

## EFFECT OF LIQUIDITY, DIVIDEND POLICY, SALES GROWTH ON COMPANY VALUE

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### ABSTRACT

This study aims to determine whether liquidity, dividend policy, sales growth have an effect on firm value in manufacturing companies in the consumption sector listed on the Indonesia Stock Exchange in 2017-2019. The data collection technique used is purposive sampling so that a sample of 15 companies is obtained. The analytical method used is descriptive analysis, analysis linear regression, classical assumption test and model feasibility test. The results of the study using the partial test (t test) showed that liquidity had a significant positive effect on firm value, dividend policy had a significant positive effect on firm value, and sales growth had a negative effect on firm value. This research method uses quantitative research which is a research method that examines the population or sample, collects data using research instruments, analyzes quantitative data and all of that will be used to test the established hypothesis.

Keywords: Liquidity, dividend policy, sales growth, firm value.



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### INTRODUCTION

The sustainability of a company cannot be separated from the existence of sources of funds. The source of funds used is obtained by the industry by selling shares widely in the capital market. The capital market is for various long-term financial instruments that can be traded, either in the form of debt or own capital, can be through the capital market, investors and can also invest in several companies through securities traded in the capital market.

The capital market can be seen as an effective means to attract funds from the public and can also be channeled to productive sectors (Bela Febriana Fista & Dini Widayawati, 2017), stating that sales growth has a positive relationship to firm value, this can This means that sales growth is one proof that a company is really growing. Sales growth can be used by many parties, both company owners, investors, creditors, and other parties to see the company's prospects.

This is evidenced by the large number of investors in the capital market, in this case the capital market can also invest from several companies through securities traded by the capital market and the increase in investor growth will make competition for investors' funds even tighter. Intense

competition between companies will encourage or improve the performance of each company. The value of the company has a close relationship with the stock price, because the stock price is a form of investor assessment of the ability to prosper shareholders with a company that has a high share price in order to have a high value for the company (Hamid Nur Ikhsan, 2018).

This states that there is a good relationship between dividend policy and firm value, it can be defined that dividends provide useful data rather than earnings data. This can be evidenced by the results of a good market reaction to the increase in dividends and poor results to the decrease in dividends. Investors use dividend announcement data as a benchmark in making investment decisions.

Growth refers to the expertise of an entity in maintaining its business position to develop the economy and industry in its operational activities. The growth of the company is dreamed of by internal parties or external parties of an entity, this is because good growth indicates development for the entity. According to investors, the growth of an entity is an important aspect of the entity in showing the benefits obtained, so that investors have an expectation of *arate of return* from investments implemented as evidence of good entity development.

Shareholders generally do not have special expertise in running the company, so shareholders can hire agents. Agent is a management that is trusted by shareholders to manage the resources handed over to the shareholders. Shareholders also give authority and power to agents to make decisions that can have the prosperity of the owners of the company. The better the company will quickly give a positive response to shareholders and make the company's stock price increase quickly.

The increase in stock prices will quickly attract investors and invest in companies that can increase the value of the company (Suffah & Riduwan, 2016). These shareholders can also reflect the distribution of profits that are their rights, namely how much can be reinvested and how much is paid, the more cash dividends or stock dividends they get. The main goal of the company is to maximize the value of the company by increasing the prosperity of the owners or shareholders (Shesarvian, Sudjana and Saifi, 2015). However, management often has other goals that are different from the company's main goals.

The purpose of the problem is the value of the company and also the welfare of the shareholders. Shareholders can be taken to maximize the present value or the *current value of* all shareholders can be expected in the future. This company value can be the result of management work from several dimensions, including net cash flow from investment decisions, growth and the company's cost of capital (Aries, 2011:158). The value of the company for investors is an important concept for the value of the company is an indicator of how the market values the company as a whole.

If the value of the company is not good, investors will judge the company with a low value. The value of the guarding company is important because the description of the company's performance that shows future prospects is an indicator of the overall market assessment of the company, so a good company value can attract investors and the interests of other parties to participate in the company. Firm value is the perception of investors in the company related to stock prices.

A company that is said to have good value in performance then the company will also be good at assessing the value of the company, a high company value will be the desire or trust of an investor in the company value which will increase for company owners, investors also tend to be interested in investing their shares in companies that have a fairly good performance by increasing the value of the company, because a high value can indicate prosperity to shareholders will also get a high value for the company.

Firm value is the market price of shares formed by buyers and sellers when making transactions which will be reflected in the actual value of the company's assets, but the value of this company can be made available through payments by prospective sellers if the company is sold, and vice versa if the value of the company is purchased will make payments. to buyers (Surdiani &

Darmayanti, 2016). Good corporate value will attract investors and the interests of other parties to participate in the company. So, it is also important for firm value how to determine a reliable investment (Sucuahi *et al.* 2016).

