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Company value: profitability, leverage, dividend policy, institutional ownership and growth

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Article Info	ABSTRACT
Keywords: company value, profitability, leverage, dividend policy, institutional ownership	Company value is the result of financial decisions regarding investment decisions, funding decisions, and dividend policy. Increasing company value is one way to increase shareholder prosperity. The prosperity of shareholders will increase if the company value is high so shareholders want to invest their capital in the company. This research aims to analyze the influence of Profitability, Leverage, Dividend Policy, Institutional Ownership, and Growth on Company Value. The object that will be used in this research is the financial reports of manufacturing companies listed on the Indonesia Stock Exchange (BEI) in the 2019-2022 period. The method used in this sampling was purposive sampling, namely a sampling technique based on certain considerations so that a sample of 30 companies was obtained over 4 years. Data analysis uses multiple linear regression methods. The research results show that ROA, DER, DPR, and Institutional Ownership individually have a significant positive effect on company value, the strongest influence is ROA. However, Growth does not influence company value.
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INTRODUCTION

Indonesia is a country that experiences very tight business competition. Amidst the flow of the global economy, companies in Indonesia are involved in economic activities that transcend national borders. The increasing number of new companies every day adds to the intensity of competition within the business landscape in Indonesia, whether in the service sector, manufacturing, or trade. These companies strive hard to survive and excel by competing with each other. The dynamics of this competition push them to continually create innovation and new ideas so they can operate more effectively and excel over their competitors. (Malia, 2018). This also spurs these companies to implement various innovations and business strategies to avoid bankruptcy. The primary goal of establishing a company is to achieve maximum profit and increase earnings as much as possible. In addition, companies also have other objectives, such as short-term goals focused on maximizing profit earnings by leveraging all available resources, and long-term goals aimed at enhancing the welfare of owners or shareholders by maximizing the value of the

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company as reflected in its stock price. The value of the company becomes an indicator of achievement that every company hopes to attain. (Malia, 2018).

A company is a business entity that combines labor, capital, and natural resources with the primary aim of achieving maximum profit. A business entity is considered successful in delivering satisfactory profits to its owners and can sustain growth if it manages to achieve optimal profit. Maintaining the sustainability of the company becomes a priority to ensure the continuity of the business and the welfare of its owners. The fundamental objective of companies that have gone public (go public) is to generate profits that will enhance the welfare of the shareholders through an increase in the company's value, reflecting its business condition and prospects (Dewi, 2019). The value of a company is determined through decision-making in financial aspects such as investment, financing, and dividend policy. Increasing the company's value becomes a strategy to expand the prosperity of shareholders. When the value of the company increases, it attracts shareholders to invest more capital, given that this indicates positive growth prospects for the company. According to signal theory, investment expenditures by investors are interpreted as a positive indication regarding the potential for future growth of the company, which in turn can increase the value of the company. (Dewi, 2019).

There are differing research outcomes regarding Profitability, Leverage, dividend policy, institutional ownership, and Growth on corporate wisdom. Purwani's research (2018) found that Profitability impacts the dividend payout ratio. This finding by Purwani (2018) is supported by Lolowang's research (2019), which also found that Profitability affects the company's value. Lani's study (2019) found that Profitability influences the company's value. Dewi's research (2019) found that Profitability affects the company's value. Ukhriyawati's research (2018) found a different result, namely that Profitability does not affect the company's value.

Purwani's research (2018) found that Leverage affects the value of the company. This finding by Purwani (2018) is supported by Lolowang's research (2019), which also found that Leverage impacts the company's value. Lani's study (2019) found a different result, namely that Leverage does not affect the company's value. Purwani's research (2018) found that dividend policy affects the company's value. Lolowang's research (2019) found a different result, namely that dividend policy impacts the company's value. Purwani's research (2018) found that institutional ownership does not affect the company's value. This finding by Purwani (2018) is supported by Lani's study (2019), which also found that institutional ownership does not impact the company's value. Dewi's research (2019) found that institutional ownership affects the company's value. Purwani's research (2018) found that Growth affects the value of the company. Lolowang's research (2019) found a different result, namely that Growth does not impact the company's value.

