

ABSTRACT

Maximizing the value of the company and the welfare of company owners and shareholders is one of the main objectives of the company. Company value is the highest level of investors. The higher the value of the company, the greater the investors who invest and also invest their capital in the company.

The aim of this study is to analyze the influence of leverage, profitability, and company growth on the firm value of pharmaceutical sub-sector companies listed in Indonesia Stock Exchange from 2014 to 2018. The financial reports, as the data used in this study, are taken from the official website of Indonesian Stock Exchange (www.idx.co.id). The population in this study refers to sub-sector of pharmaceutical companies listed in Indonesia Stock Exchange from 2014 to 2018.

The technique used in this study is purposive sampling. Eight samples of the companies in a five-year period are used. Consequently, there are 40 sample data of pharmaceutical sub-sector companies listed in Indonesia Stock Exchange from 2014 to 2018. The method of panel data regression analysis is employed by means of software: Eviews 10.0.

The analysis simultaneously shows that the leverage, profitability, and the company growth do not significantly influence the firm value. In partial, however, neither leverage nor the company growth influences the firm value, whereas profitability has a positive effect on it.

Based on the result of this study, if pharmaceutical sub-sector companies have any intention of increasing the firm value, they must increase profitability in order for the investors interest to make an investment. In addition, investors can consider other factors because in this study the leverage and company growth variables have no influence on the firm value so that investors get a large return on investment funds that have been invested in a company.

Keywords: firm value, leverage, profitability, company growth