## METHODS

This study uses quantitative methods, with the object of research namely liquidity, dividend policy, sales growth on firm value in manufacturing companies in the consumption sector in 2018-2019 listed on the IDX. This research is secondary data in the form of financial reports obtained from the official website [www.idx.co.id](http://www.idx.co.id) for the period 2017-2019. The sampling technique used was *purposive sampling method* in order to obtain 15 companies that met the criteria for 2017-2019.

## RESULTS AND DISCUSSION

Analysis This analysis needs to be done before testing classical assumptions and testing hypotheses. The purpose of this analysis is to analyze the data by describing or describing the data that has been collected by the author so as to provide an explanation of the maximum value, minimum value, average value, and standard deviation value of the independent variable and dependent variable.

**Table. 1 Descriptive Statistics Test Results**

Variable	N	Minimum	Maximum	Mean	Std.Deviation
Liquidity	45	1.00	7.10	2.8269	1.43733
Dividend Policy	45,		12,95,		3484,19430
Sales Growth	45	-, 28	51.00	1.2533	7.58735
Company Value	45	35.00	1613.00	352.8000	361.83922

Source: Data processed by SPSS, 2021 The

Test The classical assumption test is a test that aims to determine and test the feasibility of the regression model and ensure that the data are normally distributed, free from autocorrelation, multicorrelation and heteroscedasticity.

**Table. 2 Normality Test Results**

Variable	Asymp. Sig. (2-tailed)	Conclusions
Independent: Liquidity, Dividend Policy, Sales Growth	0.200	Data is normally distributed
Dependent: Firm Value		

Source: Data processed by SPSS, 2021

Based on the results of the *Kolmogorv-Smirnov test* in table 2, it is found that the residuals of the research model are normally distributed with evidence from the results of the value *Asymp. Sig. (2-tailed)* which is 0.200 which means it is greater than 0.05. from these results it can be concluded that the data are normally distributed and the regression model is feasible to use.

**Table. 3 Test Results Autocorrelation Table**

Variable	dw	Conclusions
Independent: liquidity, dividend policy, sales growth. Dependent: firm value	2.146	There is no autocorrelation.

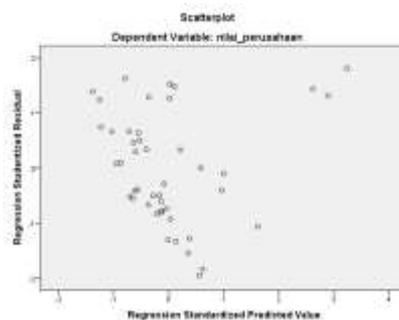
Based on the results of the SPSS output table 3, it can be seen that the Durbin-Watson (DW) value of 2.146 is smaller than 4 – du so it can be concluded that there is no autocorrelation in the regression model of this study.

**Table. 4 Test Results Multicollinearity**

Variable	Tolerance	VIF	Conclusion
Liquidity	0,940	1,064	Not happening multicollinearity
Dividend Policy	0.971	1.030	Did not happen multicollinearity
Sales Growth	0,960	1,042	Not happening multicollinearity

Source: Data processed in SPSS, 2021

Based on Table 4 above can be seen that the *tolerance* of liquidity worth 0,940, dividend policy worth 0.971, and sales growth of 0.960. This means that the value *tolerance* of each variable is more than 0.1. In addition, the VIF value of liquidity is worth 1.064, dividend policy is 1.030, and sales growth is 1.042 which means that the VIF value is less than 10. In this case, it can be concluded that there are no symptoms of *multicollinearity* in the three variables.



Source: Data processed by SPSS 2021

Image. 1. Heteroscedasticity Test

Based on Figure 1. it can be seen that the points spread above and below the number 0 on the Y axis and do not form a certain pattern, so it can be said that there is no heteroscedasticity in the regression model so that the model can be used.

Regression analysis aims to determine the influence between the independent variables on the dependent variable, which in this study the independent variables are liquidity, dividend policy, sales growth on the dependent variable, namely firm value.

**Table 5. Results of Multiple Linear Regression Analysis**

Variable	Unstandardized Coefficients
	B
(Constant)	-243,580
Liquidity	59,858
Dividend Policy	1240,883
Sales Growth	-4,157

Source: Data processed by SPSS, 2021

Based on table 5 it can be concluded that the regression equation in this study is:  $Y = - 243,580 + 59,858 X_1 + 1240,883 X_2 - 4,157 X_3 + e$

Based on the results in table 5 it can be concluded that the above equation shows the liquidity variable has a coefficient value in a positive direction, dividend policy has a coefficient value in a positive direction, sales growth has coefficient value in a negative direction.