Literature Review

Agency Theory

Agency theory explains that an agency relationship arises when one or more individuals (principals) hire another person (agent) to perform a service and then delegate decision-making authority to that agent (Oktavia, 2018). When a separation occurs between ownership and management in a company, it can lead to potential conflicts between owners and management. Often, the goals pursued by management differ from what shareholders desire. In the context of large companies with many shareholders, the individual voice of each shareholder becomes difficult to hear, let alone to have influence or control over management policies. This situation creates conditions where management might be more inclined to act in their own interests rather than the interests of the shareholders. In such a structure, management is often seen as the representative or agent of the company's owners. Therefore, it is expected that management acts in the interest of shareholders. For this reason, authority in strategic decision-making is given to management with the expectation that they will fulfill this responsibility by prioritizing the interests of shareholders.

Signalling Theory

To address information asymmetry, company management uses signals so that investors receive adequate information to make investment decisions. By reducing information asymmetry through the provision of reliable financial information, companies can strengthen their value. This allows for the reduction of uncertainty regarding the company's future growth prospects, providing external investors with clearer insight into the condition and potential of the company. (Sufiyati, 2019). Signal theory highlights the importance of information conveyed by companies to influence investment decisions by outsiders. This information is crucial for investors and business operators as it provides details about the company's condition in the past, present, and predictions for the future. Accurate, complete, and relevant information is greatly needed by investors as a basis for analysis and investment decision-making. The publication of information serves as an announcement that signals to investors in determining their steps. If the announcement conveys a positive message, it is expected that the market will respond well. Once information is published and received by all market participants, they will interpret this information as either a positive or negative signal. Signals perceived as positive by investors will lead to changes in the volume of stock trading (Chintia & Tri, 2019).

Firm Value

Company value is a specific condition achieved by a company. The primary purpose of a firm is to maximize profits, especially for its shareholders, manifested as efforts to increase or maximize the market value of the company's stock price. This objective is broad because, in practice, it is always influenced by decisions in the financial area (Malia, 2018). The value of a company, or the market value of a company, is the amount that would be paid by a potential buyer if the company were sold. Therefore, the value of a public company can be seen from its market price or stock price, which is determined by the dynamics of supply and demand in the stock market by investors. A higher stock price indicates a greater company value. A high company value indicates market confidence not only in the current performance of the company but also in its future prospects. An increase in company value can result in maximum prosperity for shareholders if the company's stock price rises. Generally, to achieve optimal company value, capital owners will assign the management of the company to professionals. (Malia, 2018).

$$\text{PBV} = \frac{Market\ price\ per\ share}{Book\ value\ per\ share}$$

Profitability

Profitability is a measure of a company's ability to generate profit or earnings over a specific period of time. Profitability ratios reveal how effectively a company uses its assets to generate profit, which in turn can influence investors' views on the company's future prospects. The higher the profitability level, the greater the investor interest in the company's stocks, thus profitability has a direct impact on the company's value. Investors are advised to consider the company's profitability as one of the main factors in making investment decisions, because companies with high profitability tend to offer higher returns. (Malia, 2018).

$$\text{ROA} = \frac{Earning\ After\ Tax}{Total\ assets} x100\%$$

Leverage

Leverage is a measure that describes how much a company uses borrowed funds to finance its investments. A company without leverage means it finances all its investments using internal capital or 100% equity. In this study, leverage is measured through the debt to equity ratio (DER), which is the comparison between total debt and equity. This total debt includes both short-term and long-term liabilities. (Oktavia, 2018).

$$\text{DER} = \frac{Total\ debt}{Total\ equity} x100\%$$

Dividend Policy

Dividend policy is often seen by investors as an indicator to evaluate the performance of a company, as the policy can affect the value of the company itself. Dividend policy is calculated using the Dividend Payout Ratio (DPR), which measures the ratio between the total dividends paid to shareholders and the total net profit earned by the company. When a company decides to distribute dividends, it is often interpreted as a positive signal by investors, because they tend to prefer tangible and certain investment returns.

