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Analysis of the Effect of Capital Structure, Dividend Policy, and Liquidity on Firm Value (Study on Building Construction Sub-Sector Companies Listed on the IDX in 2017-2019)

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ABSTRACT

This study aims to obtain empirical evidence of the effect of capital structure, dividend policy, and liquidity partially on firm value in building construction sub-sector companies listed on the IDX in 2015-2019. This type of research is descriptive quantitative. The population in this study were building construction sub-sector companies listed on the Indonesia Stock Exchange (IDX) during the 2015-2019 period totaling 18 companies. While the sample in this study were some of the building construction sub-sector companies listed on the Indonesia Stock Exchange (IDX) during the 2015-2019 period that met the research criteria. The sample selection was carried out using purposive sampling method, which is a sampling method tailored to certain criteria. The type of data used in this study is secondary data. The data source used in this study comes from the financial statements of building construction sub-sector companies on the idx.co.id website. The data analysis technique uses linear regression. Based on the results of data analysis, the following conclusions are obtained: (1) Partially, the capital structure variable has a positive and significant effect on firm value; (2) Partially, the dividend policy variable has a positive and significant effect on firm value; and (3) Partially, the liquidity variable has a positive and significant effect on firm value.

INTRODUCTION

The current era of globalization has made the world economy develop very rapidly and it seems that national boundaries are no longer an obstacle. Many companies in the world do

business not only in one country, but with inter-country or many countries. Companies with an international scale do a lot of business across countries using branches or subsidiaries. Highly profitable companies such as Apple, Google, Starbucks, and Microsoft have been able to preferentially find advantages in low-tax jurisdictions and increase tax-deductible expenses (e.g. royalty payments). Companies such as Apple, Google, Starbucks, and Microsoft are better known as multinational companies (Wulandari et al., 2021). Multinational companies establish subsidiaries, branches, and business representatives in various countries with the aim of strengthening strategic alliances and growing the market share of exports and imports of their products in various countries with the aim of increasing company value.

Competitive competition in the era of globalization with large-scale businesses or multinational companies listed on the Indonesia Stock Exchange or go public companies. Companies going public must report financial statements annually as a form of accountability to shareholders, employees, suppliers, creditors, regulators and the wider environment. Increasingly advanced technology and the rapid development of science cause business competition in the business world to be increasingly severe where companies will try to generate maximum profits in order to increase company value. Increased company value can be reflected in an increase in the wealth of the owner or shareholders. The wealth of shareholders of a company also increases the prosperity of its shareholders. Efforts to increase company value, managers are expected to manage company finances well. This is because to measure the value of the company can be shown in the amount of the stock price (Harjito, 2017). A high stock price illustrates a high company value. Good or bad company value will have an impact on the company's market value and can affect investor interest in investing or withdrawing their investment from a company. The purpose of the establishment of a company, including to achieve maximum profit, prosper the company owner and shareholders and the last opinion maximizes the value of the company. The three opinions are actually substantially not much different. Only the emphasis that each company wants to achieve differs from one another.

Management so that the company can maximize company value in various ways carried out by management by winning competence in the business world, namely by increasing growth which is marked by an increase in the value of investment invested in the company. One of the management decisions is to improve the capital structure or corporate funding decisions. Capital structure is the composition between own capital and long-term debt in permanent financing (Bhawa, 2015). Corporate funding decisions are related to determining the source of funds used to finance investment proposals that have been decided previously. Pecking order theory is one of the theories underlying a company's funding decisions. Meanwhile, the effect of capital structure on firm value can be explained by Modigliani-Miller theory which concludes that the use of debt will increase firm value because debt interest costs can reduce tax payments. Trade-off theory explains that, if the capital structure position is below the optimal point, then any additional debt will increase the value of the company and vice versa.

