ANALYSIS OF THE FACTORS AFFECTING COMPANY VALUE WITH PROFITABILITY AS INTERVENING VARIABLES IN NON FINANCIAL COMPANIES LISTED IN INDONESIA STOCKEXCHANGE 2015-2017 PERIOD

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Abstract: This study aims to analyse institutional ownership, independent commissioners, firm size, and leverage that affect firm value with profitability as an intervening variable in non-financial companies listed on the Indonesia Stock Exchange for the period 2015-2017. The population in this study amounted to 475 companies using purposive sampling method obtained a sample of 187 companies. The data testing method used is multiple linear regression analysis and path analysis. The results of the first hypothesis study show that simultaneously, all independent variables have a significant effect on profitability. The results of the second hypothesis study show that simultaneously, all independent variables have a significant effect on firm value. Partially, institutional ownership variables and firm size have a significant positive effect on profitability, leverage has a significant negative effect on profitability. Partially, the variables of profitability, institutional ownership, and firm size have a significant positive effect on firm value, while independent commissioners and leverage have no effect on firm value. Profitability is only able to mediate the effect of firm size on firm value in non-financial companies listed on the Indonesia Stock Exchange for the period 2015-2017.

Keywords: Firm Value, Profitability, Corporate Governance, Firm Size, Leverage

1. Introduction

Financial statements are one source of information about the condition and performance of a company for external parties. Such information concerns financial position, performance and changes in the financial position of a company, and benefits a large number of users in economic decision making. One important element in financial statements used to measure management performance is profit. Earnings information is the main concern for interpreting management's performance or achievements. In addition, earnings information is also used by investors or other interested parties as an indicator of efficiency in the use of funds embedded in the company which is manifested in the rate of return and indicators for increasing prosperity.

Seeing the description above, it is important for companies to maximize firm value so that this becomes a long-term goal for the company. Firm value is a reflection of public trust in the company in carrying out its business activities. Firm value will be reflected in the stock price. By maximizing firm value, the prosperity of shareholders will also increase and will invite new investors to invest. In addition, the firm value will also reflect the potential and prospects of the company in maintaining and improving its business in the future which also attracts investors.
Table 1
Phenomenon concerning Firm Values which occur in companies in Indonesia

<table>
<thead>
<tr>
<th>No.</th>
<th>Company</th>
<th>Phenomenon</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>PT Elnusa Tbk</td>
<td>PT Elnusa Tbk recorded a decline in net profit growth. At the end of 2017 the issuer with the ELSA stock code recorded a net profit of Rp. 247.14 billion or decreased by 20.51% compared to the same period in 2016. Throughout 2017, Elnusa managed to record revenues of Rp. 4.98 trillion or grew 37.51%. However, Elnusa must bear the cost of revenue which rose 46.39% to 4.4 trillion. This increase in expenses made Elnusa's gross profit fell from Rp. 614.58 billion to Rp. 578.5 billion. In addition, Elnusa received a positive response from market participants where ELSA's share price increased 10.22% to 496 / share. Currently the trading volume of ELSA shares reaches 418.7 million shares (Franedya, 2018).</td>
</tr>
<tr>
<td>2</td>
<td>PT Sido Muncul Tbk</td>
<td>PT Sido Muncul has experienced a decline in share prices throughout 2016 from Rp 550 to Rp 520. Judging from the financial statements, the profit of the company PT Sido Muncul has increased from Rp 437.5 Billion to Rp. 480.5 billion in one year. In fact, the investor believes that if the company's profits increase, then the share price will rise as well. But actually changes in stock prices can be caused by several factors other than company profits. (Kurniawan, 2017)</td>
</tr>
<tr>
<td>3</td>
<td>PT Adaro Energy Tbk</td>
<td>Adaro's performance during 2017 released yesterday showed a pretty good performance. Adaro's revenue rose 29 percent to $ 3.2 billion in 2017, from $ 2.5 billion in 2016. The cost of 2017 revenues also rose 15 percent to $ 2.1 billion from 2.5 billion. While on Wednesday 7 March 2018, ADRO's stock price opened up 1.28 percent to Rp. 2,360 per share. However, until the end of yesterday's trading, Adaro's shares fell considerably to the level of Rp. 2,160 per share or decrease to 7.9 percent. (Sugianto &amp; Dewi, 2018)</td>
</tr>
</tbody>
</table>

