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Original Research Article

The Effect of Profitability, Liquidity, Solvency and Dividend Policy on Company Value (Empirical Study on Manufacturing Companies Included in the Lq-45 Group on the Indonesia Stock Exchange 2019-2022)

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Abstract

The Covid-19 pandemic has caused some manufacturing companies to experience a decline in company value. The decline in company value occurs due to various factors. Factors that are thought to affect company value include profitability, liquidity, solvency and dividend policy. This study aims to determine the effect of profitability, liquidity and solvency on company value with dividend policy as a mediating variable. The population and sample in this study are manufacturing companies listed on the Indonesia Stock Exchange during the 2019-2022 period. The research design used is quantitative research. The data used are secondary data obtained through the IDX website and the websites of each company. The data analysis used is descriptive statistical analysis, classical assumption testing and multiple regression analysis.

Keywords: Profitability, Liquidity, Solvency, Dividend Policy, Company Value.

INTRODUCTION

The Covid-19 pandemic that rocked the world economy at the end of 2019 or early 2020 caused many companies to experience difficulties and reduce their activities. This situation will have a negative impact on the business world in Indonesia. Various sectors were affected, causing industrial bankruptcy, not only large industries, but also small and medium industries. Several rounds of layoffs forced business people to change the permanent employee system to a parttime employee system (Damayanti & Nugroho, 2023).

The Covid-19 pandemic has caused some manufacturing companies to experience a decline in company value. The decline in company value occurred in 2020, this can be seen from the *Price to Book Value (PBV) value* which is often used as an indicator of company value. Companies that have a high level of transactions on the stock exchange are included in the LQ 45 group. The LQ 45 index is one of the indexes on the Indonesia Stock Exchange that shows the 45 companies with the largest transaction values. Companies included in the LQ 45 are often targeted by investors because they are believed to be able to maintain and increase the value of the companies they own.

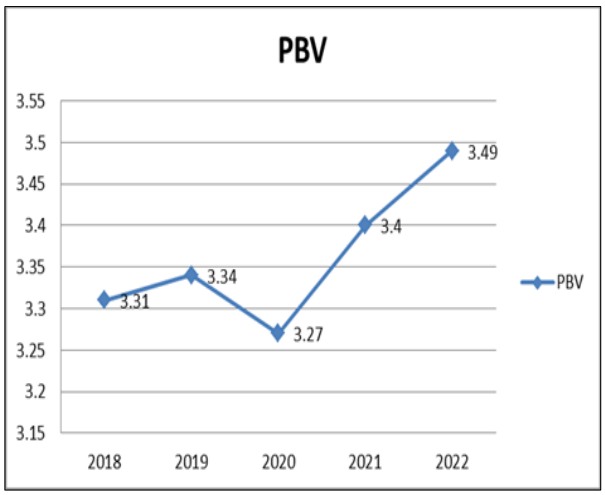

Figure 1: Average PBV of Manufacturing Companies 2018-2022

Based on Figure 1, it can be seen that on average, the PBV of manufacturing companies experienced a sharp decline in 2020. Economic activities experienced a drastic decline, especially with the implementation of the large-scale social restrictions (PSBB) policy which caused manufacturing companies to reduce their activities to half their capacity. The decline occurred because investors were more careful in financing business activities.

Nisak *et al's* (2020) research on *property* and *real estate sub-sector companies* shows that profitability, liquidity and solvency can affect company value. Sa'diah *et al's* (2023) research shows that liquidity and profitability affect company value in cement sub- sector manufacturing companies. Rinofah *et al's* (2022) research shows that profitability, liquidity and solvency affect company value in food and beverage sub- sector companies listed on the Indonesia Stock Exchange (IDX).

Profitability is the company's ability to earn profit through all existing capabilities and resources such as sales activities, cash, capital, number of employees, number of branches, and so on (Harahap, 2018) . A company that is able to earn profit shows that the company is able to generate profit that is not only reused to support operational activities but also used to provide dividends for owners (shareholders). High profitability shows that the company is able to generate high profits and has the ability to maintain business activities and distribute dividends to shareholders. This is an indicator for investors to provide an assessment for the company which will ultimately affect the value of the company.

Profitability has a positive effect on company value. This is reinforced by research conducted by Prabowo and Indriastuti (2020), as well as research by Harfani and Nurdiansyah (2021) which shows that profitability has a positive and significant effect on company value. Research by Yuliyanto & Oktris (2023) shows that profitability has a significant effect on company value as measured using *price book value*. This indicates that increasing profitability can increase company value.

Liquidity is one of the factors that determines the value of a company.

