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THE ROLE OF PROFITABILITY IN MEDIATING THE EFFECT OF LEVERAGE, CORPORATE SIZE, AND GOOD CORPORATE GOVERNANCE ON COMPANY VALUES IN MANUFACTURING COMPANIES OF INDONESIA STOCK EXCHANGE

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ABSTRACT
Company performance is an important factor for investors that is used as a reference in making investment decisions. One of the considerations of investors in decision making can be seen from the value of the company. While the value of the company can be influenced by several factors including leverage, company size, GCG and profitability. The population of this study is manufacturing companies listed on the Stock Exchange for the period 2013-2018. The sample used in this study amounted to 30 companies using purposive sampling method. This study uses path analysis techniques (Path Analysis) and Sobel test. The results of this study found that leverage, size and profitability had a positive and significant effect on firm value. GCG has a negative and significant effect on company value. The results of the Sobel test in this study revealed that profitability is able to mediate leverage and GCG, but the different results that profitability still cannot mediate the size of the company.

KEY WORDS
Firm value, profitability, leverage, business.

Competition in the manufacturing industry is increasing so that each manufacturing company can improve its performance in order to achieve its goals. Every company certainly has a purpose. The purpose of establishing a company is to maximize the value of the company. The success of achieving these goals is an achievement for the management or it can be said that the company has a good performance. The higher the value of the company, the greater the investor's investment in the company. This achievement or performance assessment of a company will later be used as a basis for decision making. One way to find out the company's performance is sourced from financial statements. One of the objectives of the company according to the theory of the firm is to maximize the prosperity of the owners or shareholders through increasing the value of the company (Hermuningsih, 2013).

The value of the company is very important because of the high value of the company will be followed by the high prosperity of shareholders (Brigham, 2013). The higher the stock price the higher the value of the company. High corporate value is the desire of the owners of the company because with high value shows the prosperity of shareholders is also high. The wealth of shareholders and companies is presented by the market price of shares which is a reflection of investment decisions, funding (financing), and asset management. The value of the company according to (Brigham, 2013) can be measured by price to book value (PBV), which is a comparison between the price of shares and the book value per share. PBV can be interpreted as the result of a comparison between the stock market price and the stock book value. A high PBV will increase market confidence in company prospects and indicate high shareholder prosperity (Hermuningsih, 2013). Several factors can influence company value based on previous research conducted by (Hermuningsih, 2013), including profitability, leverage, company size, and good corporate governance (GCG). This was also supported by several previous studies (Grill and Obradovich, 2012 Prasetyorini, 2013 Maryam, 2014), Leverage (Cheng and Tzeng, 2011 Maryadi et al. 2012 Hermuningsih 2013), Company Size (Nurhayatin 2013), Good Corporate Governance (Agustia Dian 2013, M. Maria 2013), and Profitability (Grill and Obradovich, 2012 Hermuningsih, 2013).

The signal theory that supports this research on variable leverage, company size, and good corporate governance (GCG) is a signal theory (Signaling Theory). Signalling theory according to (Brigham and Houston 2013: 185) signals or signals is an action taken by the company to provide guidance for investors about how management views the company's prospects. This signal theory is based on the assumption that managers and shareholders do not have access to the same company information. Certain information is only known by managers, while shareholders do not know the information, so there is no symmetry of information between managers and shareholders. The main assumptions of this signal theory provide space for investors to know how the decisions to be made relate to the value of the company. The leverage ratio, profitability, company size, and GCG show changing values, this automatically provides information to investors in giving an assessment of the value of the company.

Based on the signal theory, profitability is one of the important information for investors who are expected to be able to analyze the development of corporate profits. The more profitable the company, it will provide a positive signal for investors so they can provide benefits from their investments. The more investors invest their funds in the company, then it will increase the value of the company. Profitability or profit is income minus expenses and losses during the reporting period. Profitability according to Brigham (2013), the ability of a company to earn profits for a certain period. Investors invest in a company to get a return. The higher the company's ability to make a profit, the greater the return expected by investors, so that it makes the value of the company better, this proves that profitability can affect the value of the company. This is also supported by several previous studies related to profitability with firm value, according to Hermuningsih (2013) that profitability has a positive and significant effect on firm value. Unlike the research conducted by Novianto (2013), it shows that profitability does not have a significant effect on firm value.

Profitability in this study is considered capable of mediating leverage, company size, and good corporate governance, this is also supported by several studies conducted by Hamidy (2015) showing the results that profitability is capable of mediating leverage, against companies, but different from research by Pratama (2016) that profitability is not able to mediate the influence of leverage, firm size on firm value. Based on the results that have not been consistently found in previous research on profitability against firm value, as well as the factors that influence company value, this study was conducted to reexamine by adding profitability as a mediating variable. Profitability measurement (Brigham, 2013) in this study is proxied through return on assets (ROA). Return on assets (ROA) is a measure of a company's effectiveness in generating profits by utilizing assets it has. ROA is measured by dividing net income after tax and total assets.

