

Effect of Investment Opportunity Set, Firm Size, Institutional Ownership And Dividend Policy on The Firm Value In Automotive and Components Companies Listed on The Indonesia Stock (2015-2019 Period)

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Abstract

Firm value is an investor's perception of the firm that is often associated with the share price of a firm. The purpose of this study is to examine and explain the effect of (1) investment opportunity set, (2) firm size, (3) institutional ownership and (4) dividend policy on firm value in automotive and components companies listed on the Indonesia Stock Exchange in the period 2015 - 2019, and (5) influence of investment opportunity set, firm size, institutional ownership, and dividend policy simultaneously on firm value in automotive and components companies listed on the Stock Exchange in the period 2015 - 2019. The research was conducted at the Indonesia Stock Exchange on automotive and component companies using secondary data and purposive sampling method. Data analysis method in the form of quantitative analysis using descriptive statistics, classic assumption test, multiple linear regression analysis, and hypothesis test using SPSS 25 program. The results revealed that the investment opportunity set has no effect on the firm value, firm size affects the firm value, institutional ownership affects the firm value, dividend policy affects the firm value. Then, investment opportunity set, firm size, institutional ownership, and dividend policy simultaneously affect the firm value.

Keywords: Investment Opportunity Set, Firm Size, Institutional Ownership, Dividend Policy, and Firm Value.

1. Introduction

The main objective of a firm is to maximize the value of the firm or wealth for shareholders. Firm value is an investor's perception of the firm that is often associated with the share price of a firm. The higher the share price, the higher the value of the firm, on the contrary if the share price is lower, the lower the value of the firm (Henriansyah and Dharmayuni, 2017).

Automotive and component companies are part of the manufacturing industry in Indonesia. The automotive industry is one of the flagship sectors that continues to prioritize its development because it plays a big role in national economic growth (Baihaqi et al., 2019). The development of the automotive industry needs to continue because the automotive industry has a wide association with other economic sectors and also has considerable domestic market potential. With a lot of investment from the world automotive industry so as to contribute positively to the national economy and the absorption of professional labor in Indonesia as well as improving the competitiveness of Indonesian automotive products.

However, during the last five years, 2015-2019, automotive and component companies experienced fluctuating share prices. This share price volatility is very interesting to study further, because it will have an impact on the value of a company. In 2016 the firm average share price decreased by 1.30%, in 2017 decreased by 12.49%, in 2018 it increased by 2.32% and in 2019 experienced an increase of 3.88% (idx.co.id, 2021). Therefore, it can be

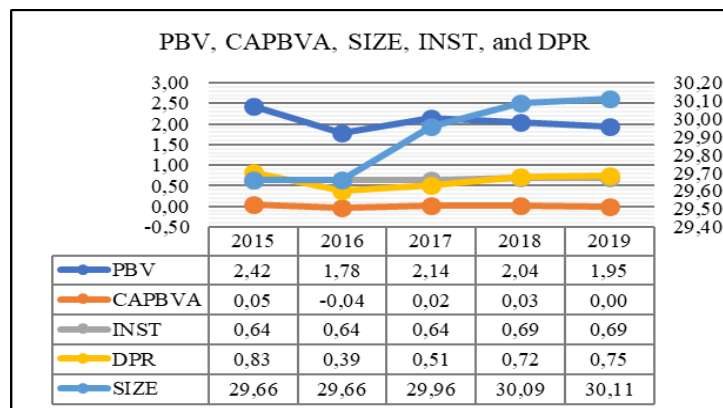
concluded that when the share price increases or decreases will have an impact on the value of the firm. Especially when the firm has a decrease in the share price, it has an impact on the decline in the value of a firm and the view or confidence of investors in the company will also decrease.