Capital structure can be measured using Debt to Equity Ratio (DER) as a financial ratio used to assess the financial position of a company (Syamsudin, 2015). This ratio is also a measure of the company's ability to pay off its obligations. Companies with a greater debt ratio will make the company prefer to make retained earnings for payment of its obligations so that the dividends distributed are also smaller in proportion. Therefore, the higher the DER ratio will make the smaller the dividends distributed due to the emergence of obligations that must be prioritized. It can be concluded that if the company has low equity, then the DER is high, so the interest paid is also higher, therefore it is possible that the company divides the profit with a small amount, thus causing the dividend policy of a company to be low. the greater the DER, it shows the greater a company needs funding from debt. The higher the DER value, the higher the risk of the company in paying its obligations. High DER will affect investor interest in company shares as part of the company's value, because investors are not interested in stocks that bear too much debt burden (Syamsudin, 2015).

Efforts to maximize firm value can also be done by providing dividend policy. Dividend policy is a way of distributing dividends to shareholders carried out by a company. Dividend policy is also a policy taken by the company regarding what proportion of profits for dividends and how much for retained earnings. This dividend policy will affect investors in the capital market. Dividend policy is a financial decision, namely by considering whether dividend payments will increase shareholder prosperity as part of the company's value. By investing in stocks, investors will get profits and losses. These advantages include dividends. Dividend policy can be measured by Dividend Payout Ratio (DPR), because the quality of a company's shares cannot be guaranteed from each share distributed if using Dividend Per Shared (DPS) (Syamsudin, 2015).

This research will be conducted on building construction sub-sector companies. The construction sector weakened quite sharply on the Indonesia Stock Exchange due to sentiment so that the high debt burden on construction companies that burdened operational cash performance became negative. The latest research from PT Trimegah Sekuritas Tbk, revealed that this sentiment pushed the shares of four construction SOEs to weaken by an average of 27.6%. The four SOEs are PT Wijaya Karya Tbk (WIKA), PT Adhi Karya Tbk (ADHI), PT PP Tbk (PTPP) and PT Waskita Karya Tbk (WSKT). The sentiment in question is the company's negative operating cash performance last year. Based on the financial statements, WIKA's operational cash until the end of September 2018 was minus Rp 3.71 trillion, and swelled from the same period the previous year which amounted to Rp.2.69 trillion. PTPP's operating cash was minus Rp. 1.82 trillion, and increased from Rp.1.52 trillion. Although recorded to have decreased, the value was negative Rp. 2.09 trillion from the end of September 2017 amounting to Rp. 3.02 trillion. On the other hand, WSKT recorded a shrinking amount of net cash flow used for operating activities. At the end of September 2018, the amount reached negative IDR 1.54 trillion, down drastically from IDR 5.08 at the end of September 2017. Aside from the negative sentiment. Internally, last year the sector experienced its lowest Price to Earning Ratio (PER) and Price to Book Value (PBV) in November at 4.8x for the next 12 months. These conditions were present due to sentiments such as the sideways movement of the Jakarta Composite Index (JCI) and the 8% weakening movement of the rupiah against the US dollar. Other sentiments came from outside such as Bank Indonesia's interest rate hike and the US Fed Funds Rate. However, the correction went too far, so the sector is at a very attractive valuation compared to its historical PE and PBV (Wareza, 2019).

In addition to the above phenomenon, the following research gap is presented related to the influence of the effect of capital structure, dividend policy, and liquidity on firm value.

Table 1. Research Gap

No	Variables	Author / Year	Results
1	Capital Structure on Firm Value	1. Tauke et al., (2017) 2. Stephanie & Dermawan (2019) 3. Soruh et al., (2018) 4. Wijoyo (2018) 5. Oktaviarni et al., (2019) 6. Indrayani et al., (2021) 7. Hirdinis (2019)	1. Significant effect 2. Significantly affected 3. No significant effect 4. No significant effect 5. No significant effect 6. No significant effect 7. Significant effect
2	Dividend Policy on Firm Value	1. Martha et al., (2018) 2. Indrayani et al., (2021) 3. Lumapow & Tumiwa (2017) 4. Oktaviarni et al., (2019)	1. No significant effect 2. No significant effect 3. Significant effect 4. Significantly affected

