

ABSTRACT

The main purpose of a company, especially a company that has gone public is to maximize the prosperity of its shareholders. The company's own objectives are divided into two, among others, short-term goals and long-term goals. The short-term goal of the company is to maximize profits with existing resources, while the long-term goal of the company is to optimize firm value (Karina & Titik, 2016). Company value is the perception of investors to the company, which is often associated with stock prices (Suffah & Riduwan, 2016). This study aims to determine the effect of capital structure, profitability, and dividend policy on firm value.

The population in this study are non-financial companies listed in LQ45 index year 2012-2016. Sample selection technique used is purposive sampling and obtained 15 companies in LQ45 index period 2012-2016. Data analysis method in this research is panel data regression by using Software Eviews 9.0.

Based on the results of data processing shows that simultaneously capital structure, profitability, and dividend policy have a significant effect on firm value. While partially, capital structure does not have an effect on firm value, profitability has a significant positive effect to firm value, and dividend policy has significant negative effect to firm value.

For investors the results of this study are expected to provide additional information in making investment decisions. Meanwhile, for the company the results of this study are expected to be used to conduct an evaluation to determine the realizable capital structure is not risky, determine profitability targets, and determine the policy of dividends in the future.

Keywords: Capital Structure, Profitability, Dividend Policy, Corporate Value