$$\text{DPR} = \frac{DPS}{EPS}$$

Companies that distribute dividends will attract investors to invest their capital. With many investors buying shares, this will raise the stock price, thereby increasing the company's value (Oktavia, 2018). According to Brigham and Houston (2010), there are three theories regarding investor preference:

a. The Dividend Irrelevance Theory, developed by Modigliani and Miller, states that dividend policy does not affect the value of the company or its cost of capital. According to this theory, what determines the value of a company is not the Dividend Payout Ratio (DPR), but rather the earnings before interest and taxes (EBIT) and the business risk faced. Therefore, dividend policy is considered to have no significance on company valuation.
b. The "Bird-in-the-Hand" Theory, proposed by Gordon and Lintner, states that the equity return rate will decrease if the dividend payout ratio increases. This is due to

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the perception of investors who tend to doubt the capital gains from retained earnings compared to if they receive dividends directly. Gordon and Lintner argue that investors tend to value the income generated from dividends more than capital gains.

c. The Tax Preference Theory states that since dividends and capital gains are taxed, investors tend to prefer capital gains because they offer a deferrable tax advantage. This means that investors would favor capital gains over receiving dividends due to the potential for a delay in tax payments.

Institutional Ownership

Focusing on institutional ownership refers to the portion of a company's shares held by institutional entities, including banks, insurance companies, investment funds, and other financial institutions. More centralized share ownership allows for tighter and more efficient oversight by the owners, as this makes management act more cautiously in its handling. This strict oversight plays a role in ensuring the welfare of shareholders. The presence of a large proportion of institutional ownership leads to more intensive monitoring efforts by institutional investors. These efforts serve as a deterrent against management actions that could be fraudulent or self-serving, ultimately contributing to better business decision-making and an increase in company value. (Sufiyati, 2019).

$$\mathrm{INST} = \frac{number\ of\ institutional\ shares}{number\ of\ shares\ outstanding} x100\%$$

Growth

Company growth refers to the increase or decrease in the total assets owned by the company. Assets are an essential part of the company's operations, expected to enhance the effectiveness of the company's work results, while also increasing trust from external parties. The growth experienced by the company can send a positive signal to all parties, both internal and external. An increase in the company's growth rate tends to yield higher investment returns, benefiting investors. Significantly, rapid growth in a company has the potential to increase the company's value, indicating that the higher the growth rate, the higher the value of the company. Information on company growth is also greatly needed by investors or potential investors, especially those interested in investing in stocks. Investing in stocks, of course, has a long-term intention and is expected to yield significant returns in the future (Oktavia, 2018).

$$\mathrm{Growth} = \frac{total\ asset\ t - total\ asset\ t-1}{Total\ asset\ t-1}$$

Research Hypothesis

Profitability on company value

If a company successfully utilizes its assets efficiently and productively, then the company's profitability level will increase, which in turn can generate larger profits. This situation provides a positive signal that can reflect the company's future prospects based on the level of profitability achieved, in accordance with the principles of signal theory. Furthermore, this directly contributes to an increase in company value, which can be indicated through a rise in stock prices. Based on this, the hypothesis in this study is as follows:

H1: Profitability has a significant influence on company value.

Leverage on company value

The use of debt by a company can be interpreted by investors as an indicator of the company's ability to meet its future obligations, which is often received positively by the market. Investor confidence arises from the thought that the use of debt signifies positive prospects for the company, indicating the company's ability to pay off its debts. Additionally, the use of debt also has the potential to reduce the company's tax burden. This sustained tax saving can increase the company's profits, allowing these funds to be used for dividend distribution or reinvestment. The company's ability to increase dividends or reinvest is often responded to positively by the market, thereby contributing to an increase in company value. Based on this explanation, this study proposes the following hypothesis:

H2: Leverage has a significant influence on company value.