Based on Table 1, various cases that occur are increases and decreases in stock prices that are not in line with the profitability of the company. Some companies that were recorded showed a decrease in stock prices when the company's profitability increased. Meanwhile, other companies showed an increase in stock prices when the company's performance declined. Changes in stock prices will also influence firm value because stock market prices are a dividing factor at price to book ratio. Good profitability should be able to increase firm value because good profitability will also create a good judgment from the investor. To maintain the stability of firm values, there are several factors that need to be considered, namely...
institutional ownership, independent commissioners, firm size, and leverage. More and more institutional parties that invest in companies can help in monitoring the actions of company managers because institutional investors have more strong motivation to conduct tighter supervision of activities that occur within the company so that the information presented in financial statements is more reliable. This is in accordance with the results of the study which states that institutional ownership affects firm value (Thaharah & Asyik, 2016). The existence of independent commissioners is expected to minimize fraud within the company because independent commissioners function as dividers between shareholders and management, more and more independent commissioners are expected to increase the level of supervision integrity on the board of directors so that they represent the interests of stakeholders which will impact the higher firm value. This is in accordance with the research which says that independent commissioners have an effect on firm value (Sariri Muryati & Suardikha, 2014).

Firm size reflects how much total assets a company has. The total assets owned by the company illustrate capital, and the rights and obligations they have. The larger the firm size, it can be ascertained the greater the funds managed and the more complex the management. Large companies tend to get more attention from the wider community. Thus, usually large companies tend to maintain the stability and condition of the company. This is in line with research that states that firm size affects firm value (Prasetyorini, 2013). Leverage is a comparison of the number of long-term loans owned by the company with the number of assets owned by the company. The greater the level of leverage, the smaller the profit that will be distributed to shareholders so that it can reduce the share price in question. The decline in stock prices can be said that the company's performance is not good. This is in line with research that states that leverage affects firm value (Sholekah & Venusita, 2014).

2. Literature Review
2.1. Agency Theory
Agency theory, namely the relationship between the owner (principal) and management (agent). The agent has the authority to manage the company and make decisions on behalf of investors. Agency problem is the emergence of a conflict of interest between investor expectations (obtaining maximum returns) with the expectations of managers. Managers who are supposed to manage business organizations well so that the interests of optimal investors, in fact, often prioritize their own interests which are often referred to as moral hazard actions (Haryani, et al., 2011).

2.2. Signalling Theory
Signalling theory suggests how companies should provide signals to users of financial statements. Signals can be promotional or other information that states that the company is good than other companies (Jama'an, 2008). Signalling theory explains why companies have an incentive to provide financial statement information to external parties, because of information asymmetry between companies and outsiders. Lack of outside information about the company causes them to protect themselves by giving low prices to the company.
2.3. **Firm Value**

Theories in finance have one focus, namely maximizing the prosperity of shareholders or company owners. This normative goal can be realized by maximizing the firm value. For companies that have gone public, maximizing the firm market value is the same as maximizing stock market prices (Sudana, 2011). The manager's job in maximizing firm value is to maximize the value of the firm's stock. Whether or not this goal is achieved can be seen and measured from the stock price of the company in question from time to time. The advantage with increasing the value of the firm’s stock is that the firm will gain the trust of financial institutions (banks) to obtain loans with softer requirements and trust from suppliers (Kasmir, 2010).

\[
\text{Price to Book Value} = \frac{\text{Stock Price}}{\text{Book Value of Stocks}}
\]

2.4. **Profitability**

Profitability ratio is a ratio to assess a company's ability to look for profits or profits in a certain period. This ratio also provides a measure of the level of effectiveness of a company's management as indicated by profits generated from sales or from investment income. The company has good profitability if it is able to meet the predetermined profit target by using its assets or capital. High profitability is more important than big profits (Brigham & Houstan, 2011). Return On Assets is a measure of management effectiveness in managing its investment. Return on assets is a ratio that shows the return (return) on the amount of assets used in the company or a measure of management activity. The return on investment shows the productivity of all company funds, both own capital and loan capital. The greater the return on asset ratio means the more efficient the management of the company in managing the use of all company assets, or in other words with the same amount of assets can produce a large profit (Adi Putra & Lestari, 2016).