One way to measure the value of a firm is by Price to Book Value (PBV) ratio. PBV is a comparison between the share price and the book value of the firm. Where the book value share is a comparison between common stock equity and the number of shares outstanding (Brigham and Houston, 2015). The greater the value of PBV, the higher the value of the firm. Higher PBV will make investors and prospective investors trust the firm performance. However, if PBV is low, then investors will not believe in the firm performance. In addition to the volatile share price, the firm PBV is also volatile and tends to decrease. A significant decrease occurred in 2016, 2018, and 2019. The significant decrease in PBV value in those years indicates that there has been a decrease in shareholder confidence in the performance of automotive and component companies. It reflects that automotive and component companies are unable to guarantee the welfare of its shareholders (Lestari, 2017).

The phenomenon of decreasing PBV is very interesting to be further researched related to Automotive and Component companies and what are the important factors that make PBV in this firm decreased. Many factors can affect the value of the firm. But in this study will be examined several factors which are Investment Opportunity Set, Firm Size, Institutional Ownership and Dividend Policy. The first factor is the Investment Opportunity Set (IOS). In this study, investment opportunity is proxied by the Capital Expenditure to Book Value Assets (CAPBVA). The higher IOS indicates a good firm investment and good growth prospects of the firm so that investors will be interested in owning shares of the company (Hidayah, 2015). The demand for a rising stock will make the price of the stock market in question rise, so as to increase the value of the firm. The second factor is firm size or company size. The larger the size of the firm, the more investors will pay attention to the firm (Hery, 2017).

The third factor that can affect the value of the firm is Institutional Ownership. The higher the level of institutional ownership, the higher the level of control carried out by external parties to the firm, it will certainly also reduce the level of agency costs that occur in the firm so that it will increase the value of the firm. The fourth factor that can affect the value of the firm is the Dividend Policy. In this study, dividend policy is proxied by the Dividend Payout Ratio (DPR). The higher the dividend payout ratio, the more the firm ability to provide benefits to shareholders will improve the welfare of shareholders. This condition signals to investors that the firm is able to maintain the DPR in the long term. This will increase the value of the firm (Pujiati, 2015).

Figure 1 is presented an image of the average data of research variables to be studied in Automotive and Component companies in 2015-2019:



Source: www.idx.co.id, data processed by the author, 2021

Figure 1. Average PBV, CAPBVA, SIZE, INST and DPR

Based on Figure 1 above, it can be seen that its development from year to year in the 2015-2019 period has fluctuating conditions, namely inconsistent ups and downs. The movement of this company, there are unidirectional and not unidirectional. This is because there is a gap between the theory and the reality in the research data.

In 2018 CAPBVA increased while PBV decreased. In 2016 SIZE was worth a fixed from the previous year while PBV decreased. In 2018 and 2019 SIZE increased while PBV decreased. Then in 2016 INST is fixed value from the previous year while PBV decreased, in 2017 INST is fixed value from the previous year while PBV has increased, in 2018 INST has increased while PBV has decreased, in 2019 INST is fixed value from the previous year while PBV decreases. In 2018 and 2019 the DPR increased while PBV decreased.

In addition, previous research conducted by Hidayah (2015) explained that IOS has a significant effect on the value of the firm, Henriansyah and Dharmayuni (2017) explained that the size of the company has a positive and significant effect on the value of the firm, Darmayanti et al (2018) explained that institutional ownership positively affects the value of the firm, Akbar and Fahmi (2020) explained that the dividend policy affects the value of the firm. However, in contrast to the research conducted by Kartasukmana (2015) explaining that IOS has no significant effect on the value of the firm, Sasongko et al (2019) explained that the size of the company does not affect the value of the firm, Amaliyah and Herwiyanti (2019) explained that institutional ownership has no effect on the value of the firm, Utama and Dana (2019) explained that the dividend policy does not have a significant effect on the value of the firm.

Because there are inconsistencies between the results of previous studies and the conditions that occur in the field, the researchers are interested in researching and further examining the effect of investment opportunity set, firm size, institutional ownership, and dividend policy on firm value.

