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The Influence of Dividend Policy, Leverage, and Company Growth on the Value of Study Companies in MNC36

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Abstract

Company value can also be influenced by the size of dividends. If the dividends paid by the company to investors are high, then share prices tend to be high so that the value of the company is also high. If dividends are paid by the company to small investors, the company's share price will also be low. The ability to pay dividends is closely related to the company's ability to earn profits. If the company earns large profits, then the company's ability to distribute dividends is also large. Large dividend distribution will increase company value. Dividend policy also affects company value. The dividend itself is a partial net profit distributed to shareholders based on their share ownership. Every company wants growth for the company, but on the other hand, the company also has to pay dividends to investors. Dividend policy is an integral part of the company's debt policy which concerns the issue of using profits that are the rights of shareholders or investors. Profits earned by the company can be distributed as dividends or retained for reinvestment. This research aims to evaluate how dividend policy, leverage, and company growth impact company value. High dividend, leverage, and growth policies do not always guarantee that the company's value will be high. The success of a company in achieving high value is desired by all internal and external parties because it produces prosperity for shareholders. The total sample of 36 MNC36 companies in the 2022 period was collected via the official Indonesian stock exchange website, based on DPR, DER, AGR, and PBV criteria. The probability sampling technique is used for sampling. T-test (partial), multiple linear regression analysis, and classical assumption tests were used to analyze the data. The research findings conclude that dividend policy, leverage, and company growth do not affect the value of the MNC36 company in 2022.

Keywords: Dividend Policy (DPR), Leverage (DER), Company Growth (AGR), Company Value (PBV)

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INTRODUCTION

Shares are one of the most well-known and well-known capital market instruments. This is because shares offer anticipated profits, such as dividends and capital gains, and a high share price indicates that the value of the company is also high. Company value is investors' perception of the company's level of success in managing its resources. This is the price that potential buyers are willing to pay when the company is sold. (Princess, 2017) . Information about company value is very important for investors because it shows the high level of prosperity of the company's shareholders, which will attract investors' interest in buying shares. Therefore, investors need to consider this information when making investment decisions. Brigham and Houston (2016) (Dessriadi et al., 2022) say that increasing the welfare or profits of shareholders through increasing company value is the company's main goal. To achieve this goal, company financial management must continue to increase company value through the use of dividend, leverage, and growth policies.

A dividend policy is a financial decision made by a company about whether profits will be distributed to shareholders or kept as retained profits. Dividends are a reason for investors to invest the capital they have because dividends are the return that will be received on the investment made in the company. Investors expect this dividend to consistently improve the company's welfare so that the company can survive and provide prosperity to its shareholders. Dividend policy can be seen from the Dividend Payout Ratio (DPR) value, which is part of the company's net profit that is distributed as dividends. As more investors invest in the company, the company's share price will increase, so the value of the company will increase. Therefore, the dividend policy made by the company can have an impact on company value. This is supported by Ganar Research, (2018), Ovami & Nasution, (2020) and Widyawati, (2018) provide evidence that dividend regulations represented by the Dividend Payout Ratio (DPR) have a positive and significant impact on company value. In contrast, research conducted by Anita & Yulianto, (2016) and Wibowo & Aisjah, (2013) shows that dividend policy (DPR) does not have a big impact on company value.

Leverage is the second component that may influence company value. This is because investors judge a company based on how well management manages the debt used to finance its operations. Leverage is a ratio that shows the extent to which a company uses debt rather than its capital to finance its operations. Higher debt can reduce the company's tax burden due to interest payments. Leverage is a ratio that gives an idea of how much company debt is used to fund business operations and can be used to get an idea of how much risk of bad debt the company has, which is indicated by the company's capital structure (Prapitasari & Safrida, 2019). According to Brigham and Houston (2016), debt can increase company value because the benefits obtained from debt are greater than the costs it incurs. previous study results from; Aziz & Widati, (2023) and Sutama & Lisa, (2018) showed that leverage proxied using the Debt to Equity Ratio (DER) is very beneficial to company value. In contrast to these findings, research by Bagaskara et al., (2021) and Dewi & Sulistiyo, (2020) shows that leverage does not significantly affect company value. Company growth is one of the factors besides dividend policy and leverage that can influence company value. How far a business fits into the overall economic system or the economic system for the same industry is called growth. (Machfoedz, (2007) in Gustian, (2017)).

