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THE INFLUENCE OF PROFITABILITY, LIQUIDITY, DIVIDEND POLICY AND FIRM SIZE ON FIRM VALUE

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ABSTRACT

This study aims to examine and analyze the effect of profitability, liquidity, dividend policy and firm size on firm value. The population of mining companies listed on the Indonesia Stock Exchange in 2017-2021 is 47 companies. This type of research is causal associative research. Non-probability sampling technique with purposive sampling technique. Documentation data collection techniques. The data analysis technique is multiple linear regression analysis. The findings of profitability, liquidity, dividend policy and firm size have no effect on firm value. This research can be a reference and add useful information for investors to be more selective in investing.

KEYWORDS: Profitability, Liquidity, Dividend Policy, Firm Size, Firm Value

Introduction

The development of the world economy is growing rapidly with increasingly advanced technology, giving rise to fierce competition in the business world. This has an impact on a company that requires to compete with other companies to maintain the company. The company is any form of business where labor, capital, natural resources gather with the aim of obtaining the maximum profit (Irawan & Kusuma, 2019). In general, companies have short-term goals and long-term goals. The short-term goal is to maximize profit each period effectively with existing resources, while the long-term goal is to develop market expansion so as to increase the value of the company.

In market expansion, of course, companies need large funds so companies need investors or shareholders to invest their capital into the company (Dwiputra & Viriany, 2020). Entering the capital market is a solution in attracting investors to get an injection of funds (Oktiwiati & Nurhayati, 2020). The welfare of shareholders or investors is described by the value of the company because the higher the value of the company has an impact on shareholders or investors. According to Dewi & Abundanti (2019), firm value is the result of financial decisions regarding investment decisions, funding decisions, and dividend policies. With good company performance, of course, the company will earn high profits so that investors will be interested in investing their share capital with the aim of getting a return on the profits earned by the company. The higher the demand for shares by investors, the higher the stock price will be. With stock prices rising, it can increase the value of the company.

Increasing the value of the company is one way to increase the prosperity of shareholders (L. S. Dewi & Abundanti, 2019). Company value is a company's success that is associated with stock prices. The higher the stock price, the higher the value of the company. Firm value can be measured using *price to book value* (PBV), *price earning ratio* (PER) and *Tobin's Q*. PBV is the relationship between stock price and book value per share. The higher the PBV value, the better the company value and if the lower the PBV value, it indicates the company is not good (M. Sari & Jufrizen, 2019). The better the company in earning profits, the higher the company's stock price.

Profitability is one of the factors that affect firm value. According to Komala et al. (2021), profitability is the company's ability to earn a profit. Profit is the level of net profit that can be achieved by the company when carrying out its operations. The profitability of a company is a picture that measures how able the company is to generate profits from the operational processes that have been implemented to ensure the continuity of the company in the future (Kalalo et al., 2020). When profits increase, it can describe the company's good performance so that it becomes a signal for capital owners to invest in the company concerned and the value of the company will increase (Oktiwiati & Nurhayati, 2020). Profitability can be measured using *return on assets* (ROA), *return on equity* (ROE) and *return on investment* (ROI) (Muslichah & Bahri, 2021). Several previous studies of Oktaviarni & Murni (2019), Putra &

Lestari (2016), Suwardi & Mustanda (2017), Yanti & Darmayanti (2019) that profitability has a positive effect on firm value, while the research of Farizki et al. (2021), D. K. Sari & Wahidahwati (2021) profitability has no effect on firm value.

Liquidity is the second factor that affects firm value. Liquidity is the company's ability to pay the company's short-term obligations (Putra & Lestari, 2016). According to Dwiputra & Viriany (2020), liquidity is useful to determine the company's ability to finance and fulfill obligations or debts when billed or due. Companies that have high liquidity have good performance so that they become a signal and are able to attract investors to invest which will increase the demand for shares so that the company's stock price increases. The higher the stock price, the higher the value of the company. Liquidity can be measured using the *current ratio* (CR), *cash ratio* and *quick ratio* (Muslichah & Bahri, 2021). Several previous studies Octaviarni & Murni (2019), Putra & Lestari (2016), Yanti & Darmayanti (2019) that liquidity has a positive effect on firm value, while research by Dewi & Abundanti (2019), Indrayani et al. (2022) has no effect on firm value.