1.1 Objectives

Based on the background of the problem that the author describes, the objectives of this study are as follows:

1. To test and explain the influence of Investment Opportunity Set on the Firm Value in Automotive and Components Companies listed on the Indonesia Stock Exchange for the period 2015-2019.
2. To test and explain the influence of Firm Size on the Firm Value in Automotive and Components Companies listed on the Indonesia Stock Exchange for the period 2015-2019.
3. To test and explain the influence of Institutional Ownership on the Firm Value in Automotive and Components Companies listed on the Indonesia Stock Exchange for the period 2015-2019.
4. To test and explain the influence of Dividend Policy on the Firm Value in Automotive and Components Companies listed on the Indonesia Stock Exchange for the period 2015-2019.
5. To test and explain the influence of Investment Opportunity Set, Firm Size, Institutional Ownership and Dividend Policy simultaneously on the Firm Value in Automotive and Components Companies listed on the Indonesia Stock Exchange for the period 2015-2019.

2. Literature Review

2.1 Signalling Theory

According to Brigham and Houston (2015) states that signal theory is an action taken by the company to instruct investors on how management views the company's prospects. This signal is information about what management has done to realize the owner's wishes. Information issued by the company is important, because of its influence on investment decisions of parties outside the company. Such information is important for investors and businesses because the information in essence presents information, notes or figures, both for past, current and future circumstances for the company's survival and how it will effect on the company.

2.2 Investment Opportunity Set

According to Myers (1997) in Hidayah (2015) Investment Opportunity Set (IOS) is an investment decision in the form of a combination of assets owned (assets in place) and future investment options with a positive Net Present Value (NPV) that will affect the value of the firm. This study uses a proxy based on investment, namely Capital Expenditure to Book Value of Assets (CAPBVA) because CAPBVA is a ratio that indicates an additional flow of company share capital for additional productive assets so that it has the potential for company growth. CAPBVA can be calculated as follows:

$$\text{CAPBVA} = \frac{\text{Book Value of Fixed Assets for the Year} - \text{Previous Year's Book Value of Fixed Assets}}{\text{Total Assets}}$$

2.3 Firm Size

According to Hery (2017) Firm size is a scale where it can be classified the size of the company in various ways, among others with total assets, stock market value, and others. The small size of the company will affect the ability to bear the risks that may arise from various situations faced by the company. Large companies have lower risk than small companies. This is because large companies have better control (greater control) to market conditions so that they are able to face economic competition (Khastuti et al., 2017). The formula used to measure company size using total assets is as follows:

$$\text{SIZE} = \text{Ln} (\text{Total Assets})$$

2.4 Institutional Ownership

According to Kartasukmana (2015) Institutional ownership (INST) is the proportion of ownership by institutions such as insurance companies, banks, investment companies and other companies as measured by the percentage of shares owned by the number of shares outstanding. The institution will monitor professionally the development of its investments, the level of control over management actions is very high so that the potential for fraud can be suppressed (Pujiati, 2015). Institutional ownership can be calculated as follows:

$$\text{INST} = \frac{\text{Number of Institutional Shares}}{\text{Number of Shares Outstanding}}$$

2.5 Dividend Policy

According to Firmansyah and Suwitho (2017) Dividend policy is the company's decision on the distribution of net profit shareholders in the form of dividends or withholding them in the form of retained earnings to increase capital for future investment financing. Dividend policy is very important for companies because dividend payments are likely to affect the value of the company and retained earnings which are usually the largest and most important source of internal funds for the company's growth (Kartasukmana, 2015). The dividend policy in this study is confirmed in the form of the Dividend Payout Ratio (DPR). Dividend payout ratio is the ratio of dividends paid to shareholders and earnings per share. DPR can be calculated as follows:

$$\text{DPR} = \frac{\text{Dividend per Share}}{\text{Earnings per Share}}$$

2.6 Firm Value

According to Budiwati et al (2018) Firm value is the perception of investors towards the company, which is often associated with the share price. The high share price makes the company's value also high. The share price is the price that occurs when the share price is traded on the market. In reality not all companies want a high (expensive) share price for fear of not selling or not attracting investors to buy it. Companies that perform well generally have their PBV ratios above one, which suggests that the stock market value is greater than its book value. PBV can be calculated as follows:

$$\text{PBV} = \frac{\text{Market Value per Share}}{\text{Book Value per Share}}$$