According to Tamsil & Esra, (2020), Companies need large funds to finance their growth. In this research, the indicator of company growth is asset growth. A company with good asset growth shows the company's ability to manage its resources to generate profits. Investors will respond positively to the growth of these assets, which in turn will have an impact on increasing company value. (Alya Frida & Indianik, 2022) . This is also supported by previous research conducted by; Suryandani, (2018) and Amanda et al., (2018) stated that business growth as proxied by AGR has an impact on business value. However, studies conducted by Saputri & Giovanni, (2021) and. This research aims to determine the effect of dividend policy, leverage, and company growth on company value in companies indexed by MNC36 for the 2022 period listed on the Indonesia Stock Exchange. The bird-in-the-hand theory was coined by Myron Gordon and John Lintner. Based on this theory, dividend policy influences the company's market price. This can be explained, by the greater the dividend distributed, the higher the market price of the shares and vice versa. Meanwhile, dividend distribution will be well received by shareholders and can minimize the uncertainty faced by investors. High assessment by shareholders of dividend yield compared to expected capital gains

LITERATURE REVIEW

The value of the company

A company's share price shows its true value. The value of a company not only serves as a measure of shareholder sales prices but also indicates how well management is managing current operations and prospects. (Eric & Huda, 2022) . Meanwhile, according to Fahmi, the market value ratio describes the market value and allows company management to understand current and future implementation conditions. The value of a company can be seen from its assets, such as securities, and its share price on financial markets can reflect its value. The more expensive the shares are on the market, the higher the value of the company and the better its value in the eyes of investors, so shareholders are expected to receive high returns. Apart from that, one way to find out the value of a company is to look at its share price. This can be done using a ratio called the valuation ratio.

According to Sudana (2011), how a company's shares perform in the capital market (going public) shows how much society values the company, which encourages the purchase of shares at a price higher than its book value. One method for determining company value is price-to-book value (PBV). The difference between the traded price of shares and the book value of shares is known as price to book value (PBV). (Fakhruddin and Hadianto in Fadhilah & Afriyenti, (2021) . Meanwhile, according to Sutrisno in Friandy, (2018), The price of shares in the market compared to the book value of the shares is called price to book value (PBV). In this research, the value that shareholders will receive after the company is sold and all debts are paid off is shown by a low price-to-book value (PBV). helps investors compare conventional company value with market value or the stock price they paid per share. The price-to-book value (PBV) ratio, which compares the market price of a share with the book value per share, is usually greater than one. A higher price-to-book value (PBV) level indicates that the share price is more expensive than its book value. The method for calculating PBV is :

$$\text{Price Book Value (PBV)} = \frac{\text{Price Per Share}}{\text{Book Value Per Share}}$$

Dividend Policy

Dividend distribution for large stocks is one of the financial manager's policies which must consider various factors that influence it. At the end of the year, dividend policy determines whether company profits will be given to shareholders as dividends or saved for future investment. According to, dividend policy is an important part of making company financial decisions. Management must consider whether they will distribute all net profits as dividends or only half of the net profits as retained earnings. In this research, dividend policy is measured by the dividend payout ratio, which can be calculated by dividing cash dividends per share by earnings. This ratio shows whether dividends are given to shareholders or investors. According to, DPR is a comparison between net profit and dividends paid. The more DPR, the more profit for investors; conversely, the lower the DPR, the worse the company's internal financial situation. The size of the dividend payout ratio is influenced by.

1. Dividends may be small or may be retained by the company if liquidity is poor; if liquidity is good, larger dividends can be distributed.
2. Need funds to pay off debt. When something company pays off the debt fast, it produces several small dividends or profits. However, If the company fails to pay off the debt or pay off the debt, the profit generated can result in the payment of dividends Which is far more big.
3. Amount investment planned. If the company plans to invest in an amount big on the year front, dividend No will be shared to holder share or only shared in an amount small. However, if something company No do invest in the year next, so dividend paid to holder shares will more tall.