Liquidity describes a company's ability to meet its financial obligations that must be met immediately. Companies that have a high liquidity ratio certainly have good prospects because investors have the perception that the company has good performance so that it is able to increase stock prices which means it will increase the company's value (Zoraya *et al*., 2023).

Santania and Jonnardi's (2020) research
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{"citationItems":[{"id":"ITEM1","itemData":{"author":[{"droppingparticle":"","family":"Santania","given":"Agatha","non-dropping-particle":"","parsenames":false,"suffix":""},{"dropping particle":"","family":"Jonnardi","given":"","nondropping-particle":"","parsenames":false,"suffix":""}],"container-title":"Jurnal Multipradigma Akuntansi Tarumanagara","id":"ITEM-1","issue":"April","issued":{"dateparts":[["2020"]]},"page":"912919","title":"Pengaruh profitabilitas, likuiditas, dan solvabilitas terhadap nilai perusahaan","type":"articlejournal","volume":"2"},"uris":["http://www.mendeley.com/documents/?uuid=48e0d911-fd1a-4169b515e3bd9905658a"]}],"mendeley":{"formattedCitation":"(Santania & Jonnardi, 2020)","manualFormatting":"Santania dan Jonnardi (2020)","plainTextFormattedCitation":"(Santania & Jonnardi, 2020)","previouslyFormattedCitation":"(Santania & Jonnardi, 2020)"},"properties":{"noteIndex":0},"schema":"https://github.com/citation-stylelanguage/schema/raw/master/cslcitation.json"}shows that liquidity has a positive and significant effect on company value. A high level of liquidity shows a company's good financial condition because the company has more current assets than current liabilities. This guarantees that the risk of non-payment of current debt is reduced because it has a lot of current assets that can be used when needed.

Solvency shows the company's ability to meet its long-term obligations. The obligations in question are debts that must be paid by the company. Solvency can be calculated by the solvency ratio, which compares the amount of assets owned by a company with the debts that must be borne (Kasmir, 2018).

Research conducted by Komala *et al.,* (2019) and Jannah and Handayani (2022) shows that solvency has a significant influence on company value. If a company has a high solvency ratio, it will make investors reluctant to invest, because it has a higher risk of bankruptcy.

Previous studies that have used profitability, liquidity, solvency and firm value variables have some differences in results. This gap is indicated by differences in research results such as in the study conducted by Komala *et al*., (2019) which shows that solvency has a negative and significant effect on firm value, while the study conducted by Jannah and Handayani (2022) shows that solvency has a positive and significant effect.

Another difference is found in the research of Damayanti and Sucipto (2022) and the research of Prabowo and Indriastuti (2020) which show that liquidity has a negative and significant effect on firm value. In the research of Damayanti and Sucipto (2022) there is a

dividend policy variable that is used as a mediating variable on firm value. While the research of Zoraya *et al.,* (2023) shows that liquidity has a positive and significant effect on firm value. The profitability variable is the variable that produces the most research results that are in accordance with each other. The difference is in the selection of indicators used as a measure of profitability.

Based on the background that has been stated above, this study will examine the effect of profitability, liquidity, solvency and dividend policy on company value in manufacturing companies listed on the Indonesia Stock Exchange for the period 2019-2022. Manufacturing companies were chosen as research samples because as previously stated, manufacturing companies listed on the Indonesia Stock Exchange have quite good company values, although in some subsectors they experienced large increases or high decreases.

The formulation of the problem to be discussed in this study: first, does profitability affect the company value of manufacturing companies listed on the Indonesia Stock Exchange for the 2019-2022 period? Second, does liquidity affect the company value of manufacturing companies listed on the Indonesia Stock Exchange for the 2019-2022 period? Third, does solvency affect the company value of manufacturing companies listed on the Indonesia Stock Exchange for the 2019-2022 period? Fourth, does dividend policy affect the company value of manufacturing companies listed on the Indonesia Stock Exchange for the 2019-2022 period?

Literature Review Signaling Theory

Signal theory is defined as an action taken by a company to provide guidance to investors or shareholders regarding management's perspective in interpreting the company's future prospects (Brigham & Houston, 2018). When information is delivered and has been fully received by the relevant parties, the market players involved will conduct an analysis. The analysis is carried out to ensure whether the information delivered is a good signal (*good news)* or a bad signal (*bad news).* If a good signal is delivered, management can obtain additional investment and vice versa.

Information is conveyed by management through financial reports issued by the company. Financial report analysis is displayed in the form of financial ratios. The profitability ratio is a reflection of the company's ability to make a profit during a certain period. The higher the company's profitability, the more profit can be obtained. The more the company's profit, the more profit is distributed to shareholders (Santania & Jonnardi, 2020).