3. Hypothesis

3.1 Effect of Investment Opportunity Set on Firm Value

IOS gives broader clues as to where the firm value will depend on future firm spending. So the firm prospects can be estimated from the Investment Opportunity Set (IOS). IOS is defined as a combination of assets in place and future investment options with positive net present value (Hidayah, 2015). The high Investment Opportunity Set indicates good corporate investment and good corporate growth prospects so investors will be interested in owning the firm shares. With the investment policy carried out by the firm, it is expected that within a certain period of time the firm will get a return from its investment results so that the firm will grow. This will be responded positively by the market and the share price as an indicator of the firm value will increase. Therefore, with the increasing investment activities carried out by the firm, it will increase the value of the firm (Putri and Setiawan, 2019).

Research conducted by Hidayah (2015) explained that IOS positively affects the value of the firm.

H₁: Investment Opportunity Set affects the Firm Value.

3.2 Effect of Firm Size on Firm Value

The size of the firm is considered capable of influencing the value of the firm. The size of the firm can be reflected in various things, one of which is seen from the total assets owned by a firm. The large size of the firm reflects that firms with large growth will gain the ease to enter the capital market because it will increase investor interest to invest. This good response will determine the good prospects so as to increase the value of the firm (Rukmawanti, 2019).

Research conducted by Rukmawanti et al (2019) explained that the size of the firm affects the value of the firm.

H₂: Firm Size affects the Firm Value.

3.3 Effect of Institutional Ownership on Firm Value

Institutional ownership has an important meaning in monitoring management because institutional ownership will encourage more optimal surveillance. The higher the level of institutional ownership, the stronger the level of control carried out by external parties to the company so that the agency costs that occur in the firm are reduced and the value of the firm will also increase. The ownership of shares by institutions encourages effective supervision to the management of the firm in increasing the value of the firm. The existence of institutional ownership will increase public trust in the firm in the form of increased stock trading volume and share price, thus increasing the value of the firm (Kartasukmana, 2015).

Research conducted by Darmayanti et al (2018) explained that institutional ownership affects the value of the firm.

H₃: Institutional Ownership affects the Firm Value.

3.4 Effect of Dividend Policy on Firm Value

Dividend policy is often considered as a signal for investors in assessing the good of the firm, this is because dividend policy can have an influence on the share price (Putri and Setiawan, 2019). Investors regard the dividend policy as a signal about the company's prospects. If there is an increase in dividends, it will be considered as a positive signal which means the firm has a good prospect, thus causing a positive share price reaction. Dividend increases often lead to a rise in the share price which means that the value of the firm increases.

Research conducted by Anton (2016) explained that dividend policy positively affects the value of the firm.

H₄: Dividend Policy affects the Firm Value.

3.5 Effect of Investment Opportunity Set Firm Size, Institutional Ownership and Dividend Policy on Firm Value

The author concluded that the Investment Opportunity Set is proxied by Capital Expenditure to Book Value Assets, Firm Size, Institutional Ownership and Dividend Policy is proxied by Dividend Payout Ratio affects the Firm Value is proxied by Price to Book Value (PBV).

H5: Investment Opportunity Set, Firm Size, Institutional Ownership and Dividend Policy affects the Firm Value.