The t test is used to determine the effect of the independent variable liquidity (X1), dividend policy (X2). Sales growth (X3) on the dependent variable of firm value (Y) partially. Partial test (t test) was performed by setting a significance level of 5% or 0.05 as the statistical decision maker. The results of hypothesis testing can be seen in table 4.12:

**Table. 6 T-Test Results**

Variable	T	Sig.	Conclusions
Liquidity	2.211	0.033	Significant
Dividend Policy	6.298	0.000	Significant
Sales Growth	-, 819	0.417	Not Significant

Source: Data processed in SPSS, 2021

Based on table 6 can be explained that the liquidity variables showed sig at 0.033. This value is smaller than the value of 0.05 so it can be concluded that liquidity has a significant effect on firm value. Based on table 6 can be explained that the dividend policy variables show sig of 0.000. This value is smaller than the value of 0.05 so it can be concluded that the dividend policy has a significant effect on firm value. Based on table 6 can be explained that sales growth variables show sig of 0.417. This value is greater than the value of 0.05 so it can be concluded that sales growth has no significant effect on firm value.

**Table. 7 Test Results The coefficient of determination**

R Square	Adjusted R Square
0.555	0.522

Source: Data processed researcher, 2021

Based on Table 7 shows the numerical value of R square value of determination coefficient of 0.555 or 55.5%. This means that the magnitude of the influence of the independent variables, namely liquidity, dividend policy, sales growth on the dependent variable, namely the firm value of 55.5% and the remaining 0.445 or 44.5% is influenced by other variables not examined in this study. Firm Based on the results of the t-test test, it is known that liquidity has a significant effect on firm value in manufacturing companies in the consumption sector listed on the Indonesia Stock Exchange in 2017-2019.

Liquidity is the company's ability to meet its short-term obligations which can increase the value of the company. Companies that pay their debts and dividends on time make investors more generous and do not hesitate to lend their funds back to the company and this also makes the value

of the company in the eyes of investors and creditors good. The results of liquidity research are 0.033. This research is influential because the results are very good and significant. Companies that have large current assets can meet their short-term obligations. If the liquidity is high then the company can be seen from the *internal financing* that is sufficient to pay obligations so that the capital structure can also be reduced, that liquidity has a significant influence on the value of the company. The higher the liquidity value, the better the company's position. There is a possibility for the company to pay its obligations on time, the company's ability to pay short-term obligations will be responded positively by the market, the market will put trust in the company when the liquidity level is high, this shows that the company has a good performance. So liquidity has an effect on firm value. (Wulandari, 2013).

Based on the results of the t-test test, it is known that dividend policy has a significant effect on firm value in consumption sector manufacturing companies listed on the Indonesia Stock Exchange in 2017-2019. Based on the results of the research, the data above 0.000 is smaller than the value of 0.05, so it can be concluded that dividend policy has a significant effect on firm value. That dividend policy has a significant effect on firm value. The higher the profit earned, the greater the ability to pay dividend policy so that it can increase the value of the company. The dividend policy payment affects the welfare of shareholders, if the company does not have a constant dividend policy, investors will not want to maintain capital. It can be seen that the dividend policy has a positive and significant effect on firm value. This means that the amount of dividend policy given by the company by investors does not affect the value of the company.

Based on the results of the t-test test, it is known that sales growth has no significant effect on firm value in consumption sector manufacturing companies listed on the Indonesia Stock Exchange in 2017-2019. This study has no effect because the resulting value is 0.417. This value is greater than the value of 0.05, so it can be concluded that sales growth has no significant effect on firm value, so the hypothesis is rejected. That sales growth has no significant effect on firm value.

The results of this study are contrary to previous research conducted by In relation to firm value according to Kesuma Ali (2011) suggests that the company's sales growth rate as measured by sales growth affects the company's value or the company's stock price because company growth is a sign of good company development that positive response from investors.

The results of this research are to indicate that the higher the sales growth rate, the better the company will experience sales growth. Sales growth has an influence in increasing the value of the company. High sales growth shows that the company has good growth prospects in the future so that the company has the ability to provide high profits to investors. Where this will be responded positively by investors and increase the share price of the company which will further increase the value of the company.

## CONCLUSION

Liquidity significant effect on firm value in manufacturing companies in the consumer goods sector for the period 2017-2019. The higher the liquidity value, the better the company's position to pay short-term obligations and investors will respond positively. Dividend Policy significant effect on firm value in consumer goods manufacturing companies for the period 2017-2019. Dividend policy can be concluded that it has a significant effect on firm value where the results of this study affect the company and this research is significant and the results of this data affect the hypothesis so that this study is accepted. Sales Growth does not have a significant effect on firm value in manufacturing companies in the consumer goods sector for the period 2017-2019. Sales growth has an influence in increasing firm value. High sales growth shows that the company has good growth prospects in the future so that the company has the ability to provide high profits to investors.

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