

Abstract

The primary goal of the company is to maximize firm value. Firm value is investor perception of the company's success rate, it is often associated with stock prices. This research aims to examine the effect of insider ownership, leverage, profitability, firm size and dividend payout ratio towards the value of the company.

This research uses secondary data, of the manufacturing companies which listed on BEI with periods 2007-2010. Research sample of 12 manufacturing companies, where the method used is purposive sampling is a sampling method that takes an object with the specified criteria. Analysis of the data used to analyze the factors that affect firm value is multiple regression analysis and hypothesis test used the t-statistic for testing the partial regression coefficient and f-statistic to test the effect simultaneously at level of significant 5%.

The results of this research finds three independent variables have a significant effect on firm value and two independent variables have not significant effect on firm value. Three independent variables have significant effect on firm value in this research: (i) leverage is that of positive significant, (ii) profitability is that positive significant, (iii) dividend payout ratio is that positive significant. Two independent variables have not significant effect on firm value in this research: (i) insider ownership, (ii) firm size. All of these variables significantly affected the value simultaneously, with the sum of the effect was 19,4%.

Keywords : firm value, insider ownership, leverage, profitability, firm size and dividend payout ratio