Liquidity difficulties can cause companies to face the risk of bankruptcy or a decline in reputation in the eyes of customers, suppliers, and investors. On the other hand, companies that have good liquidity can meet their short-term obligations easily and increase investor confidence and market confidence in the company's future prospects (Zoraya *et al*., 2023).

Information about the company's debt is shown in the form of a solvency ratio. Greater solvency indicates greater investment risk. Companies with low solvency have a low solvency risk (Prabowo & Indriastuti, 2020). Information about the distribution of dividends by the company is a good signal for the company, especially in the eyes of investors. If dividends are paid in full, the company's reserve interests will be neglected. Likewise, if earnings are retained entirely, the interests of shareholders will be neglected. Therefore, company management must adopt an optimal dividend policy, namely by paying attention to investment opportunities and providing various preferences to investors regarding dividends compared to *capital gains* (Nurmadi & Novietta, 2022).

Company Values

Company Value is the selling value of a company as a business that is currently operating. The excess selling value above the liquidation value is the value of the management organization that runs the company (Sartono, 2018:487). According to Harmono (2018) Company value is the company's performance reflected by the stock price formed by the demand and supply of the capital market which reflects the public's assessment of the company's performance. Company value is calculated using Price to Book Value (PBV).

$$\text{PBV} = \frac{\text{Harga Saham}}{\text{Nilai Buku Saham (BV)}}$$

The book value of shares can be calculated using the formula:

$$\text{BV} = \frac{\text{Total Modal}}{\text{Jumlah saham yang beredar}}$$

Profitability

Profitability can be interpreted as the company's ability to make a profit in relation to sales, total assets and equity (Sartono, 2018) . The profitability ratio is a ratio used to measure the company's profitability over a certain period of time. Profitability is used to monitor the development of profits obtained by the company (Hanafi & Halim, 2018). The profitability ratio is measured using Return on Asset (ROA) with the formula (Harahap, 2018:304).

$$\text{ROA} = \frac{\text{Laba bersih setelah pajak}}{\text{Total asset}}$$

Liquidity

Liquidity ratio can be defined as a ratio that shows the company's capability in covering its short-term obligations. Liquidity ratio is also known as a ratio that can be used to measure the extent to which the company's capability is in paying off its short-term obligations that will mature (Hery, 2018:149) . The

liquidity ratio in this study is measured using the current ratio (CR).

The current ratio is a ratio to measure the company's ability to pay short-term liabilities or debts that are due immediately when billed (Kasmir, 2018). This ratio is often used to analyze the company's working capital position. Current assets include cash, banks, securities, receivables, inventory and other current assets. While current liabilities include trade payables, promissory notes, bank debts, salary debts and other debts that must be paid off immediately (Kasmir, 2018).

$$\text{CR} = \frac{\text{Total aktiva Lancar}}{\text{Total kewajiban lancar}}$$

Solvency

Fahmi (2019:59) states that solvency is a ratio that shows how a company is able to manage its debts in order to gain profits and also be able to repay its debts. In principle, this ratio provides an overview of the company's debt adequacy level. This means how large the portion of debt in the company is compared to the existing capital or assets. A company that does not have solvency means using 100% of its own capital (Sartono, 2018). In this study, the method used to measure solvency is *the Debt to Equity Ratio (DER).*

According to Sartono (2018:217) *Debt to Equity Ratio (DER)* is a balance between the debt owned by the company and its own capital. The higher this ratio means that the less its own capital is compared to its debt". According to Hanafi and Halim (2018:82) *Debt to Equity Ratio (DER)* is a ratio that can show the relationship between the amount of long-term loans provided by creditors and the amount of own capital provided by the company owner. The calculation is as follows:

$$\text{DER} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

Dividend Policy

Dividends are cash flows that must be paid by the company to shareholders after obtaining approval from shareholders through the General Meeting of Shareholders (GMS). Can be distributed in cash by the company given to shareholders, or paid in the form of stock dividends (Kasmir, 2018).

Dividend payout ratio is used as a proxy for dividend policy, based on the consideration that DPR is more widely used to measure the percentage of cash dividends given by the company to shareholders of earnings per share generated in the accounting period, than other dividend ratios. The amount of dividend payout ratio is used as a measure by investors who want to invest in shares on the stock exchange. DPR can be calculated manually with the formula as:

$$\text{DPR} = \frac{\text{Divien per lembar saham}}{\text{Laba per lembar saham}}$$

HYPOTHESIS

The Effect of Profitability on Company Value

Brigham & Houston (2018) define signal theory as an action taken by a company to provide guidance to investors or shareholders regarding management's perspective in interpreting the company's future prospects. Profitability has a positive and significant effect on company value. Research by Damayanti & Nugroho (2023) shows that profitability as measured using return on assets has a positive and significant effect on company value. The large profits obtained by the company provide an opportunity for management to distribute larger profits to shareholders (Santania & Jonnardi, 2020).