\[
\text{Return On Asset} = \frac{\text{Pre Tax Net Income}}{\text{Total Asset}}
\]

2.5. **Institutional Ownership**

Institutional ownership can be called institutional investors, often called sophisticated investors, meaning that institutional investors are more precise and faster in predicting future profits compared to non-institutional investors. Institutional ownership can increase firm value, by utilizing information, and being able to overcome agency conflicts which is supervised by institutional or institutional parties. Institutional investors have access to obtain more timely and relevant sources of information that can know that earnings management activities are faster and easier than individual investors (Setianto, 2016).

\[
\text{Institutional Ownership} = \frac{\sum \text{Institutional Stock}}{\sum \text{Circulating Stock}} \times 100\%
\]
2.6. Independent Commissioners
Independent Commissioners are commissioners who are not affiliated with other commissioners, board members and controlling shareholders. There are several missions carried out by independent commissioners to realize a healthy, clean and responsible business life. Independent Commissioners are proportional to the number of shares held by non-controlling shareholders. The provision is that the number of independent commissioners must be at least 30% of all commissioners (Samsul, 2006).

\[
\text{Independent Commissioners} = \frac{\text{Numbers of Independent Commissioners}}{\text{Number of All Commissioners}}
\]

2.7. Firm Size
Firm size is a characteristic of the company in relation to the structure of the company. Firm size is important in improving the company's financial performance. Firm size can describe the firm size indicated by total assets, sales, and market capitalization. The greater the total assets, sales, and capitalization, the greater the firm size. Firm size is an important factor to explain cash dividends. Companies that have large sizes will tend to have the ease of entering the capital market. This reduces the dependence of funds generated from within the company and allows higher levels of dividend payments (Heri, 2013).

\[
\text{Firm Size} = \ln(\text{Total Asset})
\]

2.8. Leverage
This ratio is the ratio used to measure the extent to which a company's assets are financed by debt. In other words, leverage ratio is a ratio used to measure how much debt burden a company must bear in order to fulfill assets. If the amount of the leverage ratio to assets is high, this of course will reduce the company's ability to obtain additional loans from creditors because it is feared that the company is unable to pay off its debts with its total assets (Heri, 2014).

\[
\text{Debt to Asset Ratio} = \frac{\text{Total Amount of Debt}}{\text{Total Asset}}
\]

2.9. Conceptual Framework
The conceptual framework in this study combines several factors that can affect the firm value through profitability, namely institutional ownership, independent commissioners, firm size and leverage. The conceptual framework is as follows:

2.10. Hypothesis
Based on theoretical and conceptual frameworks, the research hypothesis is as follows:

1. Institutional ownership, independent commissioner, and firm size partially have a positive effect on profitability
2. Leverage has a negative effect on profitability
3. Institutional Commissioners, Independent Commissioners, Firm Size partially have a positive effect on Firm Value
4. Leverage has a negative effect on Firm Value
5. Profitability is able to mediate the effect of Institutional Ownership, Independent Commissioner, Firm Size, and partial Leverage on Firm Value

3. **METHOD**

The type of research used is descriptive quantitative research. Descriptive research is carried out to explain, test the relationships between phenomena and determine the causality of the variables. Causality is a type of research with the aim of testing cause and effect between 2 (two) variables or more (Sunyoto, 2013).

3.1. **Location and Time of Research**

This research was conducted on non-financial companies listed on the Indonesia Stock Exchange for the period 2015-2017 obtained from internet media by downloading through the www.idx.co.id site to obtain data on published financial statements.

3.2. **Population and Samples**

The population in this study are all non-financial companies listed on the Indonesia Stock Exchange for the period 2015-2017. The sampling technique is using a non-probability sample approach with a sampling method that is purposive sampling.

