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**IDENTIFICATION OF MICRO FACTORS ON VALUE OF
MANUFACTURING COMPANY**

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Abstract

The purpose of the company's microanalysis is to know the internal condition of the company as a whole so that it can assess the development of the good condition of a bad company. The things analyzed in microanalysis include several micro factors, such as firm size, profitability level, liquidity, capital structure, efficiency and effectiveness of management performance and so on. These conditions can be seen in the company's financial data and financial data of the company is reflected in the financial statements. The results of this study prove that Liquidity (X1), Solvency (X2), Profitability (X3), Dividend (X4) and Size Company (X5) variables partially or simultaneously have a significant effect on the dependent variable of Company Value (Y).

Keywords: Liquidity, Solvency, Profitability, Dividend, Company Size..

1. Introduction

The rapidly growing world of business from year to year illustrates the competition is also growing rapidly and this certainly gives the impact of intense competition on the business. This certainly requires the company to always improve its performance to be more effective, efficient and economical. The company must always think about its business continuity in the future according to the owner's expectation that is shareholders.

Shares as one of the securities instruments traded in the capital market, the price will always experience fluctuations rise and fall. This is certainly a consideration of potential investors when going to buy stocks in the capital market first conduct an analysis before investing. The analysis that potential investors can do is stock analysis, where there are two basic assessments: technical analysis and fundamental analysis.

2. Literature Review

Technical analysis is a technique of securities analysis that combines historical data of stock price developments and trading volume. While fundamental analysis is one method of stock selection to assess whether or not a company's stock. Basically, fundamental analysis is an analysis of fundamental factors that will affect the value of a company's stock, with a focal point on macroeconomic conditions, industry conditions and micro-conditions of the company.

To obtain an overview of the financial development of a company, it is necessary to conduct an analysis or interpretation of the financial data of the company concerned, in which the financial data is reflected in the financial statements. The measure that is often used in the financial analysis is the ratio. Financial ratios can be

divided into three common forms that are often used are Liquidity Ratio, Solvency Ratio (Leverage) and Ratio Rentability.

Micro fundamentals in the capital market analysis are often referred to as corporate fundamentals, this factor is controllable so that it can be controlled by the company. According to Jogiyanto (2007: 89) "Fundamental analysis is an analysis to calculate the intrinsic value of shares by using corporate financial data". Fundamental analysis is an analytical tool to know the value of a company by processing the data sourced from the internal company, especially the financial statements issued officially by the company, then processed according to analysis needs to know the financial ratios of the company, so that the value of the financial ratio will be can be known about the value of a company. Several variables of the micro fundamental factor which used in this research are company size (Size), Current Ratio (CR), Debt Ratio (DR), Return On Asset (ROA), Dividend Payout Ratio (DPR).

The size or size of the company shows the complexity of the problems faced by the company manager so that the management of the company is more complicated. Current Ratio is a liquidity ratio that measures the company's ability to pay short-term debt. Current Ratio value is usually used by creditors in providing credit facilities. Referring to Myers and Majluf thinking known as Packing Order Theory. This theory states that if external funds are needed, companies issue debt first, firms only issue equity as a last resort (Brealy et al, 2007: 25). Researchers chose DR as one part of the micro-fundamentals factor. The fundamental micro factors that determine the value of the firm are future corporate profits and dividends. ROA which is a financial performance in company performance. Dividends can be used as positive signals of potential investors. The dividend policy is considered part of the company's funding decision. If the company decides to divide all net profit earned as dividends, then no profit is retained as a source of internal funds that can be used to reinvent the company. If the company decides not to distribute profits earned as dividends then this will increase the source of internal funds that can be used to meet the financing needs of the company. Dividend Payout Ratio (DPR) in this study serve as one indicator of Micro Fundamentals. The development of the existing economy requires that the company's management not only strive to optimize profit, but the management is also required to create value for the company.

Previous studies pertaining to Macro-Macro factors and corporate values include; Rizqy Wahyu Septiono cs, 2011, firm size variables have a significant positive effect on firm value, meaning the larger the size of the company, the value of the company is increasing. profitability variables have a significant positive effect on firm value. While the influence of variable liquidity on the value of the company obtained insignificant results.

3. Methods

The design of this research is literature study and the type of research used is explanatory research (explanatory research) is research that aims to test a theory or hypothesis in order to strengthen or even reject the theory or hypothesis of existing research results. This study uses secondary data types that are financial data that have been published in Indonesia Stock Exchange (BEI), Indonesian Capital Market Directories (ICMD) data or sites and websites that support the acquisition of research data.

Data collection techniques are by downloading from related websites such as from Indonesia Stock Exchange (BEI) and other sources that enable to support this research. Research data using balance pooled data (data panel) which will produce better data analysis, where the standard error value of independent coefficient will be smaller so that the deviation rate will decrease (Driffield et al., 2007). This research is using five independent variable that is a micro factor which includes liquidity factor, solvability, profitability, dividend and firm size and one dependent variable that is company value.