Dividend policy is the third factor that affects firm value. According to Putra & Lestari (2016), dividend policy is a financial decision made by a company after operating and earning a profit whether the profit will be distributed to shareholders or retained as retained earnings. Dividend policy has its own influence on a company, because it involves the distribution of operating profits on investments invested in the company so that the distribution of high dividends and as expected can increase the value of the company (Kurniawan, 2020). Dividend policy can be measured by using the *dividend payout ratio* (DPR) which is the percentage of net income paid as cash dividends. Through this DPR, the amount of dividends per share can be determined and the amount of retained earnings as a source of company funding can be determined. Dividend policy has an effect on stock prices. An increase in the amount of cash dividends causes the company to be seen as having good prospects in the future which can increase the value of the company (Putra & Lestari, 2016). Several previous studies by Hendraliany (2019), Oktaviarni & Murni (2019), Putra & Lestari (2016), Setiawan et al. (2021) that dividend policy has a positive effect on firm value, while research by Dwiputra & Viriany (2020), Indrayani et al. (2022), Rahayu (2021), Sembiring & Trisnawati (2019), have no effect on firm value.

The next factor that affects the value of the company is the size of the company. Company size is a scale owned by the company according to the number of assets owned, the larger the size of the company, the greater the number of assets owned (Laksono & Rahayu, 2021). A large company size describes the company's good financial condition and has profitable prospects in the future (Oktaviarni & Murni, 2019). A large company size can reflect that the company has a high commitment to continuously improve its performance so that the market will pay more to get its shares because it believes it will get a profitable return from the company. The size of the company in this study will be measured using the *natural logarithm* (LN) of the total assets owned by the company. Previous research Farizki et al. (2021),

Hendraliany (2019), Yanti & Darmayanti (2019) that firm size has a positive effect on firm value, while research by Azizah & Widyawati (2021), Dwiputra & Viriany (2020), Laksono & Rahayu (2021), Suwardi & Mustanda (2017) has no effect on firm value.

Indonesia has abundant natural resources, both renewable and non-renewable natural resources. Indonesia is a country that has various kinds of wealth, one of which is gold, coal, crude oil, metals and minerals to support income in improving the Indonesian economy. Mining companies are considered to have good prospects in increasing revenues in the future. This research is a development of previous research on firm value. The high interest of investors to invest their share capital in the company cannot be separated from the quality of the company's value. The larger the company in earning profits, the stock price will rise. With the increase in stock prices, it indicates that the value of the company is also getting higher so that there is motivation to conduct research on the effect of profitability, liquidity, dividend policy and company size on the value of mining companies listed on the Indonesia Stock Exchange.

The purpose of this study is to examine and analyze the effect of profitability, liquidity, dividend policy and firm size on firm value. So that this research is not broad and objective, the factors studied in this study are limited to the effect of profitability which will be measured by *return on assets* (ROA) because it is to determine the level of asset use to generate income for the company. Liquidity is measured by the *current ratio* (CR) to determine the company's ability to guarantee current liabilities with current assets. Dividend policy is measured by the *dividend payout ratio* (DPR) because to determine the company's income to shareholders and company size is measured by the *natural logarithm* (LN) of total assets because to determine the size of the company based on total assets.

Signal Theory

Financial statements are the main source of information for investors to find out the company's financial condition. A good financial condition is a positive signal for the market, while a bad financial condition is a negative signal for the market, so this theory is called the signal theory. Signal theory is the action of management to provide clues to investors about the prospects of the entity to provide financial statement information to external parties (Ross, 1997). Signal theory will give a signal in the form of published financial statements and this signal can be a good signal, namely the company's performance has increased from year to year or a bad signal is that the company's performance has decreased from year to year. According to Raningsih & Artini (2018), signal theory explains that companies can provide signals to investors through disclosure of information in the form of financial aspects and non-financial aspects with the aim of increasing firm value. According to Rahayu (2021), signal theory explains how the signals of success or failure from managers in managing the company are informed to shareholders. Signal theory reflects the relationship between firm size and firm value, the higher the number of investors who invest in the company, the larger the size

of the company because it can improve the company's performance in increasing the number of assets. According to Bahri (2022b), signal theory is a management action that conveys information about its prospects to investors, to suppress or even eliminate asymmetry information, namely sending a good signal to external parties, then the information will be assessed and analyzed as a good or bad signal.