Dividend Policy on company value

Dividend policy relates to the decisions made by a company regarding the allocation of its profits, namely whether to distribute them to shareholders as dividends or to retain them as retained earnings for future company investment funding. Based on signal theory, the payment of dividends by a company to its shareholders is considered a positive indicator for the market regarding the company's bright prospects in the future. This is capable of attracting investor interest, which directly positively affects the increase in company value. Thus, this study proposes the following hypothesis:

H3: Dividend policy has a significant impact on company value.

Institutional ownership on company value

Institutional ownership plays a crucial role in enhancing oversight over management, helping to reduce opportunistic behavior by management that is not aligned with the company's goals. This allows for better monitoring of corporate decision-making. This tighter supervision contributes to improved management performance, which ultimately has a positive impact on the company's value. A higher level of institutional ownership indicates more effective external control over the company, which can reduce agency costs and increase company value. Based on this explanation, this study establishes the following hypothesis:

H4: Institutional ownership has a significant effect on company value.

Growth terhadap nilai perusahaan

Company growth can be measured through changes in the total assets owned, where these changes, whether increases or decreases, indicate whether the company is experiencing development. An increase in a company's assets is often associated with an increase in operational outcomes, which in turn boosts external confidence in the company. From an investor's perspective, positive company growth is expected to yield a higher investment return. Information about company growth, marked by an increase in total assets, tends to be positively received by the market, which can lead to a rise in stock prices

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and reflect an increase in company value. Based on this, the hypothesis in this study is as follows:
H5: Growth has a significant impact on company value.
The research model can be described as follows:

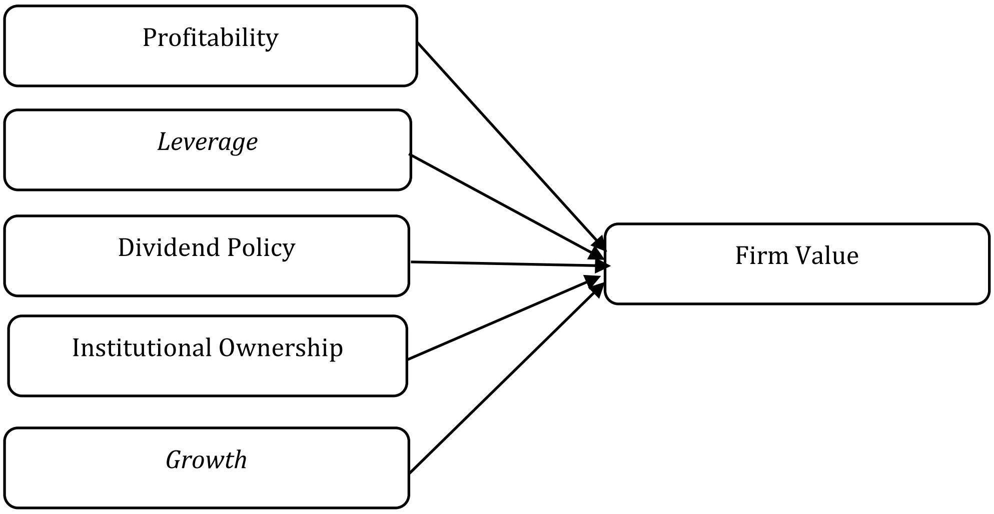

Figure 1. Research Model Framework

METHOD

The method used in this sampling is purposive sampling, namely a sampling technique based on certain considerations. The sample used in this research is Manufacturing Companies listed on the Indonesia Stock Exchange in 2018-2022. The sample in this research involves the use of secondary data consisting of financial reports of manufacturing companies listed on the Indonesia Stock Exchange during the period 2017 to 2019, or other documents containing quantitative information. Data for this research was obtained from various sources related to manufacturing companies listed on the Indonesia Stock Exchange during those years. The data collection process was carried out through the documentation method, where researchers collected available secondary data, including the Indonesian Capital Market Directory (ICMD), IDX statistics, as well as complete published Financial Reports for the 2017-2019 period which were accessed via the Indonesian Stock Exchange.
The criteria used in selecting the sample for this research include the following:

a. The companies in the sample are manufacturing companies listed on the IDX during the 2017-2019 period.
b. Manufacturing companies registered on the IDX during the 2017-2019 period that already have and submit complete financial report data.

