# ABSTRACT

Lea Nathania / 38150059 / 2019 / The Impact of Profitability, Liquidity, Audit Quality, and Audit Committee on Firm Value in Manufacturing Firms Listed on Indonesian Stock Exchange for the Period of 2015-2017 / Advisor: Sugi Suhartono, S.E., M.Ak.

To achieve its short-term and long-term goals, the firm must maximize its value in order to attract investors to invest their capital into the firm’s equity. Firm performance is somehow reflected in financial ratios such as profitability, liquidity, etc and the components of good corporate governance such as the existance of audit committee. Audit quality may also have an impact on investor perception of the firm to improve their investment decision making. The purpose of this research is to determine the impact of profitability, liquidity, audit quality, and audit committee on firm value.

The grand theory for this research are agency theory and signal theory. Based on the concept of agency theory, management (as an agent) will be encouraged to obtain high profits so the investor confidence will be increase (as principal). With a good profitability, liquidity, audit quality and audit committee, the agency costs issued by the principal will be paid off. Based on the signal theory concept, with good corporate prospects, it becomes good news for investors so that it can attract investors to invest to the company so the value of the company will be increase.

The sample for this research are the manufacturing company listed on the Indonesia Stock Exchange (IDX) for the period 2015-2017 with sample are 44 per year so total of the sample are 132 companies. The sampling process uses non-probability sampling, which is purposive sampling method, with criterias set by the researcher. Firm value is calculated based on stock prices using Tobin’s Q.

In order to get the results from the sample size of 44 manufacturing firms, the researcher uses many data analysis techniques such as Pooling Test, Classical Assumptions Tests, Coefficient of Determination Test, The Simultaneous Significance Test (F-Test), Individual Parameter Significance Tes (t-Test), and Regression Analysis. The Simultaneous Significance Test result shows that profitability, liquidity, audit quality and audit committee have simultaneous impact on firm value. Individual Parameter Significance Tes (t Test) result shows that profitability and audit quality have a positive impact on firm value, liquidity have a negative impact on firm value, and audit committee have no impact on firm value.

From the results of this research, it can be concluded that profitability and audit quality have a positive impact on firm value, meanwhile audit committee have no impact on firm value. Another result regarding the impact of liquidity on firm value ends up in inconclusion.

Key Words: Firm Value, Tobin’s Q, Profitability, Liquidity,Audit Quality, Audit Committee