

ABSTRACT

Increasing the firm value is one of the main goals for every company. The high firm value is important for a company because it indicates that the company has good performance and is considered capable of providing prosperity for investors. Therefore, investors will be more interested in investing in companies that have good firm value.

This study aims to determine the effect of leverage (DER), company growth (GROWTH), investment opportunity set (MBVE), and dividend policy (DPR) on firm value (Tobin's Q) in companies listed on the LQ45 Index listed on the Indonesia Stock Exchange in 2016-2020. The data used in this study were obtained from audited annual financial statements. The financial statements are taken from the official website of the Indonesia Stock Exchange and the company's official website.

The population of this study are the LQ45 Index companies listed on the Indonesia Stock Exchange in 2016-2020. The sample selection technique used is purposive sampling so obtained 16 companies with a research period of 5 years so that obtained 80 sample data. The data analysis method used in this study is panel data regression analysis using software eviews 11.

This result shows that leverage (DER), company growth (GROWTH), investment opportunity set (MBVE), and dividend policy (DPR) simultaneously affect firm value (Tobin's Q). Partially, leverage has a significant negative effect on firm value. Company growth has no significant effect in a negative direction on the value of the company. Investment opportunity set has a significant positive effect on firm value. Dividend policy has no significant effect in a positive direction on firm value.

Based on the results of this study are expected to provide an overview for companies to not use leverage more than 50% and further improve investment planning to increase firm value.

Keyword: Leverage, Company Growth, Investment Opportunity Set (IOS), Dividend Policy, Firm Value