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RESULT AND DISCUSSION

Table 1. Research Sample Criteria

No	Criteria	Amount
1	Manufacturing company listed on the Indonesian Stock Exchange.	169
2	Companies that do not publish annual reports for the 2019-2022 period.	(18)
3	Companies that do not distribute dividends in a row for the 2019-2022 period.	(117)
4	Manufacturing companies do not have institutional share ownership for the 2019-2022 period.	(4)
	Number of Research Samples	30
	Research Period	4 years
	Number of Observation Samples	120

There are 30 manufacturing companies listed on the Indonesian Stock Exchange, but it turns out that 18 manufacturing companies did not publish financial reports from 2019 to 2022 respectively. In addition, there are 117 manufacturing companies that do not distribute dividends in a row in the 2019-2022 period and 4 manufacturing companies that do not have institutional share ownership. So the number of research samples used was 30 companies, so a sample of 120 observation data (30 x 4 periods) was obtained.

Table 2 Descriptive Statistical Analysis

Statistics

		ROA	DER	DPR	KI	GROWTH	PBV
N	Valid	120	120	120	120	120	120
	Missing	0	0	0	0	0	0
Median		.0500	.6950	1.5400	.6300	.4000	2.6350
Std. Deviation		.11522	.25163	.60129	.32960	.16631	1.41076
Minimum		.00	.10	.21	.00	.00	.21
Maximum		.40	.90	2.00	.89	.50	4.91

Source: Secondary Data processed using SPSS 25

Based on table 4.2 above, it shows that the descriptive statistics for the number of N (sample) are 120 manufacturing companies registered on the IDX for 2019-2022.

Data Normality Test

Table 3 Kolmogorov Smirnov Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		120
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.48349779

Most Extreme Differences	Absolute	.051
	Positive	.051
	Negative	-.043
Test Statistic		.051
Asymp. Sig. (2-tailed)		.200[c,d]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

Source: Secondary Data processed in 2023

The significance value of Asymp.Sig (2-tailed) is 0.200, where this value is greater than 0.05. In accordance with the basis for decision making in the Kolmogorov Smirnov normality test above, it can be concluded that the data is normally distributed.

Multicollinearity Test

Table 4 Multicollinearity Test results

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	ROA	.865	1.157
	DER	.322	3.106
	DPR	.254	3.942
	KI	.109	9.203
	GROWTH	.190	5.255

Source: secondary data processed in 2023

It is known that the tolerance value obtained is more than 0.10, which means there is no correlation between the independent variables, while the VIF results obtained are less than 10, so it can be said that there are no symptoms of multicollinearity between the independent variables.

Heteroscedasticity Test

Table 5 Heteroscedasticity Test results

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.481	.087		5.511	.000
	ROA	-.150	.242	-.061	-.621	.536
	DER	-.057	.181	-.051	-.314	.754
	DPR	-.113	.086	-.242	-1.324	.188
	KI	-.006	.238	-.006	-.023	.982
	GROWTH	.338	.357	.199	.946	.346

Source: Secondary Data processed in 2023

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Based on the heteroscedasticity analysis above by testing the Glesjer test, it can be concluded that the regression model in this study does not have symptoms of heteroscedasticity because the significance value of each variable is more than 0.05.

Autocorrelation Test

Table 6 Autocorrelation Test results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.939[a]	.883	.877	.49399	2,012

a. Predictors: (Constant), GROWTH, ROA, DER, DPR, KI
b. Dependent Variable: PBV

Source: Secondary data processed in 2023

The Durbin-Watson (D-W) results show a figure of 2,349. The D-W values obtained from the model are then compared with the values in the Durbin Watson table. Some of the data needed to read the Durbin Watson table are:

K = Number of Independent Variables
n = Total Observation Data
K = 5
n = 120
dL = 1,6164
dU = 1,7896

N	dL	dU	D-W	4 - dU	4 - dL	Keterangan
120	1,6164	1,7896	2,012	2,2104	2,3836	Tidak ada autokolerasi

Source: Secondary data processed in 2023

In the Durbin Watson table using a 5% level with a sample size of 120 company observation data and the number of independent variables (K) is 5, the dU value is 1.7896 and the dL value is 1.6164. So it can be said that there is no positive or negative autocorrelation based on the D-W table above.