Firm Value

Firm value is an investor's perception of the company's success rate which is often associated with stock prices, the higher the company's stock price reflects the better company value (Yanti & Darmayanti, 2019). According to Oktiwiati & Nurhayati (2020), shareholder prosperity can be achieved by increasing company value. The higher the stock price of a company in the capital market, the higher the wealth of the owner of the company which is reflected in the higher value of the company and can convince investors to invest (Raningsih & Artini, 2018). The high value of the company indicates that the company has a good performance in generating income. High profits prove that the company has a fairly good quality in utilizing existing resources within the company. The higher the value of the company, the more trusted investors are to invest their share capital, because they are believed to be able to return the capital that has been given to the company.

Profitability

Profitability is a ratio to measure the level of ability to generate profits or profits and provide a measure of the level of effectiveness of the company's management. Profitability is a financial ratio that can show the company's success in obtaining profits (Susilowati et al., 2019). Profitability is a measure of the company's success in achieving profit. High profits in the financial statements will certainly be a signal that investors will analyze in making decisions in depositing share capital. According to Dewi & Abundanti (2019), the better the company's profitability, the higher the profit earned by the company. The higher the company in generating profits, the company has good performance so that profitability will also be higher. The high value of profitability indicates a good signal and is trusted by investors in investing their share capital. According to Bahri (2022a), a high ratio indicates good performance due to efficiency and effectiveness based on asset management. The high interest of investors makes the stock price rise which will affect the value of the company.

Liquidity

Liquidity is the company's ability to pay short-term obligations. According to Lubis et al. (2017), liquidity is a measure of a company's ability to pay its bills on time when the payment date has arrived on time. According to Sudiani and Darmayanti (2016), a high liquidity value reflects the company's high ability to meet its short-term obligations. With a high liquidity value, it is believed that the company has a good performance in writing its short-term debt because the company is able to use its current assets optimally. The better in fulfilling obligations, it

becomes a positive signal for investors to invest their share capital in the company because it has good funding. The high interest of investors can affect stock prices. The high stock price can affect the high value of the company.

Dividend Policy

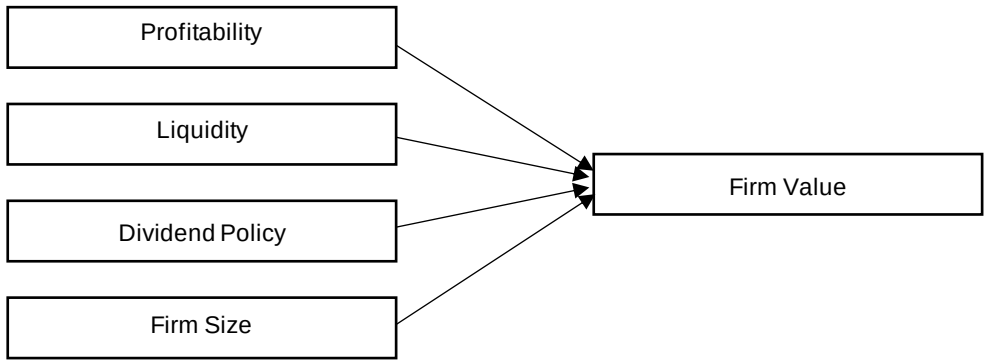
Dividend policy can describe the company's financial condition from an investor's point of view. The amount of dividends distributed to shareholders will be an attraction for investors. The distribution of dividends by the company is considered a positive signal for investors to invest because investors prefer a definite return on their investment so that it can attract investors (Kurnia, 2019). Information about dividend policy is very much needed by investors to find out the future prospects of the company. The higher the dividend policy, it is believed that the company has a good performance in generating profits so that it makes investors more confident to invest their share capital. The high stock price can increase the value of the company.