4. Results and Discussion

Empirical research model to know the influence of micro fundamental factor to company value can be described as follows:

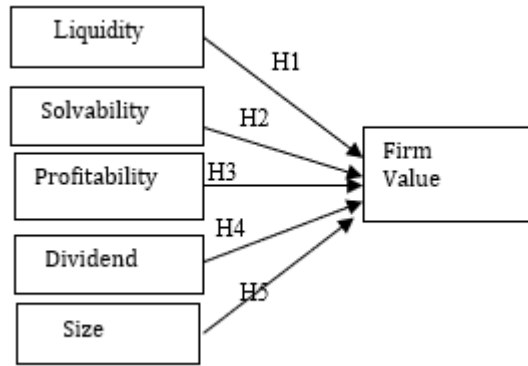


Fig. 1. Framework

Empirical Research Model

The first test is the classical assumption, it is intended that the results of multiple regression analysis are not biased. This classical assumption test includes multiple regression analysis. This classical assumption test includes residual normality test, multicollinearity test, autocorrelation test and heteroscedasticity test. After testing the classical assumption and hypothesis testing.

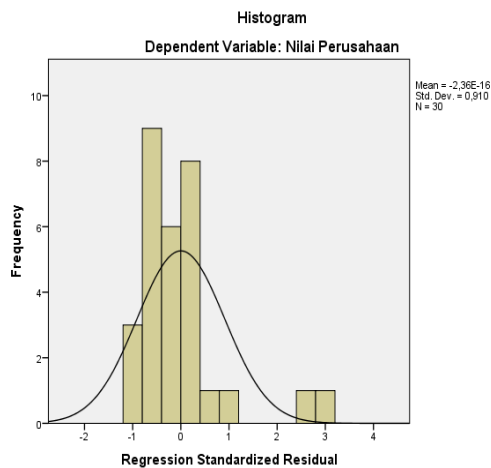


Fig. 2. Histogram Graph Test Data Normality

From the histogram graph, it appears that the residuals are normally distributed and symmetrically shaped to the right or left.

Table 1
Multicollinearity Test Results

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
CR	.816	1,226
TDTAR	.880	1,136
ROA	.953	1,049
DDPR	.852	1,173
UKUR	.935	1,069

All independent variables have a tolerance value above 0.1 and a VIF value below number 10. So this indicates in the regression model does not occur multicollinearity.

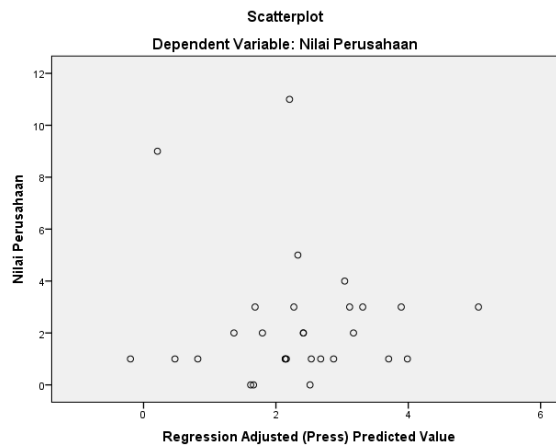


Fig. 3. Scatterplot chart

From the Scatterplot chart it appears that the spots are diffused, thus there is no heteroscedasticity in the regression model.

Table 2
Autocorrelation Test Results
Model Summary

Model	Adjusted R Square	Durbin-Watson
1	.811	1.907

The result of Durbin Watson (DW) test is 1,907 in the calculation of table k (independent variable) = 5 and n (amount of data) = 30, table significant 0,05 yields external boundary value (dL) 1,071 and internal limit (dU) equal to 1.833. The DW value of 1.907 then this means $dU < d < 4-dU$ is $1.833 < 1.907 < 2.167$. Therefore, based on the Durbin Watson (D-W) test there is no positive or negative autocorrelation.

Test F basically shows whether all the independent variables used and put into the model have a mutual influence on the dependent variable. In this case to determine whether the independent variables significantly influence or not to the dependent variable.

Table 3
Coefficients

Model	t	Sig.
1 (Constant)	7,239	,000
CR	2,213	,026
TDTAR	3,178	,011
ROA	,719	,047
DDPR	,488	,233
SIZE	-3,212	,002

Liquidity has a significant effect on corporate value, as well as solvability, profitability and firm size. Only dividend policy has no significant effect on company value.

The ratio of liquidity with current ratio proxy is very useful to measure the company's ability to pay its short-term obligations, which can be known to how far the actual amount of the company's current assets can guarantee its current liabilities. The higher the ratio means the more secure the company's debts to creditors. Current ratio 2.0 is sometimes satisfactory for a company, but the amount of working capital and the magnitude

of the ratio depends on several factors, a common standard or ratio cannot be determined for the whole company. Current ratio 2.0 is only a habit and will be used as a starting point for conducting research or further analysis.