4. Methods

The population in this study are automotive and components companies listed on the Indonesia Stock Exchange for the period 2015-2019. Sampling is done by purposive sampling method, from a population of 13 companies after sampling, which is a sample of 5 companies.

The data used is quantitative data and is secondary data in the form of financial statements that are downloaded from the Indonesia Stock Exchange website and the websites of each company sampled.

This study uses independent variables namely Investment Opportunity Set, Firm Size, Institutional Ownership and Dividend Policy, while the dependent variable is Firm Value. This study uses descriptive statistics. Next, the classic assumption test is carried out, then this study also uses multiple linear regression analysis as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

This study also uses hypothesis testing including the t test, F test, and coefficient of determination.

5. Results and Discussion

5.1 Descriptive Statistics

Descriptive statistics result showed in Table 1.

Table 1. Descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CAPBVA	25	-.08	.10	.0104	.04467
SIZE	25	27.55	33.49	29.8972	2.04951
INST	25	.50	.90	.6616	.15502
DPR	25	.08	1.69	.6408	.40576
PBV	25	.25	4.76	2.0652	1.25735
Valid N (listwise)	25				

Source: Data Processing Results with SPSS 25, 2021

1. Investment Opportunity Set (X1)
 Investment Opportunity Set is proxied by Capital Expenditure to Book Value Assets (CAPBVA) has a minimum value of -0.08, a maximum value of 0.10, an average value of 0.0104, and a standard deviation of 0.04467. A standard deviation greater than the average value indicates that the Investment Opportunity Set data has a large diversity of data.
2. Firm Size (X2)
 Firm Size (SIZE) has a minimum value of 27.55, a maximum value of 33.49, an average value of 29.8972, and a standard deviation. 2.04951. Standard deviation values smaller than the average value indicate that Firm Size data has a small diversity of data.
3. Institutional Ownership (X3)
 Institutional Ownership (INST) has a minimum value of 0.50, a maximum value of 0.90, an average value of 0.6616, and a standard deviation of 0.15502. A standard deviation value that is smaller than the average value indicates that institutional ownership data has a small diversity of data.
4. Dividend Policy (X4)
 Dividend Policy is proxied by the Dividend Payout Ratio (DPR) has a minimum value of 0.08, a maximum value of 1.69, an average value of 0.6408 and a standard deviation of 0.40576. A standard deviation that is smaller than the average value indicates that dividend policy data has a small diversity of data.
5. Firm Value (Y)
 The Firm Value is proxied by Price to Book Value (PBV) has a minimum value of 0.25, a maximum value of 4.76, an average value of 2.0652 with a standard deviation of 1.25735. A standard deviation value that is smaller than the average value indicates that firm value data has a small diversity of data.

5.2 Normality Test

Normality test results showed in Table 2.

Table 2. Normality Test Results

		Unstandardized Residual
N		25
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.59689460
Most Extreme Differences	Absolute	.084
	Positive	.084
	Negative	-.079
Test Statistic		.084
Asymp. Sig. (2-tailed)		.200 ^{c,d}

Source: Data Processing Results with SPSS 25, 2021

In the normality test using one sample kolmogorov-smirnov test that has been presented above indicates the value of significance obtained is 0.200, which means greater than 0.05, it can be stated that the data is normally distributed and meets assumptions.

5.3 Multicollinearity Test

Multicollinearity test results showed in Table 3.

Table 3. Multicollinearity Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	12.539	2.527		4.963	.000		
	CAPBVA	6.355	3.116	.226	2.040	.055	.920	1.088
	SIZE	-.246	.076	-.400	-3.240	.004	.738	1.355
	INST	-5.601	.870	-.691	-6.436	.000	.979	1.022
	DPR	.796	.375	.257	2.122	.046	.769	1.300

Source: Data Processing Results with SPSS 25, 2021

Based on table above, it is known that each independent variable indicates a tolerance value greater than 0.10. In addition, each independent variable also shows variance inflation factor (VIF) values smaller than 10. Thus it can be concluded that there is no problem of multicollinearity and assumptions are met.