<table>
<thead>
<tr>
<th>No</th>
<th>Information</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Study population: Non-Financial Companies listed on the Indonesia Stock Exchange for the period 2015-2017</td>
<td>475</td>
</tr>
</tbody>
</table>

Criteria:

1. Non-financial companies that do not publish annual financial statements in a row on the Indonesia Stock Exchange and the Company's Website for the period 2015-2017 (59)

2. Non-financial companies that suffered losses during the period 2015-2017 (172)

3. Non-financial companies that do not present financial statements in rupiah (IDR) (52)

4. Non-financial companies that do not have institutional ownership (5)

The company that became the Research Sample 187

Number of observations = 187 x 3 years 561
3.3. Data Analysis Method
In analyzing existing data, researchers used statistical analysis methods with the help of the SPSS25 program. Whereas to see the effect of the variables studied on the value of the company, the study used a linear regression analysis and path analysis method which first performed a classic test of the data used.

4. RESULT AND DISCUSSION
4.1. Descriptive Statistics
Descriptive statistics are used to give an overview of the data used in the study, so that the minimum, maximum, and average values of each variable used in this study can be seen as follows:

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firm Value</td>
<td>561</td>
<td>.11</td>
<td>9.80</td>
<td>2.0252</td>
<td>1.74772</td>
</tr>
<tr>
<td>Profitability</td>
<td>561</td>
<td>.00090</td>
<td>.12270</td>
<td>.0549684</td>
<td>.02812544</td>
</tr>
<tr>
<td>Institutional Ownership</td>
<td>561</td>
<td>40.10</td>
<td>93.25</td>
<td>66.4016</td>
<td>14.18079</td>
</tr>
<tr>
<td>Independent Commissioner</td>
<td>561</td>
<td>.20000000</td>
<td>.60000000</td>
<td>.3901118423</td>
<td>.08276596644</td>
</tr>
<tr>
<td>Firm Size</td>
<td>561</td>
<td>25.892292</td>
<td>31.395496</td>
<td>28.80530099</td>
<td>1.274029670</td>
</tr>
<tr>
<td>Leverage</td>
<td>561</td>
<td>.17</td>
<td>.70</td>
<td>.4356</td>
<td>.14643</td>
</tr>
</tbody>
</table>

Based on Table 3, the average value of the firm value of 2.025 shows that non-financial companies listed on the Stock Exchange in 2015-2017 which are sampled have a fairly good firm value, prospective investors can buy shares if the company's prospects are considered good. Profitability has an average value of 0.054 or 5.4%. This indicates that non-financial companies listed on the Stock Exchange in 2015-2017 are not classified as good because the number of assets owned by non-financial companies is not able to produce optimal profits. Institutional ownership has an average value of 66.40%, this indicates that the average share ownership of non-financial companies listed on the Stock Exchange in 2015-2017 is mostly owned by institutional parties. The independent commissioner has an average value of 0.39 or 39%. This indicates that the non-financial companies listed on the Stock Exchange in 2015-2017 have met the standards set by the government with at least 30% of independent commissioners. The firm size has an average value of Rp. 3,235,783,505,233 or if the natural algorithm produces a value of 28.80. This shows that the average non-financial company listed on the Stock Exchange in 2015-2017 has a high net worth to manage the company's operational activities that can be used to develop its business. Leverage has an average value of 0.435 or 43.56%. This shows that the average non-financial company listed on the Stock Exchange in 2015-2017 is classified as good because the amount of assets held is mostly financed by debt and is still relatively capable of paying off its obligations with assets owned.
4.2. **Coefficient of Determination (R²)**

Based on the test results obtained the adjusted R² results as shown in table 4 below:

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.260</td>
<td>.068</td>
<td>.061</td>
<td>.02704405</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.399</td>
<td>.160</td>
<td>.152</td>
<td>.81695</td>
</tr>
</tbody>
</table>

Based on the results in Table 4 above shows that the adjusted R² value obtained is 0.061 which means the effect of institutional ownership, independent commissioners, firm size and leverage of 6.1% can be explained to profitability while 93.9% is explained by other variables not examined in this research.

Based on the results in Table 4 above, it shows that the adjusted R² value obtained is 0.152, which means the effect of profitability, institutional ownership, independent commissioners, firm size and leverage of 15.2% can be explained against firm value while 93.9% is explained by other variables not examined in this study.