Solvency Ratio used in this study is the proxy Total Debt to Total Asset Ratio. The higher this ratio the higher the company's financial risk. Within certain limits, banks will find it difficult to grant credit applications. It's just that every bank has a different limit.

ROA as a proxy for the profitability of the company will be able to increase the value of the company. Because the higher profit generated by the company, the higher the value of a company in the eyes of investors and creditors.

Return on asset is one of the profitability ratios that measure the effectiveness of the company in generating profit from the assets used. The ROA rate depends on the management of the company's assets by management that describes the efficiency of the company's operations. The higher the ROA the more efficient the company's operations and vice versa, low ROA can be caused by the number of assets of unemployed companies, investment in excess inventory, excess banknotes, fixed assets operate below normal and others so that the decreasing profitability of the company. Profitability is the end result of a number of policies and management decisions of the company (Brigham and Gapenski, 2006 in Ria 2013).

DER is the ratio that compares the total debt with equity. This ratio measures how far the company is financed by debt, where the higher this ratio illustrates symptoms that are less good for the company. Increased debt will, in turn, affect the amount of net profit available to shareholders, including the dividends received because the obligation to repay the debt takes precedence over the dividend distribution (Sartono, 2001). Total debt includes current liabilities and long-term liabilities. DER reflects the company's ability to pay or fulfill its obligations with its own capital. The greater the DER value indicates that the greater the capital structure derived from debt is used to finance the existing equity, as Warren et al. (2005) that "the smaller the DER ratio, the better the company's ability to survive in poor conditions". The small DER ratio indicates that the company is still able to fulfill its obligations to creditors. This shows that the smaller the DER ratio the better the company's financial performance.

The greater the value of Debt to Equity Ratio (DER) indicates that the capital structure of the business is more use of debt relative to equity. The higher debt to equity ratio reflects a relatively high corporate risk, consequently, investors tend to avoid stocks with high Debt to Equity Ratio (DER) (Ang, 1997).

Company size is the scale to determine the size of a company. Company size can be measured in several ways, including total assets, total sales, and a number of employees working in the company (Purwanto, 2004). According to Zulkarnaini (2007) states that the size of a company is reflected from the total assets owned, the greater the company's assets the larger the size of the company, vice versa.

Table 4
Anova Test Results (F Test)
ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	30,768	5	6,154	2,702	,040 ^b
Residual	137,898	24	5,746		
Total	168,667	29			

Based on the calculation of F statistic test, F calculated by 1.071. F table generated df 1 (number of variables-1) = 5 and df 2 (nk-1) or 30-5-1 = 24 (n is the sum of data and k is the number of independent variables), the results obtained for F table of 2 , 62 so that F count> F table or 2.702> 2.62. The value of significance resulting from 0.040 <0.050 then reject H0.

From the test, it can be concluded that the independent variables Liquidity (X1), Solvability (X2), Profitability (X3), Dividend (X4) and Company Size (X5) together significantly influence the dependent variable of Company Value (Y).

Table 5
The calculation results
Multiple Linear Regression

Model		Unstandardized Coefficients	
		B	Std. Error
1	(Constant)	40645,270	5615,595
	CR	,111	,050
	TDTAR	,016	,092
	ROA	,095	,132
	DDPR	,034	,120
	SIZE	-,565	,176

$$Q = 40645,270 + 0,111 CR + 0.016 TDTAR + 0,095 ROA + 0,034 DDPR - 0,565 SIZE$$

If liquidity, solvency, profitability, dividend policy, and firm size are considered constant or zero then the value of the firm is 40645.270. Each increase of one unit of liquidity will increase the company's value by 0.111 units. Any increase of one solvency unit will increase the firm's value by 0.016 units. company amounted to 0.095 units. Any increase of one dividend policy will increase the company's value by 0.034 units. And any increase of one unit of firm size will decrease the company's value by 0.565 units

5. Conclusion

Based on the results of testing on the first hypothesis can be seen that the liquidity ratio has a significant positive effect on the value of the company. These significant results indicate that the high value of the firm is influenced by the liquidity ratio. Path coefficient marked positive indicates that the relationship or influence between liquidity ratio with firm value is unidirectional. This means that the higher the ratio of liquidity, the value of the company will be higher. Similarly, the solvency ratio, profitability dividend policy and corporate contributions.

The company's management in its effort to increase the value of the company is expected to maintain the company's fundamental factors which include the level of profitability, liquidity, capital structure, and dividend policy. The purpose of investors in investing the funds is to expect a high level of profit, investors should be able to choose and sort out investment options that can provide promising benefits. Based on the results of this study investors can invest funds in companies that have a good prospect in increasing the value of the company. Researchers are then expected to use different samples from the studies that have been conducted and the use of different periods with previous studies

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