Sagala, 2020) size company can see from field business Which currently operated, size company can in specify with total sale total assets and level average sales. Ratio size company can be measured with:

𝐹𝑖𝑟𝑚 𝑆𝑖𝑧𝑒 = 𝐿𝑛 𝑇𝑜𝑡𝑎𝑙 𝐴𝑠𝑠𝑒𝑡

## Mark Company

According to Silvia Indrarini (2019:2) understanding mark identify source Power company That trusted and relate it to price stock. Ratio mark company can be measured with:

*PBV* = 𝑆𝑡𝑜𝑘 𝑃𝑟𝑖𝑐𝑒

𝐵𝑜𝑜𝑘 𝑣𝑎𝑙𝑢𝑒 𝑜𝑓 𝑠ℎ𝑎𝑟𝑒𝑠

## development hypothesis

**Influence Profitability to Mark company**

Profitability shows effectiveness company in produce profit with manage assets Which has. With level profitability Which high, company own share Which will interested by para investors so that level profitability Which tall Also reflect prospect period front company Which Good so that investors interested in investing. Matter This in accordance with results study Erika Shofianti Rahayu (2019). Based on the statement, the so can developed hypothesis as following :

H 1 : Profitability influential positive significant on mark company.

## Influence Policy Debt to Mark Company

Policy debt generally more Lots used by companies from on publish share new Because felt safer, besides That proportion debt Which tall Also usually used for projects new company. Investors will expect profit Which is taller from exists projects new them. Matter This in accordance with the results study by Kharisma (2020).

Based on the statement, the hypothesis following can developed :

H2: Policy debt impact positive on value company.

## Influence Dividend Policy Against Company Value

Policy dividend i.e. concerns the use and role of company as holder stock. The bigger profit Which capable generated company so will be possible for holder share for can enjoy profit in form dividend Which big. Ascension payment dividend seen as signal that company own growth and prospect Which company Which Good. Signal information This will be accepted by investors for increase price stock and value company. Apart from that, the decision to withhold profit as profit detained Also interpreted as source funding and growth company in period front. Matter This in accordance with results study goddess And Wirasedana (2018). Based on the statement, the so can developed hypothesis as following :

H3: Policy dividends affect mark company

## Influence Investigation decision To Mark company

Decision investment Which appropriate impact on profit company in period front. Matter This Also will reflect performance management company Which optimal. Investors will get signal positive for increase request share and mark company. Matter This in accordance with results study Kharisma (2020). Based on the statement, the so can developed hypothesis as follows :

H 4 : Investment decision impact positive and significant on mark company.

## Influence Firm size To Mark company

firm size in study this, Firm Size shows how big or small company, shown in evaluation total assets company. With company Which bigger, more Lots investors will give attention they to him. Matter This caused by fact that company Which bigger tend own condition Which more stable, which interesting investors for buy the stock. Condition This affects price share companies in the capital market. Investors have great hope for the company, and they expect dividend from company. If the request for share company increases, price share in market capital will increase, show that company have " value " Which bigger. This in accordance with findings studies Prasetyorin (2017). Based on a statement the hypothesis can developed as following :

H5: firm size impact positive on mark company

## Method

Type data study This is secondary data used in study This. Data originate from report annual finances company manufacture industry food and drink Which registered in Exchange Effect Indonesia. Population in sample This covers several Company Which produce product food and drink registered in Exchange Effect Indonesia from 2017 – 2021 by number sample 17 companies were selected in a manner purposive. The data analysis technique used is multiple linear regression.

## Research Results

## Test Assumption Classic A. Test Normality

Study This use test statistics use test Kolmogorov – Smirnov(KS) And analysis chart use histogram.