H1: There is an influence of profitability on the value of manufacturing companies listed on the IDX for the 2019-2022period.

The Effect of Liquidity on Company Value

Liquidity is a ratio used to measure a company's ability to meet its short-term obligations (Sudana, 2019). High liquidity does not guarantee that the company will be able to pay its maturing debts due to imperfect distribution of fixed assets. Research by Harfani & Nurdiansyah (2021) shows that the current ratio has a positive effect.

H2: There is an influence of liquidity on the value of manufacturing companies listed on the IDX for the 2019-2022 period.

The Effect of Solvency on Company Value

The debt to equity ratio, which is a measure of solvency, is a ratio that shows the relationship between the amount of long-term loans provided by creditors and the amount of equity provided by the company owner (Hanafi & Halim, 2018). The high solvency value measured by DER shows the percentage of capital provided by shareholders to lenders. The higher the solvency, the lower the funding provided by shareholders because more capital is provided by lenders. Positive and significant solvency results show that investors trust the company because a high level of solvency shows that the company uses debt to run its operations. Lenders have confidence in the company's management so that information shared by management can influence investors.

H3: There is an influence of solvency on the value of manufacturing companies listed on the IDX for the 2019-2022 period.

The Effect of Dividend Policy on Company Value

Dividends are cash flows that must be paid by the company to shareholders after obtaining approval from the shareholders through the General Meeting of Shareholders (GMS). Can be distributed in cash by the company given to shareholders, or paid in the form of stock dividends (Kasmir, 2018). Research conducted by Nurmadi & Novietta (2022) shows that dividend policy affects the value of the company. Investors view

companies that have a high dividend policy as companies with high value.

H4: There is an influence of dividend policy on the value of manufacturing companies listed on the IDX for the 2019-2022 period.

Based on the theory and development of the hypothesis that has been put forward above, a conceptual model can be built which can be seen in Figure 2.

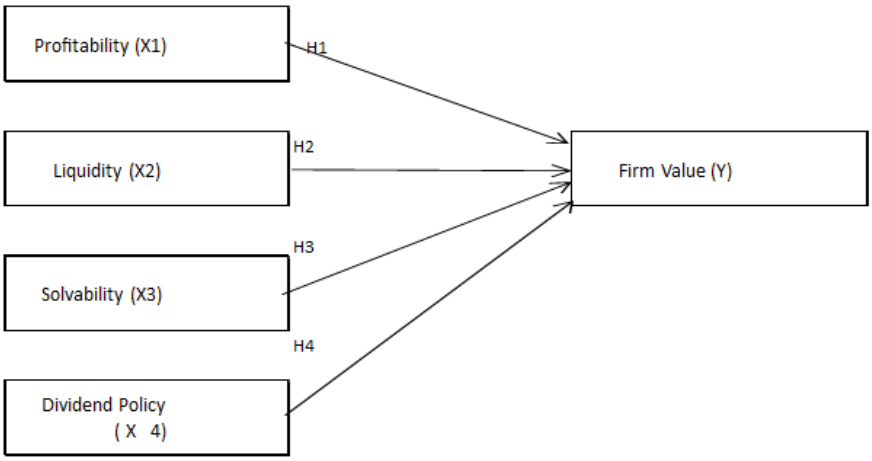

Figure 2: Framework of Thought

Research Methods Types of Research

The type of research used in this research is causal research. Causal research aims to test hypotheses about the influence of one or more variables (independent variables) on other variables (dependent variables). This study aims to determine the effect of profitability, liquidity, solvency and dividend policy on company value.

Operational Definition

This research was conducted from May 2020 to February 2021. The research location was the Indonesia Stock Exchange (IDX) website and the website of each company selected as the research sample.

Definition and Operation of Variables

The definition of variables in this study is as follows:

1. Enterprise Value is the selling value of a company as an operating business. Enterprise value is measured using price to book value (PBV).
2. Profitability is a ratio that shows a company's ability to earn profits using its assets. The profitability ratio is measured using *return on assets (ROA).*
3. Liquidity is a ratio that shows the company's ability to pay its short-term obligations. The liquidity ratio is measured using *the current ratio (CR).*
4. Solvency is a ratio that shows the company's ability to manage debt to make a profit and repay its debt. The solvency ratio is measured by DER.
5. Dividend policy is a ratio that shows the company's ability to distribute dividends to its shareholders. Dividend policy will be measured using the dividend payout ratio (DPR).