Multiple Linear Regression Analysis

Table 7 Multiple Linear Regression Analysis test results

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-.094	.153		-.617	.538
	ROA	3.523	.423	.288	8.336	.000
	DER	.764	.317	.136	2.408	.018
	DPR	.765	.150	.326	5.115	.000
	KI	1.212	.417	.283	2.908	.004
	GROWTH	.919	.624	.108	1.473	.144

Source: Secondary data processed in 2023

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The ROA variable has an effect on PBV because the sig value is less than 0.05 (0.000 < 0.05) and the B Unstandardized Coefficients value is positive, namely 3.523, DER has an effect on PBV because the sig value is less than 0.05 (0.018 < 0.05) and the B Unstandardized Coefficient value is positive, namely 0.764 , the DPR variable has a positive and significant effect on PBV, this can be seen in the sig value of 0.000, which is smaller than 0.05 (0.000 < 0.05) and the B Unstandardized Coefficient value is positive, namely 0.765. The Institutional Ownership variable has a significant positive effect on PBV, this can be seen in the sig value of 0.004 where the value is less than 0.05 (0.004 < 0.05) and the B Unstandardized Coefficients value is positive, namely 1.212. The Growth variable has no effect on PBV because the sig value is 0.144, which is more than 0.05 (0.144 < 0.05) and the B Unstandardized Coefficient value is positive, namely 0.919.

F Test

Table 8 F Test Result

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	209.019	5	41.804	171.311	.000b
	Residual	27.819	114	.244		
	Total	236.838	119			

a. Dependent Variable: PBV

b. Predictors: (Constant), GROWTH, ROA, DER, DPR, KI

Source: Secondary data processed in 2023

Based on the SPSS output F test results above, a Sig value of 0.000 is obtained, where this value is less than 0.05 (0.000 < 0.05), so it can be said that the independent variables GROWTH, ROA, DER, DPR, KI simultaneously have a positive and significant effect on PBV. Apart from that, to find the F table value in the F distribution table, you need to use df1 (N1) and df2 (N2) as follows:

Informasion:

K = Number of Variable

N = Number of Sample

Rumus:

df1 = K – 1
= 5 – 1
= 4

df2 = n – K
= 120 – 5
= 115

So the F table is 2.45. Based on table 4.9, the calculated F value > F table is 171.311 > 2.45 with a significance value of F of 0.000b < 0.05 alpha 5%. This indicates that the level of suitability of the model used in this research is adequate.

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Coefficient of Determination Test

Table 9 Coefficient of Determination Test Results

Model Summary[b]					
Model	R	R Square	Adj R Square	Std. Error of the Estimate	Durbin-Watson
1	.939a	.883	.877	.49399	2.349

a. Predictors: (Constant), GROWTH, ROA, DER, DPR, KI
b. Dependent Variable: PBV

Source: Secondary Data processed using SPSS 25

Based on table 4.11 above, it can be seen that the Adjusted R Square value is 0.986, which is in the range 0 to 1. A value of 0.877 or 87.7% means that PBV can be explained by GROWTH, ROA, DER, DPR, KI, while the remaining 12.3% is explained by other variables outside the research model. These results indicate that the five variables above are able to explain PBV well.