Table 1. Kolmogorov-Smirnov test

|  |  |  |
| --- | --- | --- |
| **One-Sample Kolmogorov-Smirnov Test** | | |
|  |  | Unstandardized Residuals |
| N |  | 85 |
| Normal Parameters a,b | Means | 0E-7 |
| std. Deviation | 3.17455034 |
|  | absolute | 093 |
| Most Extreme Differences | Positive | 093 |
|  | Negative | -.075 |
| Kolmogorov-Smirnov Z |  | .855 |
| Asymp. Sig. (2-tailed) |  | .458 |
| a. Test distribution is Normal. | | |
| b. Calculated from data. |  |  |

Source: Results from processing data using SPSS

Table in on shows t h e results test *Kolmogorov – Smirnov* with mark significant > 0.05 that is as big as 0.458 so that can conclude results test distributed normally.

## Test histogram

A graph of a normal distribution

Description automatically generatedResults test normality with test histogram are as follows:

Figure 1. Histogram Graph Source : Results from processing data using SPSS

Picture in one can see that data almost equivalent follow curve shaped bells. They show that the data distributed approach is normal on every variable

## c. Test Normal P-Plot

**A graph of a normalized growth

Description automatically generated with medium confidence**

Figure 2. PP Plots Source: Results from processing data use SPSS

The picture on dot, dot, dot, dot, spread approach line diagonally so that data distributed normally.

## Test Multicollinearity

Test multicollinearity can be measured with see mark tolerance and variances inflation factor (VIF) with condition mark tolerance ≥ 0.10 And mark VIF 10 so stated Multicollinearity No happened.

Table 2. Multicollinearity Test

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Model | Unstandardized Coefficients | | Standardized Coefficients | Collinearity Statistics | |
|  | B | std. Error | Betas | tolerance | VIF |
| (Constant) | -6,716 | 2,269 |  |  |  |
| Profitability | 57,185 | 4,829 | .819 | .920 | 1,087 |
| Debt policy | .640 | .515 | 084 | .968 | 1,033 |
| Dividend Policy | 072 | .164 | .029 | .988 | 1012 |
| Investigation decision | 052 | 012 | .307 | .944 | 1,059 |
| Firm Size | .232 | .144 | .109 | .955 | 1047 |

Source: Results from processing data using SPSS

From the table on can see the results test multicollinearity with mark *tolerance* for every variable

obtained ≥ 0.10 And mark VIF ≤ 10, so stated No happen multicollinearity.

## Test Autocorrelation

Test autocorrelation can be measured with test *Durbin Watsons* with condition du<d<4-du For stated No happen autocorrelation.

Figure 3. Autocorrelation test

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Model | R | R Square | Adjusted R Square | std. Error of the Estimate | Durbin-Watson |
| 1 | .808 a | .652 | .630 | 3.273470 | 1907 |
| a. Predictors: (Constant), Firm Size, Dividend Policy, Investment Decision, Debt Policy, Profitability | | | | | |
| b. Dependent Variable: Company Value | | | | | |

Source: Results from data processing using SPSS

From table on can conclude results test *Durbin Watsons* as big 1,907 with dl = 1.5000 And du = 1.8009, so condition For No happening autocorrelation has fulfilled that is du<d<4-du; 1.5000<1.907<4- 1.8009; 1.5000<1.907<2.1991. Thus, can concluded that on data No autocorrelation happens.

## Test Heteroscedasticity

Test heteroscedasticity can be measured with see chart *Scatter plots* and test *Gelser* with provision mark significant every variable > 0.05 For No happen heteroscedasticity.

A graph of scatter plot

Description automatically generated

Figure 3. Scatterplots Source: Results from processing data using SPSS

Based on output Scatter plots above, see that point – point spread And No form pattern certain Which clear. This means can concluded that there is no problem heteroscedasticity.

## Model Study

Studies This test hypothesis variable independent to variable dependent with use analysis regression linear double.