3.	Liquidity to Firm Value	1. Soruh et al., (2018) 2. Fajariyah & Susetyo (2020) 3. Nabilah et al., (2020) 4. Dewi et al., (2020)	1. No significant effect 2. No significant effect 3. No significant effect 4. Significant effect

Based on the phenomena and inconsistencies in the results of previous research in the description above, the authors are interested in conducting research entitled "Analysis of the Effect of Capital Structure, Dividend Policy, and Liquidity on Firm Value (Study of Building Construction Sub-Sector Companies Listed on the IDX 2017-2019)".

LITERATURE REVIEW

Effect of Capital Structure on Firm Value

Capital structure is a description of the company's financial balance where company financing is obtained from long-term debt and equity (Panggabean, 2018). Trade-off theory explains that, if the capital structure position is below the optimal point, then any additional debt will increase the company's value and vice versa. The capital structure in this study is the leverage ratio, which is a ratio that measures the extent to which the company's ability to meet its long-term obligations. The leverage ratio is proxied in this study by the Debt Equity Ratio (DER) variable. This DER ratio describes the ability of own capital to guarantee the total debt owned by the company. DER shows how the company's ability to use existing capital to fulfill its debt obligations. A large DER indicates that the risk of the company not being able to pay its obligations is getting bigger.

This means that the company has a relatively high risk, causing stock investment to be less attractive and affecting the decline in company value. A complete, accurate and relevant information as a signal that is needed by investors in the capital market as an analytical tool to make decisions in investing, whether the company has good prospects or not. Capital structure on firm value can be explained by the Modigliani-Miller theory which concludes that the use of debt will increase firm value because debt interest costs can reduce tax payments. The research of Hirdinis (2019); Oktaviarni et al., (2019); Indriani et al., (2021) states that the Debt To Equity Ratio has a positive effect on the company's firm value. Based on this description, the following hypothesis can be put forward:

H1: There is a positive influence of capital structure variables on firm value.

The Effect of Dividend Policy on Firm Value

Dividend policy is how much income can be paid as dividends and how much can be maintained. The increase in demand for shares of a company is caused by an increase in the company's share price. This is a positive perception from investors which results in increased investor confidence in the company and will make it easier for company management to collect some of its capital in the organization. Investors really need information about dividend policy to evaluate a company, because one of the important decisions to maximize firm value is profit distribution. Companies that can distribute high dividends to investors will also get high trust value from investors (Martha et al., 2018). This high trust value is an effort by company management to have accurate information about the value of the company that is not owned by outsiders, one of which is investors (Yuono & Widyawati in Fauziah, 2019).

Complete, accurate and relevant information is needed by investors in the capital market as an analytical tool to make decisions in investing, whether the company has good prospects or not. Firm value can be increased by reducing asymmetric information, namely by providing signals to outsiders in the form of reliable financial information, so as to reduce uncertainty

about the company's future growth prospects (Fauziah, 2019). The research of Indrayani et al., (2021); Oktaviarni et al., (2019) states that Dividend Policy has a positive effect on the company's firm value. Based on this description, the following hypothesis can be put forward:
H2: There is a positive influence of dividend policy variables on firm value.

Effect of Liquidity on Company Value

According to Fahmi (2020) liquidity is a ratio used to measure the level of a company's ability to meet short-term financial obligations on time where a high level of liquidity will minimize the company's failure to meet short-term financial obligations to creditors. The indicator used is Current Ratio, which is a ratio used to measure the company's ability to pay off its short-term debt (Mariska et al., 2022). Current Ratio shows the company's ability to meet current obligations. The more the company's ability to meet current obligations increases, there is a possibility that the stock price will increase which will affect the company's value.