4. Supervision. If a company is supervised to expand its business, it will usually use its business profits to do so. If this happens, the company will grow and make profits, and these profits will be used for expansion, avoiding small dividends or dividends being paid.
5. Government provisions. This applies to state-owned or state-owned companies. If the company must be held for a long time, dividends are not distributed or dividends are small, and vice versa.

The formula for calculating dividend policy uses the Dividend Payout Ratio (DPR), which can be stated as follows.

$$\text{Dividend Payout Ratio (DPR)} = \frac{\text{Dividends Per Share}}{\text{Net Profit Per Share}}$$

Leverage

Leverage is an abbreviation of debt ratio. Internal and external funding are components of company funding. Internal capital comes from retained earnings, equity, or ownership ratios that appear on the balance sheet, while external capital comes from sources outside the company, such as debt. The liabilities section of the balance sheet shows both sources of financing. Leverage also refers to the use of a company's assets or capital to incur fixed costs or pay fixed costs. (Hayat et al., 2021) . In addition, it is hoped that companies can reduce the possibility of agency conflicts by using debt. This is because the company has to pay back the loan and interest periodically. Managers in these circumstances may try to increase profits to pay off debt. Bankruptcy is caused by company policy. Disagreements between institutions may occur due to this level of risk. According to some experts' definitions, companies use leverage to get money to operate and pay fixed costs.

One way to find out how much debt a company uses to fund its operations is to look at its leverage ratio; if the ratio is low, the company will not use as much debt to fund its operations because more of its profits will be used as dividends, increasing the value of the company. Companies with high leverage have debt that is greater than equity. In this research, the leverage ratio is proxied by DER. Debt to Equity Ratio (DER) is a comparison between total debt and total equity owned by the company. "Debt to Equity Ratio is calculated simply by dividing the company's total debt (including short-term liabilities) by shareholder equity." Companies with higher debt ratios will face a greater risk of loss during a recession but also have a higher rate of return when the economy is normal. In contrast, companies with lower debt ratios have a smaller risk of losses during a recession but are also less likely to gain an increase in return on equity when the economy returns to normal (Weston and Brigham, 1998).

The formula for calculating leverage using the debt-to-equity ratio (DER) is as follows:

$$\text{Debt To Equity Ratio (DER)} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

Company Growth

The escalation rate of total assets indicates the growth of the company, and the growth rate of past assets indicates future profitability. According to, changes in a company's total assets expressed as an increase or decrease in assets within a certain period (one year) are called growth. Asset growth is calculated by measuring the percentage change in total assets over some time compared to the previous period. Apart from that, Susilawati & Purnomo, (2023) argue that company growth will show the company's development over time. To pursue significant growth, a business must have adequate financial resources. If internal capital is insufficient, the business must seek additional funding from outside. This is proven by the company's growing development, which is reflected in the increase in assets and area. This concept is based on two arguments. First, increasing assets differs from increasing sales because each initiative has a direct impact on sales and increasing assets reflects a longer period than increasing sales. The second argument is that investment in assets requires long-term effects so that the activities carried out are not related to income (Kaaro, 2016. Both internal and external stakeholders are eager for growth because good growth is a sign of good development. From an investor's perspective, the growth of a company shows that the company has a profitable side, and investors also expect high returns on investment. Additionally, the growth of a company can be an indicator of its profitability and success. In this case, growth shows the availability of internal funds. If the company is successful and profitable, internal funds can be used for investment.

The term "enterprise growth" is used to describe the rate of expansion of a company, taking into account the growth of assets used in the business. Company growth shows the investment allocation of company assets, which is measured by the difference in total asset value from year to year. The growth of company resources also shows the growth of resources. This company needs sufficient capital for further development. Companies usually use internal funds before borrowing from external sources. When a company's investments exceed its retained earnings, its debt increases. Unless other conditions change, an increase in assets will cause an increase in liabilities. The following Asset Growth Rate (AGR) calculation can be used to calculate company growth:

$$\text{Growth Rate of Assets (AGR)} = \frac{\text{Final Value} - \text{Initial Value}}{\text{Initial Value}} \times \mathbf{100}$$

RESEARCH METHODS

The research design used in this research is a causal quantitative design. The causal quantitative approach is a research approach that looks for relationships between variables and other variables that have cause and effect. This research tests the proposed hypothesis and examines the influence between the independent and dependent variables.