5.4 Heteroscedasticity Test

Table 4 showed the heteroscedasticity test results.

Table 4. Heteroscedasticity Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.635	1.470		1.793	.088
	CAPBVA	.085	1.813	.010	.047	.963
	SIZE	-.068	.044	-.378	-1.546	.138
	INST	.008	.506	.004	.017	.987
	DPR	-.225	.218	-.246	-1.030	.315

Source: Data Processing Results with SPSS 25, 2021

Based on table above, it is known that each independent variable shows a significance value greater than 0.05. Thus it can be concluded that there is no problem of heteroscedasticity and assumptions are met.

5.5 Autocorrelation Test

Autocorrelation test results showed in Tabel 5.

Table 5. Autocorrelation Test Results

	Unstandardized Residual
Test Value ^a	-.08362
Cases < Test Value	12
Cases >= Test Value	13
Total Cases	25
Number of Runs	12
Z	-.401
Asymp. Sig. (2-tailed)	.688

Source: Data Processing Results with SPSS 25, 2021

In the autocorrelation test using the run test presented above shows the value of significance obtained is 0.688, which means greater than 0.05. Thus it can be concluded that there are no autocorrelation problems and assumptions are met.

5.6 Multiple Linear Regression Analysis

Multiple linear regression analysis results showed in Table 6.

Table 6. Multiple Linear Regression Analysis Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.539	2.527		4.963	.000
	CAPBVA	6.355	3.116	.226	2.040	.055
	SIZE	-.246	.076	-.400	-3.240	.004
	INST	-5.601	.870	-.691	-6.436	.000
	DPR	.796	.375	.257	2.122	.046

Source: Data Processing Results with SPSS 25, 2021

Based on the above results can be compiled regression model as follows:

$$Y = 12,539 + 6,355 X1 - 0,246 X2 - 5,601 X3 + 0,796 X4$$

Information:

Y = Firm Value

X1 = Investment Opportunity Set

X2 = Firm Size

X3 = Institutional Ownership

X4 = Dividend Policy

The above multiple linear regression models have the following interpretations:

1. The constant value of 12,539 explains that if the variable Investment Opportunity Set, firm size, institutional ownership, and dividend policy are zero, then the company's value is 12,539.
2. Investment Opportunity Set coefficient value of 6,355 explains the variable Investment Opportunity Set gives a positive influence on the value of the firm because it has a positively marked coefficient. So if the value of Investment Opportunity Set rises by one unit, then the value of the firm will rise by 6,355 units, and vice versa if the value of Investment Opportunity Set drops by one unit, then the value of the firm will fall by 6,355 units.
3. Firm size coefficient value of -0.246 indicates that the firm size variable negatively affects the firm value because it has a negatively marked coefficient value. So if the variable firm size rises 1 unit it will increase the

value of the firm value variable by -0.246 units, and vice versa if the firm size variable drops by 1 unit it will decrease the value of the firm value variable by -0.246 units.

4. The value of the coefficient of institutional ownership amounting to -5,601 explains the variable of institutional ownership negatively affects the value of the firm because it has a negatively marked coefficient. So if the value of institutional ownership rises by one unit, then the value of the firm will fall by -5,601 units, and vice versa if the value of institutional ownership decreases by one unit, then the value of the firm will rise by -5,601 units.
5. The value of the dividend policy coefficient of 0.796 indicates that the dividend policy variable positively affects the value of the firm because it has a positively marked coefficient value. So if the dividend policy variable rises by 1 unit it will increase the variable value of the firm value by 0.796 units, and vice versa if the dividend policy variable drops by 1 unit it will decrease the variable value of the firm value by 0.796 units.

5.7 t Test

Table 7 showed the t test result.