Measurement of variables based on the operational definitions presented above can be seen in table 3.1 below.

Table 3.1: Variable Measurement Scale

Variables	Reference	Measurement Scale
Company Values (Kasmir, 2018)	$PBV = \frac{\text{Harga Saham}}{\text{Nilai Buku Saham}}$	Ratio
Profitability (Harahap, 2018)	$ROA = \frac{\text{Laba bersih setelah pajak}}{\text{Total asset}}$	Ratio
Liquidity (Kasmir, 2018)	$CR = \frac{\text{Total Aktiva Lancar}}{\text{Total Kewajiban Lancar}}$	Ratio
Solvency (Sartono, 2018)	$DER = \frac{\text{Total Debt}}{\text{Total Equity}}$	Ratio
Dividend policy (Kasmir, 2018)	$DPR = \frac{\text{Dividen per lembar saham}}{\text{Laba per lembar saham}}$	Ratio

Data Analysis Methods

(Statistical Package for Social Science) tool. The general form of the multiple linear regression equation for this study is as follows: Y 1 = a + β 1 X 1 + β 2 X 2 + β 3 X 3 + β 4 X 4 +e

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

Table 1: Results of Descriptive Statistical Tests

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Profitability	52	.006	.358	.11163	.084007
Liquidity	52	.608	4.445	1.99598	.896962
Solvency	52	.061	3,684	.86194	.777083
Dividend_Policy	52	.000	2943.954	173.35259	616.360501
Company_Values	52	3,590	3708.720	355.44231	783.480559
Valid N (listwise)	52				

Source: Secondary data processed by SPSS 24

Descriptive statistics is the process of transforming research data into tabular form so that it is easy to understand and interpret, which is displayed in the following table.

Based on the results of the calculation of descriptive statistical tests in Table 1, it can be seen that the number of samples (N) is 5 4 data. In addition, the descriptive statistics of each research variable are as follows:

1. N=52, the number of data processed in this study is 13 companies with an observation period of 4 years with the observed variables being profitability, liquidity, solvency, dividend policy and company value.
2. The profitability variable has a minimum value of 0.006 and a maximum value of 0.358. The *Mean* value of profitability is 0.11163 and the standard deviation is 0.084007. The company's Mean value is greater than its standard deviation, indicating that the data quality of this study is good.
3. The liquidity variable has a minimum value of 0.608 and a maximum value of 4.445. *The mean* is 1.99598 and the standard deviation value is 0.896962, this indicates that the sample companies in the study have good liquidity on average.
4. The solvency variable has a minimum value of 0.061 and a maximum value of 3.684. *The mean* solvency is 0.86194 and the standard deviation is 0.777083. This shows that on average the sample companies have a good level of solvency.
5. The dividend policy variable has a minimum value of 0.000 and a maximum value of 2943.954. *The mean of* the dividend policy is 173.32559 and the standard deviation is 616.36051.
6. The company value variable has a minimum value of 3,590 and a maximum value of 3708.720. The average value is 355.44231 and the standard deviation is 783.480559.

Classical Assumption Test

This normality test aims to test whether in the regression model, the confounding variables or residuals have a normal distribution. In this study, the normality test was carried out using the Normal P-Plot graph.

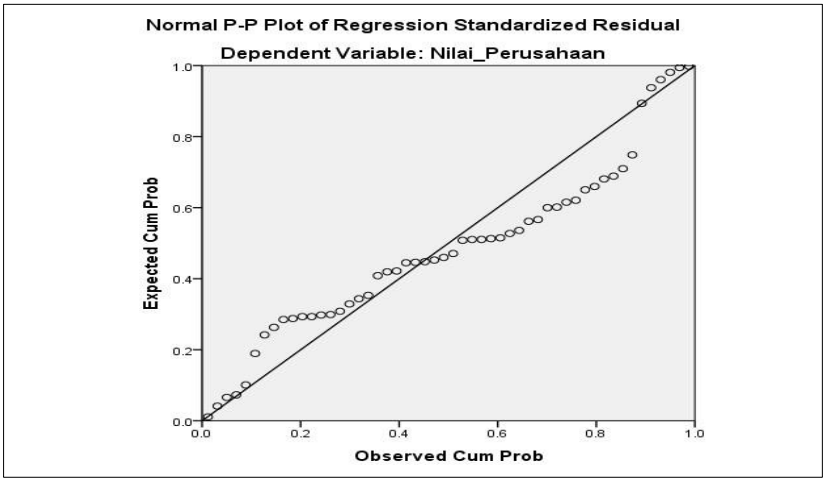

Figure 3: Normality Test Results

Based on Figure 3, it can be seen that the data normally distributed. Thus, it can proceed to the points follow the normal P-Plot line so that it next test can be stated that the data used in this study is.