Firm Size

Firm size is a scale to classify the size of the company which can be seen through the amount of equity, sales and total assets of the company (Suwardi & Mustanda, 2017). According to Bahri (2022b), a large size is believed by corporate investors to have good performance and prospects in increasing future profits. Investors' interest is higher in large companies than in small companies, flexibility and high accessibility in funding are influenced by the size of the company, which means large companies are easier and have many opportunities to access the capital market. The larger the size of the company indicates that the company has good funding so that the more trusted investors to invest their share capital.

Based on theoretical studies and previous research, the research framework can be described as follows:

Figure 1. Research Framework



The Effect of Profitability on Firm Value

The company was founded with several objectives, one of which is to make a profit which is the company's short-term goal. The amount of profit obtained can be known from the calculation of the profitability ratio (Arvinda & Heru, 2021). The company's ability to generate profits is a positive signal to the market. The higher the profitability, the more attractive investors are to owning the company's shares because it is considered to be profitable in the future, causing the stock price to rise. Rising stock prices will affect the value of the company. The higher the profitability value, it is believed that the company has a good performance in generating profits. Profitability proxied by ROA has a positive effect on firm value supporting the research results of Dewi & Abundanti (2019), Oktaviarni & Murni (2019), Putra & Lestari (2016), Yanti & Darmayanti (2019), Susilowati et al. (2019), Arvinda & Heru (2021), Raningsih & Artini (2018).

H_1 : Profitability has a positive effect on firm value.

Effect of Liquidity on Firm Value

A high level of liquidity is considered a company that has good prospects for investors in meeting short-term obligations. In addition, it reflects the availability of company funds to carry out company operations and pay dividends. Good liquidity is a positive signal given by the company to investors. Companies that have good liquidity will give a signal that the company has good finances. Liquid companies have total current assets that are greater than total current liabilities. In other words, the company is able to repay its short-term loans and long-term loans that have matured (Farizki et al., 2021). This indicates a healthy financial condition. A healthy financial condition can attract outside parties, especially investors, to invest in the company. Liquidity as proxied by CR has a positive effect on firm value, supporting the results of research by Oktaviarni & Murni (2019), Putra & Lestari (2016), Yanti & Darmayanti (2019).

H_2 : Liquidity has a positive effect on firm value.

The Effect of Dividend Policy on Firm Value

The higher the company's profit, the greater the level of dividends distributed to shareholders. The greater the dividends distributed by the company to investors, the more attractive it is and a positive signal to investors to invest their share capital. Dividend policy can also be considered as one of the company's commitments to distribute a portion of the net profit received to shareholders (Sarif & Suprajitno, 2021). This believes that the company has good prospects in earning profits so that it is directly proportional to the distribution of high dividends. The high interest of investors causes an increase in demand so that stock prices rise. The increase in stock prices will affect the value of the company. The higher the stock price, the higher the value of the company. Dividend policy proxied by the DPR has a positive

effect on firm value, supporting the research results of Hendraliany (2019), Oktaviarni & Murni (2019), Putra & Lestari (2016).

H_3 : Dividend policy has a positive effect on firm value.

The Effect of Firm Size on Firm Value

Company size reflects the company's finances. A large company size illustrates that the company has good performance in the future so that it becomes a positive signal for the market to pay more to get company shares. The bigger the size of the company, the higher the company's profit will be because it is supported by large funding. The size of the company can affect the stock price. The higher the stock price it will affect the value of the company. Firm size proxied by the natural logarithm of total assets has a positive effect on firm value, supporting the results of Farizki et al. (2021), Hendraliany (2019), Kalalo et al. (2020), Putra & Lestari (2016), Yanti & Darmayanti (2019), Sembiring & Trisnawati (2019).

H_4 : Firm size has a positive effect on firm value.