4.3. **F Test**

The test results (Statistic - F Test) can be seen in Table 5 below:

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.260</td>
<td>.068</td>
<td>.061</td>
<td>.02704405</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.399</td>
<td>.160</td>
<td>.152</td>
<td>.81695</td>
</tr>
</tbody>
</table>
Testing of Institutional Ownership, Independent Commissioners, Firm Size and Leverage on Profitability

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
</table>
| 1     | Regression     | .029| 4           | .007 | 10.013 | .000*
|       | Residual       | .404| 552         | .001 |       |
|       | Total          | .433| 556         |      |       |

Testing of Profitability, Institutional Ownership, Independent Commissioner, Firm Size and Leverage on Firm Value

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>69.827</td>
<td>5</td>
<td>13.965</td>
<td>20.925</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>367.743</td>
<td>551</td>
<td>.667</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>437.570</td>
<td>556</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on Table 5, significant values are smaller than 0.05 (0.000 <0.05) that indicates that institutional ownership, independent commissioners, firm size, and leverage simultaneously have a significant effect on profitability.

Based on Table 5, it can be seen that significant values are smaller than 0.05 (0.000 <0.05). It means that profitability, institutional ownership, independent commissioners, firm size, and leverage simultaneously have a significant effect on profitability.

4.4. Significant Partial Test (Statistical Test - t)

Table 6

Tests for Partial Statistical Tests (Test Statistics - t)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>-.063</td>
<td>.038</td>
<td>-1.635</td>
</tr>
<tr>
<td></td>
<td>Institutional_ownership</td>
<td>.013</td>
<td>.005</td>
<td>.099</td>
</tr>
<tr>
<td></td>
<td>Independent_Commissioners</td>
<td>1.903E-5</td>
<td>.005</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Firm_Size</td>
<td>.003</td>
<td>.001</td>
<td>.132</td>
</tr>
<tr>
<td></td>
<td>Leverage</td>
<td>-.043</td>
<td>.008</td>
<td>-.224</td>
</tr>
</tbody>
</table>

Testing of Profitability, Institutional Ownership, Independent Commissioner, Firm Size and Leverage on Firm Value

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>-6.028</td>
<td>1.162</td>
<td>-5.189</td>
</tr>
<tr>
<td></td>
<td>Profitability</td>
<td>10.353</td>
<td>1.286</td>
<td>.326</td>
</tr>
<tr>
<td></td>
<td>Institutional_ownership</td>
<td>.539</td>
<td>.163</td>
<td>.132</td>
</tr>
<tr>
<td></td>
<td>Independent_Commissioners</td>
<td>.027</td>
<td>.154</td>
<td>.007</td>
</tr>
<tr>
<td></td>
<td>Firm_Size</td>
<td>.121</td>
<td>.028</td>
<td>.173</td>
</tr>
<tr>
<td></td>
<td>Leverage</td>
<td>.231</td>
<td>.245</td>
<td>.038</td>
</tr>
</tbody>
</table>

Based on Table 6, institutional ownership, firm size have a positive effect on profitability, leverage variable has a negative effect on profitability because the
significance value is smaller than 0.05. While the independent commissioner variables have no effect on profitability because the significance value is greater than 0.05.

Based on table 6 it is also known that the variable profitability, institutional ownership, firm size have a positive effect on firm value because the significance value is smaller than 0.05. While the independent commissioner variable and leverage does not affect the firm value because the significance value is greater than 0.05.

4.5. **Path Analysis Testing**

Based on Table 6 above, the conceptual path analysis framework is formed by looking at the values of standardized coefficients as follows:

Through analysis which is carried out and illustrated on the conceptual framework above obtained results that show whether the profitability variable can mediate the effect of independent variables on the dependent variable.