Table 2: Multicollinearity Test Results

Model		Collinearity Statistics	
1 (Constant)		Tolerance	VIF
	Profitability	.515	1,943
	Liquidity	.420	2,379
	Solvency	.298	3.355
	Dividend Policy	.925	1,082

Based on Table 2, it can be seen that there are no symptoms of multicollinearity in the data. This is evidenced by the Tolerance value for each variable of more than 0.1 and the VIF value for each variable of less than 10. The profitability variable has a Tolerance value of 0.515 with a VIF value of 1.943. The liquidity variable has a Tolerance value of 0.420 with a VIF value of 2.379. The solvency variable has a Tolerance dividend policy variable has a Tolerance value of 0.925 with a VIF value of 1.082.

Autocorrelation arises because successive observations over time are related to each other, this problem arises because the residuals (nuisance errors) are not free from one observation to another value of 0.298 with a VIF value of 3.355. The

Table 3: Autocorrelation Test Results

Model Summary [b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.906 [a]	.821	.806	344.995137	2,047

a. Predictors: (Constant), Dividend_Policy, Profitability, Liabilities, Solvency
b. Dependent Variable: Company_Value

Based on Table 3, it is known that the Durbin Watson value resulting *from* the autocorrelation test is 2.047 where the *Durbin Watson value* is calculated using the formula dl < dw < du so that the result is 1.677 < 2.047 < 2.323, then from this calculation it can be concluded that there is no autocorrelation in this regression.

The way to detect the presence or absence of heteroscedasticity is by looking at the scatter plot graph between the predicted values of the independent variables. The basis of analysis to determine the presence or absence of heteroscedasticity is:

a. If there is a certain pattern, such as the existing points forming a certain regular pattern (wavy, widening then narrowing), then this indicates that heteroscedasticity has occurred.
b. If there is no clear pattern, and the points are spread above and below the number 0 on the Y axis, then heteroscedasticity does not occur.

Based on Figure 4, it can be seen that the data is spread between above and below the Y axis, so it can be stated that the research variables do not experience symptoms of heteroscedasticity.

Based on the results of the classical assumption test that has been carried out, it can be concluded that the data used by this researcher has been normally distributed and does not have multicollinearity disease, thus fulfilling the requirements for conducting hypothesis testing and conducting multiple regression analysis.

Hypothesis Testing of the Effect of Profitability, Liquidity, Solvency and Dividend Policy on Company Value

a. Determination Coefficient Test (R^2)

The coefficient of determination (R2) measures how far the model's ability to explain the variation of the dependent variable, the value of the coefficient of determination is between zero and one. A small R2 value means that the ability of the independent variables to explain the variation of the dependent variable is very limited. A value close to one means that the independent variables provide almost all the information needed to predict the variation of the dependent variable. However, the coefficient of determination has a weakness, namely bias towards the number of independent variables added, then R2 will definitely increase regardless of whether the variable has a significant effect on the dependent variable. The following are the results of the Coefficient of Determination Test.

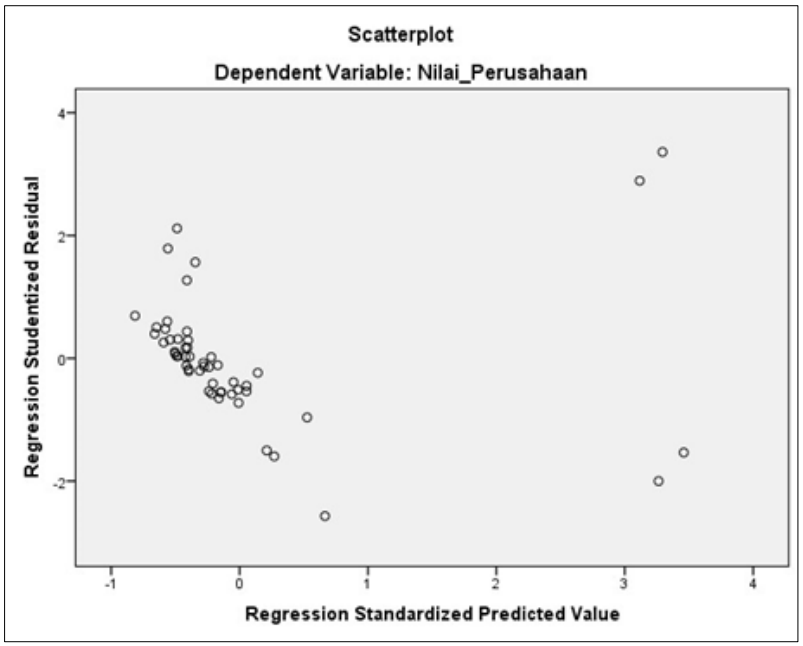

Figure 4: Heteroscedasticity Test Results

Table 4: R^2 Determination Coefficient Test

Model Summary [b]					
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	**Durbin-Watson**
1	.906 [a]	.821	.806	344.995137	2,047

a. Predictors: (Constant), Dividend_Policy, Profitability, Liabilities, Solvency
b. Dependent Variable: Company_Value
Source: Secondary data processed with SPSS