Research variable

Variable Classification. This research uses company value (Y) as the dependent variable. The independent variables in this research are dividend policy (X_1), debt (X_2), and company growth (X_3). Operational definition of variables:

1. Company value (Y). This variable is measured by Price Book Value, with the formula being:

$$\text{Price Book Value (PBV)} = \frac{\text{Price Per Share}}{\text{Book Value Per Share}}$$

2. Dividend Policy (X_1). This variable is measured by the Dividend Payout Ratio, with the formula being:

$$\text{Dividend Payout Ratio (DPR)} = \frac{\text{Dividends Per Share}}{\text{Net Profit Per Share}}$$

3. Leverage (X_2). This variable is measured by the Debt to Equity Ratio, with the formula being:

$$\text{Debt To Equity Ratio (DER)} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

4. Company Growth (X_3). This variable is measured by the Growth Rate of Assets, with the formula being:

$$\text{Growth Rate of Assets (AGR)} = \frac{\text{Final Value} - \text{Initial Value}}{\text{Initial Value}} \times \mathbf{100\%}$$

Population and Sample

The population in this study is the MNC36 company which has complete data on PBV, DPR, DER, and AGR. Meanwhile, sample determination is based on the probability sampling method, where each company listed in the MNC36 index receives complete data on PBV, DPR, DER, and AGR. This sample size includes 36 MNC36 companies for the 2022 period. Data used in the study This is data secondary that is data obtained from the report finance annual company registered in MNC36, literature, study introduction, and other relevant. Stage collection data gathered data secondary obtained through webmail through the website www.idx.co.id.

Data analysis technique

Classic assumption test

Normality, autocorrelation, heteroscedasticity, and multicollinearity tests are examples of classic assumption tests that must be carried out before testing a hypothesis. The following is the explanation:

a. Normality test. Normality testing is part of the testing required for data analysis, meaning that before we can carry out analytical tests such as significance testing or relationship testing, we must first carry out normality testing on the data we have. Or simply a normality test is performed to find out whether our data follows a normal distribution. (Sujarweni & Utami, 2019) .
b. Autocorrelation Test. Autocorrelation testing in a model aims to determine whether or not there is a correlation between confounding variables in a period and previous variables. This often happens for time series data. Because one confounding variable is different from other confounding variables, bias rarely occurs in sample data. (Sujarweni & Utami, 2019).
c. Multicollinearity Test. There is a need to carry out a multicollinearity test to ascertain whether there are independent variables that are similar to other independent variables in the model. Tolerance and value inflation factors, also known as VIF, were used in this study. (Sujarweni & Utami, 2019) .
d. Heteroscedasticity Test. The heteroscedasticity test is used to determine whether there is a difference in the residual variance between certain observation periods and other observation periods. The method for determining whether there is heteroscedasticity or not in the model can be observed using a scatterplot pattern. (Sujarweni & Utami, 2019) .

Linear Regression Analysis

The purpose of linear regression analysis is to see how dividend policy, leverage, and company growth affect company value. Therefore, multiple linear regression analysis was used. (Sujarweni & Utami, 2019) .

Partial Test (t-Test)

The t-test is used to determine how the independent variable (X) affects the dependent variable (Y). Apart from that, the t-test was carried out to find out how each independent variable influences the related variables individually.

RESULTS AND DISCUSSION

Normality test

The one-sample Kolmogorov-Smirnov statistical test was used to test normality.