The Influence of Profitability on Company Value

This research shows that the ROA variable has a significant positive effect on PBV. This means that when there is a change, either an increase or a decrease in the company's ability to make profits compared to its total assets, it has an impact on changes in company value (PBV). Company value is the result of financial decisions regarding investment decisions, funding decisions, and dividend policy. Increasing company value is one way to increase shareholder prosperity. The prosperity of shareholders will increase if the company value is high, so that shareholders want to invest their capital in the company. In signal theory it is said that investment spending by investors provides a positive signal about the company's growth in the future, so that it can increase the value of the company (Dewi, 2019). This result is in line with signaling theory which states that information about company profits can act as good news which is captured by investors or potential investors as a positive prospect, so that it can trigger an increase in company value through market value formed from the presence of this good information. The results of this research are also supported by Purwani (2018), Lolowang (2019), Lani (2019) and Dewi (2019) who presented similar results.

The Effect of Leverage on Company Value

This research shows that the DER variable has a positive effect on company value. This means that when changes occur, either increases or decreases in the amount of a company's debt compared to its equity value, it will encourage an increase in the company's value in the eyes of investors. DER describes the extent to which the owner's capital can cover its debts to outside parties. The results of this research apply signaling theory, changes in a company's capital structure funded through debt will be responded to by external parties, especially investors, as a positive signal for the sustainability of the company's operations in the future. By increasing its debt, the company is considered to have taken into account future financing to increase its capacity and always grow larger, so

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that it can trigger an increase in share prices and company value. Previous research by Purwani (2018) and Lolowang (2019) also stated the same thing.

The Effect of Dividend Policy on Company Value

This research shows that the dividend policy variable has a positive effect on company value. This means that when changes occur, either increases or decreases in the company's ability to provide dividends to shareholders, the company's market value will increase. PBV shows the comparison of the share price to its book value, so that it can show the unfairness of the share price, illustrating the extent to which the owner's capital can cover its debts to outside parties. Signal Theory also applies to these results, the context being that dividend policy is one that is expected from shareholders. So the existence of a dividend payment policy is a positive signal for shareholders which can later increase the value of the company, because more and more people are interested in buying shares in the company. These results are supported by previous research by Purwani (2018).

PThe influence of institutional ownership on company value

This research shows that the institutional ownership variable has a positive effect on company value. This means that when there is a change in share ownership of a company by another agency or company, it will encourage the value of the company to rise. Institutional shareholding, which represents a higher degree of ownership concentration, facilitates more effective and efficient monitoring by owners of management. As management becomes more vigilant in its actions, this oversight helps ensure shareholder welfare. (Sufiyati, 2019). So it can encourage an increase in company value. Institutional ownership is share ownership by the government, financial institutions, legal entities, foreign institutions, trust funds and other institutions at the end of the year (Winanda, 2009). According to Murhadi (2008) institutional ownership is the percentage of company shares owned by institutions or institutions (insurance companies, pension funds, or other companies). These results apply to agency theory, explaining that an agency relationship arises when one or more people (principal) employ another person (agent) to provide a service and then delegate decision-making authority to the agent (Oktavia, 2018). When institutional share ownership becomes larger, the company will be more easily regulated by shareholders and managed more professionally, making it easier to obtain better company value. The results of this research are supported by Dewi (2019).

The Effect of Growth on Company Value

This research shows that growth (company growth) has no effect on company value. This means that when there is a change in the company's growth, which is marked by a change in its total assets, it does not have a significant impact on the value of the company. This can happen because changes in total company assets are not correlated with company value. The results of this research are supported by Lolowang (2019). Company growth is characterized by an increase or decrease in total assets owned by the company. Assets are an important component in company operations, which are expected to increase the efficiency and results of the company's work, thereby strengthening trust from external parties. Positive company developments can send good signals to all parties, both internal

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and external. With growth, it is hoped that there will be an increase in investment returns, which will be a benefit for investors. (Oktavia, 2018).

CONCLUSION

In accordance with the previous discussion, it can be concluded that Profitability has a significant positive effect on Company Value, Leverage has a significant positive effect on Company Value, Dividend Policy has a significant positive effect on Company Value, Institutional Ownership has a significant positive effect on Company Value, but Growth has no effect on Company Value. Suggestions for further research are to research companies in other sectors to obtain an overview of the characteristics of other sectors. Then you can review why growth has no effect on company value.

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