Based on table 4, it shows that the R2 value [is] 0.821, this means that 82.1% of the variation in company value can be explained by variations in the four independent variables of profitability, liquidity, solvency and dividend policy. While the remaining 17.9% (100% - 82.1%) is explained by other causes outside the regression model.

b. Simultaneous Significance Test Results (F Test)

Statistical F Test Aims to determine the joint influence between independent variables on the dependent variable. The F test is conducted by comparing the magnitude of the calculated F with F according to the table with the basis for decision making F Calculated > F Table. If the level of significance > 0.05, it indicates that there is no significant influence of the independent variable on the dependent variable and if the level of significance < 0.05, it indicates that there is a significant influence of the independent variable on the dependent variable. The following are the results of the F-Test statistical test.

Table 5: F Test Results (Simultaneous)

ANOVA[a]

Model		**Sum of Squares**	**df**		**Mean Square**	**F**	**Sig.**
1	Regression	25711913.800		4	6427978.450	54,007	.000 [b]
	Residual	5594017.287		47	119021.644		
	Total	**31305931.090**		**51**			

a. Dependent Variable: Company Value
b. Predictors: (Constant), Dividend_Policy, Profitability, Liabilities, Solvency
Source: Secondary data processed with SPSS 24

Based on table 5 from the F-test, it shows that the calculated F value is 54.007 with a probability of 0.000, because the probability is much smaller than 0.05, then the regression model can be used to predict the company's value or it can be said that profitability, liquidity, solvency and dividend policy together have a significant effect on the company's value.

c. Results of Individual Parameter Significance Test (t-Test)

The t-statistic test is basically to find out how far the influence of one independent variable individually in explaining the variation of the dependent variable. The test is carried out using *a Significance level of 0.05* (α = 5%). The decision is taken based on the

significance value of the t-test, if the significance value of the t-test <0.05 then H0 is rejected, meaning that there is a significant influence between one independent variable and the dependent variable and vice versa if the significance value of t> 0.05 then H0 is accepted, meaning that there is no significant influence between one independent variable and the dependent variable. The following are the results of the t-statistic test

Table 6: t-Test Results (Individual)

Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1 (Constant)		-732,938	210,587		-3,480	.001		
	Profitability	3909.242	801,671	.419	4.876	.000	.515	1,943
	Liquidity	39,916	83,064	.046	.481	.633	.420	2,379
	Solvency	644,701	113,863	.639	5,662	.000	.298	3.355
	Dividend_Policy	.096	.082	.075	1.175	.246	.925	1,082

a. Dependent Variable: Company_Value

Source: Secondary data processed with SPSS 24

Based on Table 6, the t-statistic test shows that:

1. **The Effect of Profitability on Company Value:** The results of the t-statistic test of the profitability variable on company value have a calculated t value of 4.876 with a significance probability value of 0.000 <0.05. This shows that profitability has an effect on company value, so it is known that hypothesis 1 is accepted.
2. **The Effect of Liquidity on Company Value:** The results of the t-statistic test of the liquidity variable on the company's value have a calculated t value of 0.481 with a significance probability value of 0.633> 0.05. This shows that liquidity does not affect the company's value, so it is known that hypothesis 2 is rejected.
3. **The Effect of Solvency on Company Value:** The results of the statistical test of the solvency variable on the company's value have a calculated t value of 5.662 with a significance probability value of 0.000 <0.05. This shows that solvency has an effect on the company's value, so it is known that hypothesis 3 is accepted.
4. **The Effect of Dividend Policy on Company Value:** The results of the t-statistic test of the dividend policy variable on company value have a calculated t value of 1.175 with a significance probability value of 0.246 > 0.05. This shows that dividend policy has no effect on company value, so it is known that hypothesis 4 is rejected.

Discussion

The results of the hypothesis testing can be summarized in the following table.