Table 1. Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residuals
N		36
Normal Parameters [a, b]	Mean	.0000000
	Std. Deviation	1.54365624

Most Extreme Differences	Absolute	,129
	Positive	,129
	Negative	-.102
Statistical Tests		,129
Asymp. Sig. (2-tailed)		,140

Source: Processed Secondary Data, 2024

Based on the results of the analysis that has been carried out, the one-sample Kolomogrov-Smirnov test significance score shows 0.140, which is higher than 0.05 (sig. = 0.140 > 0.05). This finding indicates that the data variables examined in the research have a normal distribution.

Autocorrelation Test

The autocorrelation test is carried out by looking at the Durbin-Watson value.

Table 2. Autocorrelation Test Results

Model Summary [b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.209 [a]	,044	-.046	2.27975	1,776

Source: Processed Secondary Data, 2024

In this research, 36 data were used, with a total of 3 independent variables (kg). The analysis findings show that the dL value is 1.295, the dU value is 1.653, and the 4-dU value is 2.347 (4 - 1.653). In the context of the Durbin-Watson analysis, a value of 1.776 is obtained. It is important to note that the Durbin-Watson value is between the dU and 4-dU scores (1.295 < 1.776 < 2.347). For this reason, it can be concluded that the regression model used in this research is categorized as free from autocorrelation.

Multicollinearity Test

The multicollinearity test is carried out by checking the tolerance value and the variance inflation factor (VIF) value.

Table 3. Multicollinearity Test Results

Coefficients [a]			
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	DPR	,971	1,030
	DER	,981	1,019
	AGR	,982	1,018
a. Dependent Variable: Company Value			

Source: Processed Secondary Data, 2024

Based on the analysis that has been carried out, it can be concluded that the tolerance values of the three independent variables, namely DPR, DER, and AGR, significantly exceed the threshold of 0.10 which is considered relevant (tolerance = 0.971; 0.981; 0.982 > 0.10). Likewise, the VIF values for these three variables are below 10 (VIF = 1.030; 1.019; 1018 < 10). This shows the absence of any indication of significant multicollinearity among the variables in the regression model presented. Therefore, the conclusion that can be drawn is that there were no multicollinearity problems found in this regression analysis.

Heteroscedasticity Test

The heteroscedasticity test determines whether or not there are symptoms of heteroscedasticity. This is done using the scatterplot test in statistical analysis.