Vice versa, the lower the The company's ability to fulfill its obligations will certainly affect the decline in the market price of the shares concerned, so that it will reduce the company's value. A decrease in market price as a signal is an activity carried out by company management to provide an overview to investors regarding the company's prospects. Company management has accurate information about the value of the company that is not owned by outsiders, one of which is investors (Yuono & Widyawati in Fauziah (2019). The effect of liquidity on firm value can also be explained by signaling theory where liquidity shows the ability of a company to pay short-term obligations, so that it can be used as a sign to investors. The results of Dewi et al. research, (2020); Hapsoro & Falih (2020); Fajariyah & Susetyo (2020); Nabilah et al., (2020) that liquidity has a positive effect on firm value. Based on this description, the following hypothesis can be put forward:
H3: There is a positive effect of liquidity variables on firm value.

METHODS

This type of research is descriptive quantitative. The population in this study were building construction sub-sector companies listed on the Indonesia Stock Exchange (IDX) during the 2015-2019 period totaling 18 companies. While the sample in this study were some of the building construction sub-sector companies listed on the Indonesia Stock Exchange (IDX) during the 2015-2019 period that met the research criteria. The sample selection was carried out using purposive sampling method, which is a sampling method tailored to certain criteria. Based on the table above, it can be seen that the samples used in this study were 11 companies x 5 years = 55. These companies are shown in the table below:

Tabel 2. Perusahaan Sampel

No.	Kode Perusahaan	Nama Perusahaan
1.	WSBP	PT. Waskita Beton Precast Tbk
2.	ACST	PT. Acset Indonusa Tbk
3.	ADHI	PT. Adhi Karya Tbk
4.	IDPR	PT. Indonesia Pondasi Raya Tbk
5.	NRCA	PT. Nusa Raya Cipta Tbk
6.	PTPP	PT. Pembangunan Perumahan Tbk
7.	SSIA	PT. Surya Semesta Internusa Tbk
8.	TOTL	PT. Total Bangun Persada Tbk
9.	WSKT	PT. Waskita Karya Tbk
10.	WIKA	PT. Wijaya Karya Tbk
11.	BKDP	PT. Bukit Darmo Property Tbk

The type of data used in this research is secondary data. The data source used in this study comes from the financial statements of building construction sub-sector companies on the idx.co.id website. The data analysis technique uses linear regression.

RESULTS

Normality Test

In this study using the Kolmogorof-Smirnov test where the provisions of this test if the value of sig ≥ 0.05 then the data is normally distributed, if the value of sig < 0.05 then the data is not normally distributed. The following are the results of the normality test.

Tabel 3. Uji Normalitas

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		55
Normal Parametersa,b	Mean	.0113597
	Std. Deviation	.59555418
Most Extreme Differences	Absolute	.079
	Positive	.079
	Negative	-.064
Test Statistic		.079
Asymp. Sig. (2-tailed)		.200c,d

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Sumber: Data diolah, 2023

Based on the table above, the results of the One sample Komlogorov-Smirnov Test statistical data normality test show that the test statistic value is 0.079 with a significance level of 0.200. This shows that the variable is normally distributed, because the significance value is 0.200> 0.050.

Multicollinearity Test

The multicollinearity test aims to test whether the regression model found a correlation between the independent variables. A good regression model should not have a correlation between the independent variables. If the independent variables are correlated, then these variables are not orthogonal. Orthogonal variables are independent variables whose correlation value between independent variables is equal to zero.To detect the presence or absence of multicolinarity symptoms between independent variables, the Variance Inflation Factor (VIF) and Tolerance are used. It can be said to be free of multicollinearity if the Tolerance value> 0.10 and the VIF value < 10. The multicollinearity test results for all variables can be seen in the table below.

Tabel 4. Uji Multikolinieritas

Model		CollinearityStatistics	
		Tolerance	VIF
1	(Constant)		
	Struktur Modal	.937	1.067
	Kebijakan Deviden	.936	1.069
	Likuiditas	.991	1.009

Sumber: Data diolah 2023

From the multicollinearity test results in table 9, it is known that the tolerance value of all independent variables is more than 0.10 and the VIF value of all independent variables is less than 10. This indicates that the data does not occur or is free from multicollinearity.