Research Methods

This type of research is a type of correlation/associative research which is causal associative. Associative research is a type of research that aims to determine the relationship or influence between two or more variables (S. Bahri, 2018). This study aims to analyze the existing hypotheses based on the theories that have been formulated and the existing data to be further calculated using a quantitative approach. The population that will be used in this study is the mining sector companies listed on the Indonesia Stock Exchange in the 2017-2021 period. The sampling technique is a non-probability sampling with a purposive sampling technique where this method takes samples using certain criteria with the aim of obtaining an appropriate sample. The criteria applied include:

1. Mining sector companies listed on the Indonesia Stock Exchange for the 2017-2021 period, respectively.
2. Mining sector companies that publish financial reports consistently in the 2017-2021 period.
3. Mining sector companies that publish financial reports for the period 2017-2021 in dollar exchange rates.
4. Mining sector companies that experience profits and provide complete information for the 2017-2021 period.

Based on data from www.idx.co.id and Sahamok.com, the mining sector companies listed on the Indonesia Stock Exchange (IDX) for the 2017-2021 period are 47 companies. Companies are selected according to the criteria that have been set as follows:

Table 1. Sampling Procedure

Keterangan	Jumlah
Mining sector companies listed on the Indonesia Stock Exchange for the 2017-2021 period, respectively.	47
Mining sector companies that issue financial reports inconsistently in the 2017-2021 period.	(16)
Mining sector companies that publish financial reports consistently in the 2017-2021 period.	31
Mining sector companies that publish financial reports for the 2017-2021 period are not denominated in dollars.	(12)
Mining sector companies that publish financial reports for the 2017-2021 period in dollar exchange rates.	19
Mining sector companies that do not experience profits and do not present complete information for the 2017-2021 period.	(11)
Mining sector companies that experience profits and provide complete information for the 2017-2021 period.	8

This study uses company financial statements published by the Indonesia Stock Exchange so that the type of data used is documentary data. The type of documentary data is the type of research data in the form of documents (S. Bahri, 2018). This research is included in the category of quantitative research because it covers the results of each company's financial statements to reveal how much influence or relationship between variables are expressed in numbers.

Sources of research data obtained indirectly and through intermediaries so that it is categorized as secondary data. Secondary data in the form of company documentation, both published and unpublished and obtained by means of documentation techniques (S. Bahri, 2018). The variables tested in this study include the ratio of profitability, liquidity, dividend policy and firm size as independent variables and firm value as the dependent variable. This study aims to determine the effect of the independent variables on the dependent variable in mining sector companies listed on the Indonesia Stock Exchange (IDX) for the 2017-2021 period. Here's how to calculate the dependent variable as well as the independent variables:

1. Company value, proxied by *price to book value* (PBV), which is the comparison of price per share with book value per share. PBV can be formulated:

$$\boldsymbol{Price\ to\ Book\ Value} = \frac{\boldsymbol{Price\ per\ Share}}{\boldsymbol{Book\ Value\ per\ Share}} \quad \textbf{(1)}$$

2. Profitability, proxied by *return on assets* (ROA), which is the ratio of net income to total assets. ROA can be formulated:

$$\boldsymbol{Return\ on\ Asset} = \frac{\boldsymbol{Net\ Profit}}{\boldsymbol{Total\ Assets}}$$

3. Liquidity, proxied by the *current ratio* (CR), which is the ratio of current assets to current liabilities. CR can be formulated:

$$\boldsymbol{Current\ Ratio} = \frac{\boldsymbol{Current\ Assets}}{\boldsymbol{Current\ Liabilities}} \quad \textbf{(2)}$$

4. Dividend policy, proxied by the *dividend payout ratio* (DPR), which is the ratio of dividends per share to earnings per share. DPR can be formulated:

$$\boldsymbol{Dividend\ Payout\ Ratio} = \frac{\boldsymbol{Dividend\ per\ Share}}{\boldsymbol{Earnings\ per\ Share}} \quad \textbf{(3)}$$

5. The size of the company, proxied by the *natural logarithm* (LN), which is to measure the company's assets in a simple way without changing the proportion of the actual total assets and can be formulated:

$$\boldsymbol{Size} = \boldsymbol{LN}\ (\boldsymbol{Total\ Assets}) \quad \textbf{(4)}$$

Data Analysis Technique

Descriptive Statistics

Descriptive statistics or deductive statistics study the procedures for compiling and presenting data collected in a research (S. Bahri, 2018). Descriptive statistics aims to describe the data under study so that it is clearer and easier to understand as seen from the mean, median, maximum and minimum values and standard deviations, but descriptive statistical tests do not provide a conclusion (Dwiputra & Viriany, 2020).