**Table 7**

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Direct Effect (P1)</th>
<th>Non Direct Effect (P2X3)</th>
<th>Total Effect</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional Ownership</td>
<td>0.132</td>
<td>0.099 x 0.326 = 0.032</td>
<td>0.164</td>
<td>Not able to mediate</td>
</tr>
<tr>
<td>Independent Commissioner</td>
<td>0.007</td>
<td>0.000 x 0.326 = 0.000</td>
<td>0.007</td>
<td>Not able to mediate</td>
</tr>
<tr>
<td>Firm Size</td>
<td>0.038</td>
<td>0.132 x 0.326 = 0.043</td>
<td>0.081</td>
<td>Able to mediate</td>
</tr>
<tr>
<td>Leverage</td>
<td>0.173</td>
<td>-0.224 x 0.326 = -0.073</td>
<td>0.100</td>
<td>Not able to mediate</td>
</tr>
</tbody>
</table>

4.6. **Discussion**

**Effect of Institutional Ownership on Profitability**

This study shows that institutional ownership has a significant positive effect on profitability. The results of this study are in line with the research conducted (Suklimah & Setyarini, 2014) which states that institutional ownership has a positive effect on profitability. The more institutional ownership owned by the company is expected to increase supervision of the management so that the management can manage the company well so that the company's profitability increases.

**The Effect of Independent Commissioners on Profitability**
This study shows that independent commissioners have no effect on profitability. The results of this study are in line with the research conducted (Ratih & Setyarini, 2014) which states that independent commissioners have no effect on profitability. The relatively large number of independent commissioners within a company is expected to increase the effectiveness of the supervisory function of the company so that it will have an impact on increasing profitability. However, in this study the existence of independent commissioners is only as fulfillment of conditions in the company so that the supervisory activities carried out by independent commissioners have not been effective and the resulting profits are less than optimal.

**Effect of Firm Size on Profitability**
This study shows that firm size has a significant positive effect on profitability. The results of this study are in line with the research (Nurlaela, Melawati, & Wahyuningsih, 2016) which states that firm size has a positive effect on profitability. The size of a large company and having a large total asset will make the company have a good reputation in the eyes of investors. This means that management is managing its performance more carefully so that it will have an impact on increasing the company's profitability.

**The Effect of Leverage on Profitability**
This study shows that leverage has a significant negative effect on profitability. The results of this study are in line with research (Angga Pratama & Wiksuana, 2016) which states that leverage has a positive effect on profitability. The higher the leverage level of a company shows that the debt held by the company is higher than the assets owned. With the greater debt held by the company, it will have an impact on decreasing the profitability of the company.

**Effect of Institutional Ownership on Firm Values**
This study shows that institutional ownership has a significant positive effect on firm value. This result is in line with research (Sukirni, 2012) which states that institutional ownership has a positive effect on firm value. Owned institutional ownership provides a special role in supervision so that when supervision goes well the company's operational activities will be better. So, the institution believes that the movements carried out by the company will not take actions that are not in accordance with the value of the company in the eyes of institutional investors.

**Effect of Independent Commissioners on Firm Values**
This study shows that independent commissioners have no effect on firm value. This result is in line with the research (Nur 'Aini Putri, 2017) which states that independent commissioners do not influence firm value. This means that many or at least independent commissioners owned by the company only tend to conduct supervision to reduce fraudulent actions rather than aiming to increase firm value in the eyes of investors.

**Effect of Firm Size on Firm Values**
This study shows that firm size has a significant positive effect on firm value. This result is in line with research (Nurainia, 2012) which states that firm size has a positive effect on firm value. Large companies have a wider range of stakeholders, so that the policies taken have a greater impact on the public interest than small companies. Large firm size can be reflected if the company has a high commitment
to continuously improve its performance. The smaller firm size, the smaller the tendency to show the condition of the company that has a good performance so that investor is interested in investing in the company.

**The Effect of Leverage on Firm Values**

This study shows that leverage does not affect firm value. The results of this study are in line with the research (Nurainia, 2012) which states that it does not affect firm value. The results of this study indicate that the high or low level of leverage in a company, the management will still carry out acts of incompatibility with what is reported that is not true. Thus, the published financial statements look good in the eyes of investors so investors will be more interested in investing in the company. This results in large or low levels of leverage, investors will always see and assess that the company is in a good category.