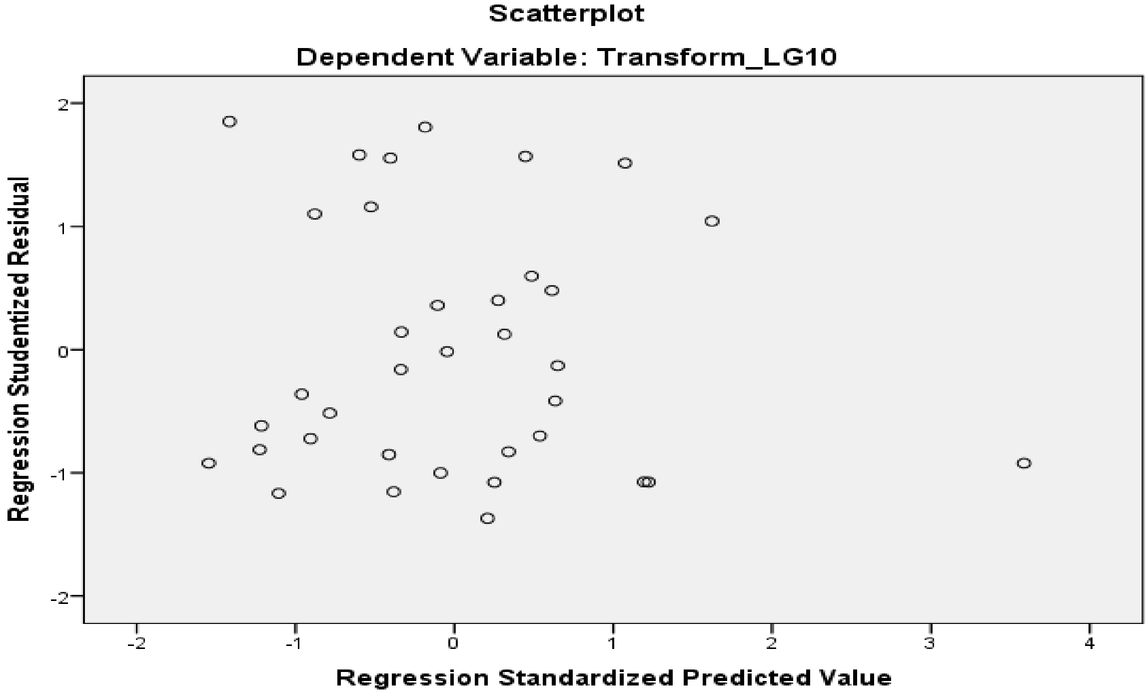

Figure 2. Scatterplot Heteroscedasticity Test Results

Source: Data processed by IBM SPSS, 2024

The Scatterplot output above shows a distribution of data points around the number 0, without tending to cluster exclusively above or below. The visible pattern does not follow a wave pattern that expands or contracts throughout the regression. Therefore, until an ideal and good regression model is met, the conclusion that can be drawn is that there is no heteroscedasticity problem.

Multiple Linear Regression Analysis

Multiple linear regression analysis is used to determine how significant the influence of independent variables including leverage (DER), dividend policy (DPR), and company growth (AGR) is on the dependent variable, namely company value (AGR).

T Test (Partial Test)

The partial influence between the independent variable and the dependent variable is the purpose of the T-test.

Table 4. T Test (Partial Test)

Coefficients [a]						
Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-1,787	,575		-3,110	,004
	DPR	-.071	.101	-.124	-.705	,486
	DER	.113	,163	,120	,690	,495
	AGR	,006	,008	.133	,761	,452

Source: Processed Secondary Data, 2024

The results of the t-test analysis above can be explained as below:

1. The Influence of DPR on PBV. The results of the analysis are known *as* SPSS, significance value of influence (DPR) on (PBV) of 0.486 _ > 0.05. Meanwhile, $t_{count} < t_{table}$ (-0.705 < 2.0 35). This means that there is no influence between (DPR) and (PBV).
2. Effect of DER on PBV. The results of the analysis are known *as* SPSS, influence significance value (DER) on (PBV) of 0.495 _ > 0.05. Meanwhile $t_{count} < t_{table}$ (0, 690 < 2.0 35). This means that there is no influence between (DER) and (PBV).
3. The Effect of AGR on PBV. The results of the analysis are known *as* SPSS, significance value of the influence of h (AGR) on p (PBV) of 0.452 _ > 0.05. Meanwhile $t_{count} < t_{table}$ (0, 761 < 2.0 35). This means that there is no influence between (AGR) and (PBV).

DISCUSSION

The Influence of DPR on PBV

According to the results of the statistical analysis carried out in this study, the first hypothesis (H_1) is not accepted. Thus, the conclusions of this study are in line with the findings, which reveal that dividend policy (DPR) has no influence on firm value (PBV), which means that the results of this study are different from the Bird in the Hand theory, which argues that high dividend payments will increase company valuation because investors believe that the dividend risk is not commensurate with the rising cost of capital. so they tend to choose profits in the form of dividends rather than potential profits from increasing capital value. On the other hand, the dividend payout ratio is considered just a detail that has no impact on shareholder profits. Because a company's value is determined only by its ability to generate profits from its assets or investment policies, an increase in dividends is not always accompanied by an increase in value. So the results of this research reject research conducted by (Ganar, 2018) ; (Ovami & Nasution, 2020) and (Widyawati, 2018) which state that the value of companies that implement dividend policies will influence the value of companies listed on the Indonesian Stock Exchange. Companies that implement a dividend policy by distributing cash dividends make their shares more liquid because some investors see the dividend policy as a positive signal from the company.

The results of this research are on one of the theories regarding dividend policy, namely the Bird-In-The-Hand theory. The Bird-In-The-Handini theory explains that dividends are better than retained earnings because dividends are more certain. The Bird-In-The-Handini theory was coined by Myron Gordon and John Lintner. Based on this theory, dividend policy influences the company's market price. This can be explained, by the greater the dividend distributed, the higher the market price of the shares and vice versa. If the share price rises, the company value will also rise. Meanwhile, dividend distribution will be well received by shareholders and can minimize the uncertainty faced by shareholders. High assessment by shareholders of the dividend yield compared to the expected capital gain.