Autocorrelation Test

The autocorrelation test aims to test whether in the linear regression model there is a correlation between confounding variables in the current period (t) and confounding errors in the previous period (t-1). This study uses the Durbin Watson (DW) test to detect the presence of autocorrelation. The results of the autocorrelation test can be seen in the table below:

Tabel 5. Uji Autokorelasi

Model Summary[b]

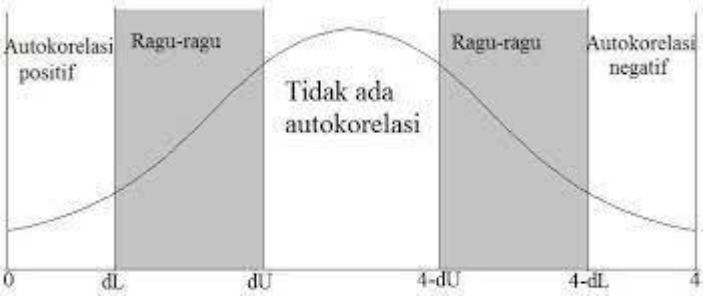
Model	R	R Square	AdjustedRSquare	Std.Error of the Estimate	Durbin-Watson
1	.389[a]	.151	.101	.81428	1.677

a. Predictors: (Constant), Likuiditas, Struktur Modal, Kebijakan Deviden

b. Dependent Variable: Nilai Perusahaan

Sumber: Data diolah, 2023

Based on table 10 the value of Durbin Watson is 1,677. Obtained dl = 1.2035 while du = 1.7798. Based on the calculated Durbin-Watson of 1.677 or between the du value of 1.7798 and 4-du of 2.2202 or du < dw < 4-du (1.2035 < 2.122 < 1.7798) so it can be concluded that these results are free from autocorrelation.



Heteroscedasticity Test

The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to another. To determine the presence of heteroscedasticity, the Glejser test is used. The following is a table that shows the results of the glejser test.

Table 6. Heteroscedasticity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.355	.217		1.637	.108		
	Struktur Modal	.081	.091	.124	.890	.378	.937	1.067
	Kebijakan Deviden	.065	.258	.035	.253	.802	.936	1.069
	Likuiditas	.123	.068	.246	1.815	.075	.991	1.009

a. Dependent Variable: abs

The results of the heteroscedasticity test in the table above show that the significance value of all variables is more than 0.05. This shows that there is no heteroscedasticity problem. This means that all independent variables in this study have the same variance.

Multiple Regression Analysis

The following results are contained in the table of multiple regression test results, so the multiple linear regression equation is obtained as follows:

Table 7. Multiple Linear Regression Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.427	.254		1.684	.098		
	Struktur Modal	.230	.107	.286	2.147	.037	.937	1.067
	Kebijakan Deviden	.777	.302	.343	2.571	.013	.936	1.069
	Likuiditas	.036	.079	.059	.457	.650	.991	1.009

a. Dependent Variable: Nilai Perusahaan

Sumber: Data diolah, 2023

Based on the table above, the regression equation can be found as follows:

Y = 0.427 + 0.230X1 + 0.777 X2 + 0.036X3

Based on the numerical equation above, the interpretation is as follows:

The constant value of 0.427 means that if the capital structure variable, dividend policy, liquidity is considered constant (worth 0), then the company value is 0.427.

The capital structure regression coefficient value is 0.230 which means that the capital structure has an influence on firm value with a positive coefficient direction, so that if the capital structure value increases by 1%, the firm value will increase by 0.230%.

The regression coefficient value of dividend policy is 0.777 which means that the dividend policy has an influence on firm value with a positive coefficient direction, so that if the dividend policy increases by 1%, the firm value will increase by 0.777%.