Table 7: Summary of Hypothesis Testing Results

Code	Hypothesis	Conclusion
H1	Profitability affects company value	Accepted
H2	Liquidity affects company value	Rejected
H3	Solvency affects company value	Accepted
H4	Dividend policy affects company value	rejected

1. The effect of profitability on company value Based on the results of statistical analysis in this variable shows that the first hypothesis test is declared accepted, so it can be concluded that profitability has an influence on company value. Profitability has a positive and significant influence on company value, so that every increase in profitability will increase the value of the company.

The company's financial information presented in the financial statements is a signal sent by management to investors and potential investors. Brigham & Houston (2018) define signal theory as an action taken by a company to provide guidance to investors or shareholders regarding management's perspective in interpreting the company's future prospects.

The results of this study are in line with research conducted by Damayanti & Nugroho (2023) which shows that profitability measured using return on assets has a positive and significant effect on company value. The large profits obtained by the company provide an opportunity for management to distribute larger profits to shareholders (Santania & Jonnardi, 2020).

2. The effect of liquidity on company value Based on the results of statistical analysis in this variable shows that the second hypothesis test is rejected, so it can be concluded that liquidity has no effect on company value. This result indicates that the level of liquidity obtained by the company is not able to increase the company's value.

Liquidity is a ratio used to measure a company's ability to meet its short-term obligations (Sudana, 2019). High liquidity does not guarantee that the company will be able to pay its maturing debts due to imperfect distribution of fixed assets. Insignificant results show that high liquidity values do not increase the company's value because investors suspect that the company is underutilizing its current assets to make a profit.

The results of this study are not in line with the research conducted by Santania & Jonnardi (2020) and Damayanti & Sucipto (2022) which showed a negative effect of liquidity on company value. The results of this study are in line with the research of Harfani & Nurdiansyah (2021) which showed that the current ratio has a positive but insignificant effect on company value.

3. The effect of solvency on company value Based on the results of statistical analysis in this variable, it shows that the third hypothesis test is declared accepted so that it can be concluded that solvency has a positive and significant influence on company value. These results indicate that solvency has an influence on company value. The debt to equity ratio which is a measure of solvency is a ratio that shows the relationship between the amount of long-term loans provided by creditors and the amount of equity provided by the company owner (Hanafi & Halim, 2018).

The high solvency value measured by DER shows the percentage of capital provided by shareholders to lenders. The higher the solvency, the lower the funding provided by shareholders because more capital is provided by lenders. Positive and significant solvency results show that investors trust the company because a high level of solvency shows that the company uses debt to run its operations. Lenders have confidence in the company's management so that information shared by management can influence investors.

The results of this study are in line with research conducted by Damayanti & Nugroho, (2023) which shows that solvency has a significant influence on company value. Research by Rinofah *et al*., (2022) shows that solvency affects investors' assessment of the company.

4. The Effect of Dividend Policy on Company Value

Based on the results of statistical analysis in this variable shows that the fourth hypothesis test is rejected so it can be concluded that dividend policy has a positive and insignificant effect on company value. This result indicates that the provision of dividends by management is not directly able to increase company value. This result shows that dividend policy has no effect on company value.

Dividends are cash flows that must be paid by the company to shareholders after obtaining approval from shareholders through the General Meeting of Shareholders (GMS). Can be distributed in cash by the company given to shareholders, or paid in the form of stock dividends (Kasmir, 2018). A dividend policy that is not significant to the company's value can reflect that the amount of dividends distributed is not always able to increase investors' assessment of a company.

The results of this study are not in line with research conducted by Nurmadi & Novietta (2022) which shows that dividend policy affects company value. Investors view companies that have a high dividend policy as companies with high value.

CONCLUSION AND SUGGESTIONS

Conclusion

Based on the results of the regression analysis, the following conclusions can be drawn:

1. Profitability has an influence on the value of the company. This result is indicated by the sig value which is less than the alpha value, the higher the profitability can increase the value of the company because the company has the ablity to make a good profit.
2. Liquidity does not affect the value of the company. High liquidity values do not provide a high assessment of the company, because the assets owned by the company are considered less productive.
3. Solvency affects the value of the company. This shows that the level of solvency is able to influence investors' assessment of the company. A high level of solvency shows that the company uses its productive assets obtained from debt for its business activities.
4. Dividend policy has no effect on company value. This result shows that the dividend policy implemented by the company does not affect investors in assessing the company. This can happen if investors only want the gain of buying shares and not dividends.

Suggestion

Based on the conclusions that have been put forward above, the suggestions put forward by the researcher for further research are:

1. In further research, sample selection can be expanded by including other sectors in the IDX so that the number of samples can increase and is expected to represent the entire existing industry.
2. The addition of the number of independent variables can be done to provide better prediction results compared to this study.

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