Effect of DER on PBV

According to the results of the statistical analysis of this research, the second hypothesis (H_2) cannot be accepted, and it can be concluded that the level of leverage (DER) does not affect firm value (PBV). the findings of this study are consistent with previous findings (Bagaskara et al., 2021) and, show that dependency (DER) has no impact on firm value (PBV), which means that the level of dependency (DER) is measured as how much the company depends on external loans. to finance its assets. Companies with a high level of dependency (DER) do not rely too much on external loans to finance their assets. However, when investors invest capital in companies, this is not their main focus. Investors expect to earn returns on their investments, so they may tend to pay attention to returns earned without considering debt levels. So the results of this research reject the research conducted by (Pujaningrum & Andayani, 2017) ; (Aziz & Widati, 2023), and (Sutama & Lisa, 2018) which state that leverage can show the extent to which a company is financed by debt compared to its capital. If the company's income is greater than the amount of debt it has, the debt will have a positive impact on the company's finances, and conversely, if the debt cannot cover the company's obligations, then the debt will hurt the company. Because leverage can influence investors' attitudes when they want to invest, external parties must know about it. If a company has a financially favorable leverage ratio, more share purchase transactions will be made for it. This will increase company value. Thus, the use of debt in a company must be balanced. Balanced means not too big and not too small. Using debt that is too large can result in the company experiencing losses and using debt that is too small can also cause liquidity, where there is no return for profits to investors.

The Effect of AGR on PBV

From the statistical analysis in this research, it can be concluded that the third hypothesis (H_3) cannot be accepted. Thus, a conclusion can be drawn if company growth (AGR) does not affect company value (PBV). This finding is in line with previous research findings (Saputri & Giovanni, 2021) and (Fridayanti et al., 2023) which confirmed that company growth (AGR) does not affect company value (PBV). The absence of influence indicates that if company growth (AGR) increases, company value (PBV) will not increase. This is because the need for funds for company operations increases along with AGR growth. When a company concentrates on AGR, it can ignore the interests of its shareholders. So the results of this research reject research conducted by (Tumangkeng & Mildawati, 2022) ; (Suryandani, 2018) and (Amanda et al., 2018) which show that business growth is measured by comparing changes in total assets, namely increases or decreases, compared to changes in total assets in the previous time. Companies with significant asset growth will be more easily seen by investors and creditors because it shows that the company can generate profits, which in turn can increase its value. From an investor's perspective, growth is evidence that a company has profitable characteristics. Businesses with a high potential growth rate tend to generate high cash flows and market capitalization in the future, attracting investors to invest capital, which in turn will cause the company value to increase

CONCLUSION

Based on the results of the analysis, the findings from this research are that DPR, DER, and AGR do not affect PBV. This shows that an increase in company value is not always followed by an increase in dividends. Because the value of a business depends solely on the ability to generate profits from its investment policies or assets. Investors also hope that the aim of investment is only to get returns, so they don't care how much debt the company has. In addition, the more a company develops, the more funds it needs for its operational activities, without considering the welfare of its shareholders. This research was conducted with several shortcomings. The shortcomings of this research are that the research sample is too small or limited and the period is only a year, making the results of this research less than optimal. Suggestions for further research are to conduct research with larger samples and add periods to the research to get relevant results. Suggestions that can be given from this research are that for further research, you can use a research period of more than 3 years to better describe the existing conditions and provide better results. Future research can add new independent variables that are thought to have an impact and look more broadly at moderating variables that can strengthen the relationship between variables. Future research can expand the sample by considering all companies listed on the BEI as the research population, not just limited to companies listed on the LQ45 index. For companies to pay more attention and implement better CSR because now many investors do not only look at investment prospects from their financial performance, they already care and see the importance of companies in carrying out social responsibility because it will have an impact on Firm Value and should be able to report Sustainability Report.

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