The liquidity regression coefficient value is 0.036 which means that liquidity has an influence on firm value with a positive coefficient direction, so that if liquidity increases by 1%, the company value will increase by 0.036%.

Coefficient of Determination

The coefficient of determination (R2) test is used to determine how much influence the independent variable has on the dependent variable under study. The results of the coefficient of determination can be seen in the following table:

Table 8. Coefficient of Determination

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.389[a]	.151	.101	.81428	1.677

a. Predictors: (Constant), Likuiditas, Struktur Modal, Kebijakan Deviden

b. Dependent Variable: Nilai Perusahaan

Sumber: Data diolah, 2023

Based on the table above shows that the coefficient of determination (Adjusted R2) of 0.101 means that the value of the company is influenced by the capital structure, dividend policy and liquidity of 10.1% and the remaining 89.9% is influenced by other variables not included in the study.

The t-test The test in this study uses a one-way test and the significance level is 0.05. The t test can be seen in the following table:

Effect of Capital Structure on Firm Value

The partial test results of the capital structure variable show the t value of 2.147 while the t table value based on df = n-k-1 so that df = 55-3-1 = 51 and one-way test at a significance level of 0.050 is known to be 1.6547 with a significance of 0.037. Because t count> t table is 2.147> 1.6547 with probability 0.037 <0.050, then Ha is accepted and Ho is rejected, meaning that partially the capital structure variable has a positive and significant effect on firm value.

The Effect of Dividend Policy on Firm Value

The partial test results of the dividend policy variable show the t value of 2.571 while the t table value based on df = n-k-1 so that df = 55-3-1 = 51 and a one-way test at a significance level of 0.050 is known to be 1.6547 with a significance of 0.013. Because t count> t table is 2.571> 1.6547 with a probability of 0.037 <0.050, then Ha is accepted and Ho is rejected, meaning that partially the dividend policy variable has a positive and significant effect on firm value.

Effect of Liquidity on Firm Value

The partial test results of the liquidity variable show the t value of 0.457 while the t table value is based on df = n-k-1 so that df = 55-3-1 = 51 and a one-way test at the 0.050 significance level is known to be 1.6547 with a significance of 0.650. Because t count < t table, which is 0.457 < 1.6547 with a probability of 0.650> 0.050, then Ha is accepted and Ho is rejected, meaning that partially the liquidity variable has a positive and significant effect on firm value.

DISCUSSION

Effect of Capital Structure on Firm Value

The capital structure variable shows the t value of 2.147 while the t table value based on df = n-k-1 so that df = 55-3-1 = 51 and one-way test at a significance level of 0.050 is known to be 1.6547 with a significance of 0.037. Because t count> t table is 2.147> 1.6547 with probability 0.037 <0.050, then Ha is accepted and Ho is rejected, meaning that partially the capital structure variable has a positive and significant effect on firm value.

Trade-off theory explains that, if the capital structure position is below the optimal point, then any additional debt will increase the value of the company and vice versa. The capital structure in this study is the leverage ratio, which is a ratio that measures the extent to which the company's ability to meet its long-term obligations. The leverage ratio is proxied in this study by the Debt Equity Ratio (DER) variable. This DER ratio describes the ability of own capital to guarantee the total debt owned by the company. DER shows how the company's ability to use existing capital to fulfill its obligations.

A large DER indicates that the risk of the company not being able to pay its obligations is getting bigger. This means that the company has a relatively high risk, causing stock investment to be less attractive and affecting the decline in company value. A complete, accurate and relevant information as a signal that is needed by investors in the capital market as an analytical tool to make decisions in investing, whether the company has good prospects or not. Capital structure on firm value can be explained by the Modigliani-Miller theory which concludes that the use of debt will increase firm value because debt interest costs can reduce tax payments. The research of Hirdinis (2019); Oktaviarni et al., (2019); Indriani et al., (2021) states that the Debt To Equity Ratio has a positive effect on the company's firm value.