Table 7. t Test Result

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.539	2.527		4.963	.000
	CAPBVA	6.355	3.116	.226	2.040	.055
	SIZE	-.246	.076	-.400	-3.240	.004
	INST	-5.601	.870	-.691	-6.436	.000
	DPR	.796	.375	.257	2.122	.046

Source: Data Processing Results with SPSS 25, 2021

Based on the test results above, here is an interpretation of the test results:

1. The t value of the Investment Opportunity Set variable calculated by capital expenditure to book value assets (CAPBVA) is 2,040 while the table t is 2.0860. Thus it can be stated that $t_{table} > t_{count}$ ($2.0860 > 2.040$) and the significance value of the result is 0.055 where $0.055 > 0.05$, it can be stated that the Investment Opportunity Set has no effect on the Company's Value and H_1 is rejected.
2. The t value of the Firm Size (SIZE) is -3,240 while the table t is -2.0860. Thus it can be stated that $t_{calculate} > t_{table}$ ($-3240 > -2.0860$) and the significance value of the result is 0.004 where $0.004 < 0.05$, it can be stated that Firm Size affects the Firm Value and H_2 is accepted.
3. The t value of the Institutional Ownership (INST) is -6,436 while the table t is -2.0860. Thus it can be stated that $t_{calculates} > t_{table}$ ($-6,436 > -2,0860$) and the significance value of the result is 0.000 whereas $0.000 < 0.05$, it can be stated that Institutional Ownership affects the Firm Value and H_3 is accepted.
4. The t value of the Dividend Policy is proxied by the Dividend Payout Ratio (DPR) is 2,122 while the table t is 2.0860. Thus it can be stated that $t_{calculate} > t_{table}$ ($2,122 > 2,0860$) and the significance value of the result is 0.046 where $0.046 < 0.05$, it can be stated that the Dividend Policy affects the Firm Value and H_4 is accepted.

5.8 F Test

Table 8 showed the f test results

Table 8. F Test Results

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	29.391	4	7.348	17.186	.000 ^b
	Residual	8.551	20	.428		
	Total	37.942	24			

Source: Data Processing Results with SPSS 25, 2021

Based on the test result F above obtained the value of F count of 17,186 while the value of F table at the level of significance 0.05, $df_1 = 4$ and $df_2 = 20$ is 2.87 or ($F_{count} > F_{table}$) ($17,186 > 2.87$). When viewed from the significance obtained a value of 0.000 smaller than 0.05 ($0.000 < 0.05$). Therefore, it can be concluded that the four

independent variables namely Investment Opportunity Set, Firm Size, Institutional Ownership and Dividend Policy simultaneously affect the Firm Value, so that H_5 is accepted.

5.9 Determination Coefficient

Determination coefficient test results showed in Table 9.

Table 9. Determination Coefficient Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.880 ^a	.775	.730	.65387

Source: Data Processing Results with SPSS 25, 2021

Based on the test results above, it appears that the value of R Square (R^2) is 0.775 or 77.50%. This means that in this study the independent variables can explain the dependent variable which is the Firm Value of 77.50% while the remaining 22.50% ($100\% - 77.50\% = 22.50\%$) other variables not found in this study.

6. Discussion

6.1 Effect of Investment Opportunity Set on Firm Value

Based on the partial test, the Investment Opportunity Set with Capital Expenditure to Book Value Assets (CAPBVA) proxy has no effect on the Firm Value with PBV proxy. No effect of investment decisions projected by the growth of assets with the value of the firm found in the results of this study could be due to the lack of precise investment decisions taken by managers at the automotive companies. In addition, the growth of assets that are the result of investment decisions only compares between current year assets and previous year assets. Although the current year's assets decrease does not guarantee that the next year's assets will also decrease as well or vice versa.

This research is in line with research conducted by Pujiati (2015) which states that the investment opportunity set has no effect on the value of the firm, but this result is not in line with the research conducted by Hidayah (2015) which states that the investment opportunity set has a significant effect on the value of the firm.