Classic Assumption Test

Normality Test

The data normality test is a test of the distribution of the data to be analyzed, whether the distribution is under the normal curve or not (S. Bahri, 2018). The statistical test for residual normality is *the Kolmogorov-Smirnov One-Sample non-parametric statistical test*. *One-Sample Kolmogorov-Smirnov test* to determine whether the data distribution follows a normal, Poisson, uniform, or exponential distribution. The residual is normally distributed if the significance value is more than 0.05.

Multicollinearity Test

The multicollinearity test aims to test whether in the regression model there is a correlation between the independent (independent) variables. A good regression model should not have a perfect or near perfect correlation between the independent variables (S. Bahri, 2018). If the value of VIF < 10, then there is no multicollinearity and if the value of VIF> 10, then there is multicollinearity.

Autocorrelation Test

Autocorrelation is a correlation between observation members arranged according to time and place. The autocorrelation test aims to test whether a linear regression model has a correlation between the residual error in period t and an error in period t-1 (Janie, 2012). The decision to test the auto correlation is taken if the significance is < 0.05 then there is an autocorrelation and if the significance value is > 0.05 then there is no autocorrelation (S. Bahri, 2018).

Multiple Regression Analysis

Multiple regression analysis is an analysis that connects two or more independent variables with the dependent variable. The purpose of multiple regression analysis is to measure the intensity of the relationship between two or more variables. The research variables consist of dependent variables (Y) and independent variables (X). The dependent variable consists of one variable, namely firm value proxied by *price to book value* (PBV) and independent variables consisting of profitability proxied by *return on assets* (ROA), liquidity proxied by *current ratio* (CR), dividend policy proxied with the *dividend payout ratio* (DPR) and the size of the company proxied by the *natural logarithm* (LN) of total assets. From these variables, an analysis of the influence of the X variable on the Y variable will be examined in the regression analysis. This model assumes that there is a straight line or linear relationship between the dependent variable and each predictor.

Coefficient of Determination Test (R^2)

The determinant coefficient (R^2) is used to measure the model's ability to explain the variation of the independent variable to the dependent variable or it can also be said as the proportion of the influence of all independent variables on the dependent variable (S. Bahri, 2018). The determinant coefficient is a tool to measure how far the model's ability to explain the variation of the dependent variable. The value of the determinant coefficient can be measured by the value of *R-Square* or *Adjusted R-Square*. *R-Square* is used when there is only 1 independent variable (Simple Linear Regression) while *Adjusted R-Square* is used when there is more than one independent variable (multiple linear regression). The value of the determinant coefficient ranges from zero to one. The value of R^2 that is close to one means that the independent variable provides almost all the information needed to predict the variation of the dependent variable and the model is getting faster.

Hypothesis Test

To find out whether there is an effect of the independent variable on the dependent variable, it is necessary to test the hypothesis consisting of the t test (partial significance test). Partial test is used to determine the effect of each independent variable on the dependent variable. According to S. Bahri (2018), the t-test test was carried out at a significant level of 0.05 as follows:

a. If the significance level > 0.05 then H1 is rejected, meaning that the independent variables individually have no effect on the dependent variable.
b. If the significance level ≤ 0.05, then H1 is accepted, meaning that the independent variable individually has a significant effect on the dependent variable.