The Effect of Dividend Policy on Firm Value

The dividend policy variable shows the t value of 2.571 while the t table value based on df = n-k-1 so that df = 55-3-1 = 51 and a one-way test at a significance level of 0.050 is known to be 1.6547 with a significance of 0.013. Because t count> t table is 2.571> 1.6547 with a probability of 0.037 <0.050, then Ha is accepted and Ho is rejected, meaning that partially the dividend policy variable has a positive and significant effect on firm value.

This is a positive perception from investors which results in increased investor confidence in the company and will make it easier for company management to collect some of their capital in the organization. Investors really need information about dividend policy to evaluate a company, because one of the important decisions to maximize company value is profit distribution. Companies that can distribute high dividends to investors will also get a high value of trust from investors (Martha et al., 2018). This high trust value is an effort by company management to have accurate information about the value of the company that is not owned by outside parties, one of which is investors (Fauziah, 2019). Complete, accurate and relevant information is needed by investors in the capital market as an analytical tool to make decisions in investing, whether the company has good prospects or not. Firm value can be increased by reducing asymmetric information, namely by providing signals to outsiders in the form of reliable financial information, so as to reduce uncertainty about the company's future growth prospects (Fauziah, 2019). The research of Indrayani et al., (2021); Oktaviarni et al., (2019) states that Dividend Policy has a positive effect on the company's company value.

Effect of Liquidity on Company Value

The liquidity variable shows the t value of 0.457 while the t table value is based on df = n-k-1 so that df = 55-3-1 = 51 and a one-way test at a significance level of 0.050 is known to be 1.6547 with a significance of 0.650. Because t count < t table, which is 0.457 < 1.6547 with a probability of 0.650> 0.050, then Ha is accepted and Ho is rejected, meaning that partially the liquidity variable has a positive and significant effect on firm value.

The indicator used is Current Ratio, which is a ratio used to measure the company's ability to pay off its short-term debt (Mariska et al., 2022). Current Ratio shows the company's ability to meet current obligations. The more the company's ability to meet current obligations increases, there is a possibility that the stock price will increase which will affect the company's value. Vice versa, the lower the company's ability to fulfill its obligations will certainly affect the decline in the market price of the shares concerned, so that it will reduce the company's value. A decrease in market price as a signal is an activity carried out by company management to provide an overview to investors regarding the company's prospects. Company management has accurate information about the value of the company that is not owned by outsiders, one of which is investors (Fauziah, 2019). The effect of liquidity on firm value can also be explained by signaling theory where liquidity shows the ability of a company to pay short-term obligations, so that it can be used as a sign to investors. The results of Dewi et al. research, (2020); Hapsoro & Falih (2020); Fajariyah & Susetyo (2020); Nabilah et al., (2020) that liquidity has a positive effect on firm value.

CONCLUSION

Based on the research that has been done by the author, the following conclusions are obtained:

1. Partially, the capital structure variable has a positive and significant effect on firm value.
2. Partially, the dividend policy variable has a positive and significant effect on firm value
3. Partially, the liquidity variable has a positive and significant effect on firm value.

SUGGESTION

1. For Investors

For investors who will invest in the company, it is advisable to see and review early information on capital structure, dividend policy and company liquidity, then review the decision to use funds in making corporate investment decisions, and understand the value of the company that can be obtained by the company.

2. For the Company
   For the management of the company it is advisable to pay attention to the factors in this study, namely company policy, such as capital structure, dividend policy, liquidity.

3. For Future Research
   For future research, it is better to expand the scope of research which is not only limited to food and beverage subsector companies but can also use other sector companies. In addition, the research period must be extended in order to strengthen the research results.
   For future research, it is best to include other related variables to determine their effect on firm value, such as capital structure, managerial ownership, company size and others.
   For future research, it is better to try other proxies for firm value variables besides PBV used in this study such as Tobin's Q and Price Earning Ratio (PER).

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