6.2 Effect of Firm size on Firm Value

Based on the partial test, Firm Size affects the Firm Value with PBV proxy with the direction of influence given is negative. This indicates that the firm size seen from the firm total assets that are too large is considered a negative signal for investors and potential investors. The oversized size of the firm is considered to lead to a lack of efficiency in monitoring operational activities and strategies by the management, thus reducing the value of the firm (Firmansyah and Suwitho, 2017).

This research is in line with research conducted by Sasongko et al (2019) which states that the size of the firm negatively affects the value of the firm, but this result is not in line with the research conducted by Ary and Dewi (2015) which states that it does not have a positive effect on the value of the firm.

6.3 Effect of Institutional Ownership on Firm Value

Based on the partial test, Institutional Ownership affects the Firm Value with PBV proxy with the direction of influence given is negative. The greater the amount of institutional ownership will decrease the PBV (Price to Book Value). This is because institutional investors with majority shareholdings are more likely to side with and cooperate with management to put their personal interests first than the interests of minority shareholders. As a result, investors will not be interested in investing, stock trading volume decreases, the firm share price and the firm value will also decrease.

This research is in line with research conducted by Pujiati (2015) which states that institutional ownership negatively affects the value of the firm, but this result is not in line with research conducted by Amaliyah and Herwiyanti (2019) which states that institutional ownership has no effect on the value of the firm.

6.4 Effect of Dividend Policy on Firm Value

Based on the partial test, dividend policy with dividend payout ratio (DPR) proxy affects the Firm value with PBV proxy with the direction of influence given is positive. This is because the size of the dividend policy will affect the share price. If the dividend paid is high, then the share price will tend to be high so that the value of the firm is also high. Signalling theory explains that dividend payments are a sign that firms have predictions of high cash flow potential in the future and otherwise low dividends contain signals that the firm cash flow is limited.

This research is in line with research conducted by Akbar and Fahmi (2020) which states that dividend policy has a significant effect on the value of the firm, but this result is not in line with research conducted by Utama and Dana (2019) which states that the dividend policy has no effect on the value of the firm.

6.5 Effect of Investment Opportunity Set, Firm Size, Institutional Ownership and Dividend Policy on Firm Value

Based on the test results above, it was found that Investment Opportunity Set, Firm Size, Institutional Ownership and Dividend Policy simultaneously affect the Firm Value. It can be a concern for the firm to pay more attention to these four elements. Investment Opportunity Set, Firm Size, Institutional Ownership and Dividend Policy may affect the Firm Value. These four elements can make a firm value go up or even down.

The results of this research are in line with research conducted by Kartasukmana (2015) which states that Investment Opportunity Set, Institutional Ownership and Dividend Policy have an effect on the Firm Value and research conducted by Firmansyah and Suwitho (2017) which states that the Firm Size and Dividend Policy affect the Firm Value.

7. Conclusion

Then the researcher took some conclusions as follows:

1. Investment Opportunity Set has no effect on the Firm Value in Automotive and Component Companies listed on the Indonesia Stock Exchange for the period 2015 – 2019.
2. Firm Size affects the Firm Value in Automotive and Component Companies listed on the Indonesia Stock Exchange for the period 2015 – 2019. With the direction of influence given firm size the value of the company is negative.
3. Institutional Ownership affects the Firm Value in Automotive and Component Companies listed on the Indonesia Stock Exchange for the period 2015 – 2019. With the direction of influence given firm size the value of the firm is negative.
4. Dividend Policy affects the Firm Value in Automotive and Component Companies listed on the Indonesia Stock Exchange for the period 2015 – 2019. With the direction of influence given firm size the value of the firm is positive.
5. Investment Opportunity Set, Firm Size, Institutional Ownership and Dividend Policy affect the Firm Value in Automotive and Component Companies listed on the Indonesia Stock Exchange for the period 2015 – 2019.

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