Results

Descriptive Statistics

Based on table 2, the minimum value of profitability is 0.025, the maximum value is 0.520, with an average value of 0.16430 and a standard deviation of 0.126470. the minimum value of liquidity is 0.894, the maximum value is 10.074, with an average value of 2.62453 and a standard deviation of 2.096119. The minimum value of the dividend policy is 0.036, the maximum value is 1.712, with an average value of 0.61793 and a standard deviation of 0.421972. The minimum value of the company size is 18,551, the maximum value is 22,750, with an average value of 20,34797 and a standard deviation of 1,71369. The minimum value of the company value is 0.002, the maximum value is 6.016, with an average value of 0.93553 and a standard deviation of 1.212512. The value of N shows the number of samples during the last five years in mining companies as many as 39 samples.

Table 2. Descriptive Statistics

		Profitability	Liquidity	Dividend Policy	Company Size	Value of the Company
N	Valid	39	39	39	39	39
	Missing	0	0	0	0	0
Mean		,16430	2,62453	,61793	20,34797	,93553
Std. Error of Mean		,020251	,335648	,067570	,187569	,194157
Median		,12134	1,96008	,58210	20,09354	,66420
Std. Deviation		,126470	2,096119	,421972	1,171369	1,212512
Minimum		,025	,894	,036	18,551	,002
Maximum		,520	10,074	1,712	22,750	6,016

Source: Data processed, 2022

Classic Assumption

Normality Test

Based on the results of the normality test, *the Kolmogorov-Smirnov* value is 0.131 with a significance level of 0.091 so 0.091 > 0.05, the data is normally distributed.

Table 3. Normality Test

		Unstandardized Residual
N		39
Normal Parameters[a,b]	Mean	,0000000
	Std. Deviation	1,14203409
Most Extreme Differences	Absolute	,131
	Positive	,131
	Negative	-,118
Test Statistic		,131
Asymp. Sig. (2-tailed)		,091[c]

Source: Data processed, 2022

Multicollinearity Test

Based on the results of the multicollinearity test with the value of *the variance inflation factor* (VIF). Based on the results of the multicollinearity test, the profitability VIF value is 1.078,

liquidity is 1.171, dividend policy is 1.151, and company size is 1.136. The four VIF values < 10 or no independent variable that has a VIF value > 10 so that there is no multicollinearity.

Table 4. Multicollinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
	Profitability	,928	1,078
	Liquidity	,854	1,171
	Dividend Policy	,869	1,151
	Company Size	,880	1,136

Autocorrelation Test

Based on table 5, the results of the *run test* show a test value of 0.02540 and a sig. 0.250 > 0.05 so there is no autocorrelation.

Table 5. Autocorrelation Test

	Unstandardized Residual
Test Value[a]	,02540
Cases < Test Value	19
Cases >= Test Value	19
Total Cases	38
Number of Runs	24
Z	1,151
Asymp. Sig. (2-tailed)	,250

Source: Data processed, 2022

Coefficient of Determination Test (R^2)

The results of the determination coefficient test show that the *Adjusted R Square* value is 0.009, meaning that profitability, liquidity, dividend policy and firm size affect the firm value by 0.9%, while other variables outside the model are influenced by 99.1%.

Table 6. Coefficient of Determination Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,336[a]	,113	,009	1,207345	2,387

Source: Data processed, 2022

Hypothesis Test

Based on the results of multiple linear regression analysis, the regression equation in this study was obtained as follows:

Firm Value = 0.357 + 2.990 Profitability – 0.030 Liquidity – 0.168 Dividend Policy + 0.013 Firm Size.

Table 7. Multiple Linear Regression Analysis Test

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	,357	3,861		,093	,927
	Profitability	2,990	1,608	,312	1,860	,072
	Liquidity	-,030	,101	-,051	-,292	,772
	Dividend Policy	-,168	,498	-,058	-,337	,738
	Firm Size	,013	,178	,013	,074	,941