Table 3. Multiple Linear Regression

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|  | B | std. Error | Betas |  |  |
| (Constant) | -6,716 | 2,269 |  | -2,960 | .004 |
| Profitability | 57,185 | 4,829 | .819 | 11,842 | .000 |
| Debt policy | .640 | .515 | 084 | 1,243 | .218 |
| Dividend Policy | 072 | .164 | .029 | .438 | .662 |
| Investigation decision | 052 | 012 | .307 | 4,503 | .000 |
| Firm Size | .232 | .144 | .109 | 1612 | .111 |

Source: Results from processing data using SPSS

Mark Company = -6,716 + 57,185 Profitability + 0.640 Policy Debt + 0.072 Policy Dividend + 0.052 Decision Investment + 0.052 Firm size Explanation from equality on is as following :

1. Mark constant a as big -6,716 It means variables profitability, policy debt, policy dividend, decision investment, a n d Firm size considered constant or zero, so Mark company on Company manufacture Which produce product food and drink registered in IDX Indonesia from 2017 until 2021, so variable mark company will become -6,716.
2. Mark coefficient b 1 as big 57,185 It means characteristic positive Profitability as big 1 unit, so on the

company on Company manufacture Which produces product food and drink registered in IDX Indonesia from 2017 until 2021. Matter This indicates that the more profit Which obtained by the company, so can increase mark company as big 57,185.

1. Mark coefficient b 2 as big 0.640 It means characteristic positive Policy Debt as big 1 unit, so on the company on Company manufacture Which produces product food and drink registered in IDX Indonesia from 2017 until 2021. Matter This indicate that debt Which owned company have influence to mark the company
2. Mark coefficient b 3 as big 0.072 It means characteristic positive Policy Dividend as big 1 unit, so on the company on Company manufacture Which produce product food and drink registered in IDX Indonesia from 2017 until 2021. This shows that mark companies increase with policy dividend so mark company increases on the contrary if happen decline policy dividend so can lower mark company.
3. b4 coefficient value is 0.052 meaning characteristic positive Investment Decision of 1 unit, then the manufacturing company produces product food and drink listed on Indonesia's IDX from 2017 to 2021. shows that the decision more investment big increase mark company
4. Mark coefficient b 5 as big 0.232 means nature positive Firm size as big 1 unit, so on Company manufacture Which produce product food and drink registered in IDX Indonesia from 2017 until 2021. Matter This indicate that Firm size Which big reflect that company currently experience development and growth Which very Good so that the more increase

## Coefficient Determination (R 2 )

With coefficient determination (R 2 ) We can know how much good model can explain variation from variable dependent from table on obtained mark R as big 0.630 or 63% Which means 63%structure capital can explained by variation from fifth variables independent that is profitability, policy debt, policy Dividend, decision Investment and Firm sizes, whereas 37% explained by factors other Which No researched.

Table 4. Coefficient Determination

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Model | R | R Square | Adjusted R Square | std. Error of the Estimate | Durbin-Watson |
| 1 | .808 a | .652 | .630 | 3.273470 | 1907 |
| a. Predictors: (Constant), Firm Size, Dividend Policy, Investment Decision, Debt Policy, Profitability | | | | | |
| b. Dependent Variable: Company Value | | | | | |

## F -Test

Purpose F test measure is all independent variables in the model provide influence in a manner

together with the dependent variable.

Table 5. F test

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **ANOVA a** | | | | | | |
| Model | Sum of Squares | | df | Mean Square | F | Sig. |
|  | Regression | 1588,182 | 5 | 317,636 | 29,642 | .000 b |
| 1 | residual | 846533 | 79 | 10,716 |  |  |
|  | Total | 2434715 | 84 |  |  |  |
| a. Dependent Variable: Company Value | | | | | | |
| b. Predictors: (Constant), Firm Size, Dividend Policy, Investment Decision, Debt Policy, Profitability | | | | | | |

Source : Results from processing data using SPSS

From table on can see mark Fount > Table (29.642 > 2,330) And Mark significant 0.000 < 0.05, so profitability, policy debt, policy dividend, decision investment and firm size influential significant to mark Company manufacture in industry food and drink Which registered in IDX Indonesia from period 2017 until 2021

## t - Test

Test Q is used to measure how much Far influences something variable independent in a manner

individual on variable dependent.