**The Effect of Institutional Ownership on Firm Values with Profitability as an Intervening Variable**

This study shows that profitability is not able to mediate the influence of institutional ownership on firm value. This is not in line with the Invalid source specified research. which states that profitability acts as an intervening variable between institutional ownership and company value. The results of this study indicate that the size of institutional ownership only oversees management actions for operational activities with the intention of attracting investors due to good operational activities. The magnitude of supervision will give investors an idea that the company will be able to grow rapidly. Thus, the magnitude of institutional ownership is not to increase profits but attract the value of the company where the investors are. So, profitability is not able to act as an intervening variable.

**The Effect of Independent Commissioners on Firm Values with Profitability as Intervening Variables**

This study shows that profitability is not able to mediate the influence of independent commissioners on firm value. This is not in line with research (Ratih & Setyarini, 2014) which states that profitability is able to act as an intervening variable between independent commissioners and firm value. The results of this study indicate that independent commissioners cannot directly influence the value of the company due to the lack of effectiveness of independent commissioners in providing oversight functions to the company. But independent commissioners also do not influence indirectly by the independent commissioner so that they will not increase profitability and this makes the management take bad actions because the existence of independent commissioners is only a fulfillment of requirements in the company.

**Effect of Firm Size on Firm Values with Profitability as Intervening Variables**

This study shows that profitability is able to mediate the influence of firm size on firm value. This is not in line with research (Angga Pratama & Wiksana, 2016) which states that profitability is not capable of acting as an intervening variable between firm size and firm value. The results of this study indicate that firm size can directly affect the firm value because every large and small company wants to expand its business by publishing good financial statements with the aim of attracting investors to invest in the company so that the company can get the
expected funds. The greater the profitability generated will get a good response from investors, firm value increases.

**The Effect of Leverage on Firm Values with Profitability as an Intervening Variable**

This study shows that profitability is not able to mediate the influence of leverage on firm value. This is in line with research (Angga Pratama & Wiksuana, 2016) which states that profitability is not capable of acting as an intervening variable between leverage and firm value. The results of this study indicate that leverage cannot directly influence the value of the company because there are still many other ratios that can be considered by investors in investing. But leverage affects profitability, meaning that the amount of leverage can reduce company profits. The reduction in profits generated due to paying the company's debt does not make investors interested in investing in the company because investors do not only see the size of the company's debt but also the company's expansion and growth in the future.

5. **CONCLUSION, LIMITATION AND SUGGESTION**

5.1. **Conclusion**

From the description of the discussion above, it can be concluded that:

1. Simultaneously, institutional ownership variables, independent commissioners, firm size, and leverage affect profitability.
2. Simultaneously, institutional ownership variables, independent commissioners, firm size, leverage and profitability affect firm value.
3. Partially, institutional ownership variables and firm size have a positive effect on profitability, leverage variables have a negative effect on profitability, while independent commissioners have no effect on profitability.
4. Partially, the variable profitability, institutional ownership, and firm size have a positive effect on firm value, while independent commissioners and leverage have no effect on firm value.
5. Profitability is only able to mediate firm size against firm value.

5.2. **Research Limitation**

Current research has limitations that can be used as consideration for future research to obtain better results from this research beforehand. Following are the limitations in this study:

1. This study only uses independent variables, namely institutional ownership, independent commissioners, firm size, and leverage.
2. This study only uses intervening variables, namely profitability.
3. This research uses research objects, namely non-financial companies listed on the Indonesia Stock Exchange.
4. The research period is relatively short, only 3 years, namely 2015 to 2017.
5. Research uses secondary data so that data analysis is very dependent on the results of publication of data (company financial statements).

5.3. **Suggestions**
Based on the conclusions in this study, the suggestions that can be given are as follows:

1. In further research, it is expected to add research variables such as auditor quality. This is because external auditors have the ability to disclose all fraud that occurs in the company and have the competence to present and disclose financial statements fairly. A qualified auditor will convince investors and the public that the financial statements published reflect actual conditions so as to reduce the potential for fraud by management.

2. In further research, it is expected to be able to use more appropriate intervening variables and be able to act as mediating variables such as corporate social responsibility. This is because the higher the level of disclosure of corporate social responsibility of a company will attract the attention of investors due to an increase in demand for shares which will result in the company's value will also increase.

3. Further research should also be able to separate institutional ownership variables between domestic institutional parties and foreign institutions, with the aim of knowing which institutional ownership is greater in influencing the company's profitability.

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