The significance value = 0.05, the number of observations (n) = 39, and the variables found are k = 5 so that the degrees of freedom (df) = n - k means 39 - 5 = 34. The t table value is 2.032. The results of the t test for the profitability variable are 1.860, the significance is 0.072, the t table value is 2.032 and the coefficient value is 2.990. This value proves that 1.860 < 2.032 and sig 0.072 > 0.05 then H1 is rejected, meaning that profitability has no effect on firm value. The results of the t test for the liquidity variable are 0.292, the significance is 0.772, the t table value is 2.032 and the coefficient value is 0.030. This value proves that 0.292 < 2.032 and sig 0.772 > 0.05 then H1 is rejected, meaning that liquidity has no effect on firm value. The results of the t-test for the dividend policy variable are 0.337, the significance is 0.738, the t-table value is 2.032 and the coefficient value is 0.168. This value proves that 0.337 < 2.032 and sig. 0.738 > 0.05 then H1 is rejected, meaning that dividend policy has no effect on firm value. The results of the t test for the firm size variable are 0.074, the significance is 0.941, the t table value is 2.032 and the coefficient value is 0.013. This value proves that 0.074 < 2.032 and sig. 0.941 > 0.05 then H1 is rejected, meaning that the size of the company has no effect on the value of the company.

Discussion

The Effect of Profitability on Firm Value

The results of hypothesis testing or t-test, prove that profitability has no effect and is not significant on firm value. This shows that the company cannot utilize its assets effectively and efficiently to obtain high profits in increasing the value of a company. The company is considered unable to maintain the profits earned from year to year so it cannot be a positive signal for investors. The financial statements which are the main signal in knowing the company's information to attract investors will be analyzed because the company tends to fluctuate in earning profits, thus creating doubts for investors to invest their share capital. With this it can be concluded that high profitability does not guarantee high firm value and vice versa. The results of the study support the findings of Robiyanto et al. (2020), Sondakh et al. (2019), Thaharah & Asyik (2016), Aini & Cholid (2020) that profitability has no effect on firm value.

Effect of Liquidity on Firm Value

The results of hypothesis testing or t-test, prove that liquidity has no effect and is not significant on firm value. This shows that high liquidity indicates that there are idle funds in the company, while a low liquidity ratio is also not good because it proves that the company lacks funds to pay off current debt. Low liquidity will also affect the company in generating profits. Investors are also less interested in the liquidity ratio because it involves the company's internal financial condition. With this, it can be proven that the high level of liquidity is not directly proportional to the high value of the company and should not be. The results of the study support the findings of Dewi & Abundanti (2019), Jayanti (2018), Lusia (2017), Zujeny et al. (2020) that liquidity has no effect on firm value.

The Effect of Dividend Policy on Firm Value

The results of hypothesis testing or t-test, prove that dividend policy has no effect and is not significant on firm value. The size of the dividends distributed to shareholders cannot affect the high and low value of the company. The dividend policy of a company is not a good signal for investors to illustrate that the company's condition is in good condition. In fact, investors prefer capital gains compared to dividends. The high value of the company does not depend on the amount of dividends distributed to shareholders and the amount of retained earnings, so it can be proven that a high dividend policy does not guarantee that the value of the company can increase directly. The results of the study support the findings of Sembiring & Trisnawati (2019), Midu et al. (2021), Jenali & Amanah (2019) that dividend policy has no effect on firm value.

The Effect of Firm Size on Firm Value

The results of hypothesis testing or t-test, prove that firm size has no effect and is not significant to firm value. The size of a company size does not affect the high and low value of the company. The size of the company is not a guarantee that the company cannot perform well in generating profits. The size of the company describes the size of the company that can be seen based on the size of the amount of capital the company uses, the total assets the company owns, and the total sales the company earns. The results of the study of company size do not affect the value of the company so that it does not affect investors to invest their share capital. The results of the study support the findings of Bahriah et al. (2017), L. A. Dewi & Praptoyo (2019) that firm size has no effect on firm value.

Conclusion

Based on the results of data analysis and discussions conducted on mining sector companies listed on the Indonesia Stock Exchange in 2017-2021, it can be concluded as follows: Profitability, liquidity, dividend policy and company size have no effect on firm value. This research can be a reference and add insight for investors who will invest their share capital in the company so that they can find out more clearly the problems related to investment. For

further research, it is better to expand the research population not only to companies in the mining sector.

Using the latest data and extending the research period will get more accurate research results and can expand knowledge for investors. To find out more types of factors that can affect firm value, further research should add independent variables such as solvency, capital structure, investment decisions, financial performance and other factors.

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