Table 6. T-test

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|  | B | std. Error | Betas |  |  |
| (Constant) | -6,716 | 2,269 |  | -2,960 | .004 |
| Profitability | 57,185 | 4,829 | .819 | 11,842 | .000 |
| Debt policy | .640 | .515 | 084 | 1,243 | .218 |
| Dividend Policy | 072 | .164 | .029 | .438 | .662 |
| Investment decision | 052 | 012 | .307 | 4,503 | .000 |
| Firm Size | .232 | .144 | .109 | 1612 | .111 |

Source: Results from data processing using SPSS Based on the table can explain results testing in a manner Partial as following :

1. Testing hypothesis in a manner partial (t-test) profitability to company Value, mark t count < t table (11,842 < 1664) And mark significant 0.000 < 0.05, then profitability No influential or no significant to mark company on company manufacture in sector food and drink registered in IDX Indonesia from period 2017 until 2021.
2. Testing hypothesis in a manner Partial (Test t) policy debt to mark company, mark t count < t table (1.243 < 1664) And mark significant 0.218> 0.05 so policy debt No influential or no significant to mark company on company manufacture in sector food and drink Which registered in IDX Indonesia from the period 2017 until 2021.
3. Testing hypothesis in a manner Partial (Test t) policy dividend to Mark company, mark t count < t table (0.438 < 1664) And mark significant 0.662> 0.05 so policy dividend No influential or no significant to mark company on company manufacture in sector food and drink Which registered in IDX Indonesia from the period 2017 until 2021.
4. Testing hypothesis in a manner partial (Test t) decision Investment to Mark company, mark t count < t table (4.503 < 1664) And value 0.000 < 0.05, then decision investment No influential or no significant to mark company on company manufacture in sector food and drink Which registered in IDX Indonesia from the period 2017 until 2021.

Testing hypothesis in a manner partial (Test t) Firm size to Mark company, mark t count <t table (1.612 < 1664) And mark significant 0.111> 0.05 so Firm size No influential or no significant to mark company on company manufacture in sector food and drink registered in IDX Indonesia from the period 2017 until 2021.

# Conclusion

Based on the analysis results of study hypotheses and research that has been done using the SPSS program, the researcher concluded that the results of this study are as follows :

1. Based on the normality test or the Kolmogorov–Smirnov test after transformed by a value significant >

0.05 i.e. of 0.458 so can conclude test results are normally distributed.

1. Based on the test of determination known that the value of Square R (R2) is 0.630 or 63% which means shows a contribution from variable profitability, policy debt, policy dividend, decision investment, and Firm Size to mark company manufacturing in industry food and beverages listed on the Indonesian Stock Exchange from period 2017 to 2021. Meanwhile, the remaining 37% was contributed by other factors not examined.
2. Based on the results of the model feasibility test (f test) known that profitability, policy debt, policy dividend, decision decent investment, and firm size used for research to company manufacturing in the sector food and beverages listed on the Indonesian Stock Exchange from the period 2017 to 2021.
3. Based on test results In Partial (t-test) is known that profitability, policy debt, policy dividend, decision investment, and firm size have no effect or not significant to mark company on company manufacturing in the sector food and beverages listed on the Indonesian Stock Exchange from period 2017 to 2021 Based on results that have been obtained, then researcher can suggest a number of matters as follows :
   1. This research was conducted using samples as many as 85 samples in the period 2017 - 2021. For

research next, you should use size more samples big and add the number of years of observation in conducting research in order of possibility greater to get results according to actual conditions.

* 1. This research is expected to expand insight and knowledge about the influence to profitability, policy debt, policy dividend, decision investment, and Firm Size to mark company on company manufacturing,

industry food and beverages, which are listed on the Indonesian Stock Exchange from period 2017 to 2021.

* 1. For researchers Next, researchers suggested that researchers furthermore can continue studying regarding the value of the company with different variables other.
  2. Study furthermore should use object other, not only company manufacturing in the sector food and beverages listed on the Indonesian Stock Exchange from period 2017 to 2021.
  3. For Universitas Prima Indonesia, results this research is expected can useful addition literature and references for library of Prima Indonesia University.
  4. For Investors, researchers suggest that investors can notice profitability, policy debt, policy dividend, decision investment, Firm Size and value company before decided to increase the nominal share portfolio investment and share beginners want investment.