The second factor, which influences firm value according to (Brigham, 2013) is leverage. Leverage is a ratio that measures the ability of debt both long-term and short-term to finance company assets. According to Yuyetta (2017), leverage is an effect arising from the use of debt as a source of corporate funding, both short-term funding sources and long-term funding sources. The lower this ratio, the higher the level of corporate funding provided by shareholders. Every company has a different debt policy. Company value can also be influenced by the size of the leverage generated by the company. Leverage can be said that a financial ratio that measures how many companies are financed by using debt (Wiagustini, 2012: 76). The use of debt is expected to get a positive response from outside parties. So debt is a sign or positive signal to increase company value in the eyes of investors (Hanafi, 2013: 316). The use of too much debt is not good because it is feared that there will be a decrease in profits earned by the company. That is, the higher the value of leverage will describe the investment that is at high risk, while the small leverage will show that the investments made are at small risk (Analisa, 2011). Leverage is a picture of the use of debt of a company to finance the company's operations. Management of leverage is very important because decisions in the use of high debt can increase the value of the company due to a reduction in income tax

Based on the signal theory, the leverage variable is one of the factors that can provide important information for investors. Managers have confidence that the company's prospects are good, will increase stock prices, of course, managers want to communicate this to investors. Managers can use more debt, which later acts as a more trusted signal. Companies that increase debt can be seen as companies that have better prospects in the future. Investors are expected to capture the signal, a signal that indicates that the company has prospective prospects in the future. One of the proxy measures for leverage is the Debt to Equity Ratio (DER).

Based on the explanation above that debt is a sign or positive signal from the company. Leverage has a positive effect on firm value, this has been supported by several studies. Research conducted by Dewi and Tarnia (2013) that leverage has a positive effect on firm value, whereas research conducted by Cheng and Tzeng (2013) states that leverage has a positive effect on company value and is supported by Maryadi (2013), but according to Mahendra, Artini, and Suarjana (2013) leverage has a negative effect on firm value. This statement is also supported by the research of Odongo, Leonard and Moketeli (2014) which states that leverage has a significant negative effect on firm value.

The third factor, which affects the value of the company according to (Brigham, 2013) is the size of the company (size). The size of the company is the size and size of a company that can be seen through the amount of equity, sales and total assets of the company. The company's larger total assets can illustrate that the company has reached its maturity stage. Companies that are already in the middle stage, the company has positive cash flow and is expected to achieve profitable aspects in a relatively long period of time. Rai and Merta (2016) say that the size of the total assets and capital used by the company is a reflection of the size of the company. The size of the company will affect the ability to bear the risks that may arise from various situations faced by the company. Large companies have lower risks than small companies. Large companies have better control of market conditions, so they are able to face economic competition. In addition, large companies have more resources to increase the value of the company because they have better access to external information sources compared to small companies (prasetyorini, 2013).

Company size contributes to the level of investor confidence. The bigger the company, the better it is known by the community, which means it is easier to get information that will increase the value of the company. Large companies that have large enough assets can attract investors to invest in the company. Company size is seen from the total assets owned by the company, which can be used for company operations. Proxies are used on variable size companies using Natural Logarithms (Ln) of total assets. The amount of the total assets of each company varies even has a large difference so that it can cause extreme values. Based on the explanation above that the value of the company is influenced by the size of the company, this is also supported by several previous studies. The research that has been conducted by Prasetyorini (2013) in the basic industrial and chemical sectors, gives the result that the size of the company has a positive effect on firm value. Increased company value can be characterized by total assets that have increased and greater than the amount of debt.

The fourth factor, which affects the value of the company according to (Brigham, 2013) is Good Corporate Governance (GCG). Good Corporate Governance (GCG) is a system, process, and set of rules that regulate relations between related parties (stakeholders) especially in the narrow sense of the relationship between shareholders, the board of commissioners, and the board of directors for the achievement of company goals (Juniarti, 2013). The principles of Good Corporate Governance include 5 (five) principles, namely transparency, independence, accountability, responsibility, fairness. The main parties in the company's governance are shareholders, management, and the board of directors. Other stakeholders include employees, suppliers, customers, banks, and other creditors, regulators, the environment and the community.

Good Corporate Governance, in this case, is a factor that can affect the value of the company. According to Agustina (2013) GCG can affect the value of the company, including: (1) the high awareness of the company to implement good corporate governance (GCG) as a need, not just compliance with existing regulations, (2) company management interested in the long-term benefits of implementing good corporate governance (GCG), (3) increasing share ownership by management and institutional investors causes greater pressure on companies to implement good corporate governance, (4) the existence of the board of commissioners and audit committees in companies can monitor companies in implementing good corporate governance (GCG), (5) cultural elements that develop in the national business environment strongly support the development of the application of good corporate governance (GCG). Several previous studies that supported that good corporate governance (GCG) had an effect on the value of the company, Retno and Priantinah (2013) that good corporate governance has a significant positive effect on firm value. Unlike the research conducted by Sari and Riduan (2013) that the variables of good corporate governance (GCG) have a significant negative effect on firm value.

This research was conducted in manufacturing companies in the period 2013-2017, there is a phenomenon in manufacturing companies in Indonesia regarding the value of the company, with the increase in profitability seen from the increase in company net income each year from 2013-2017, but the increase in profits does not automatically increase the value of the company . This shows the profitability of manufacturing companies that from year to year continues to increase; this is presented in the following table:

Table 1 – Average Company Value Ratio in Manufacturing Companies for period of 2013-2015

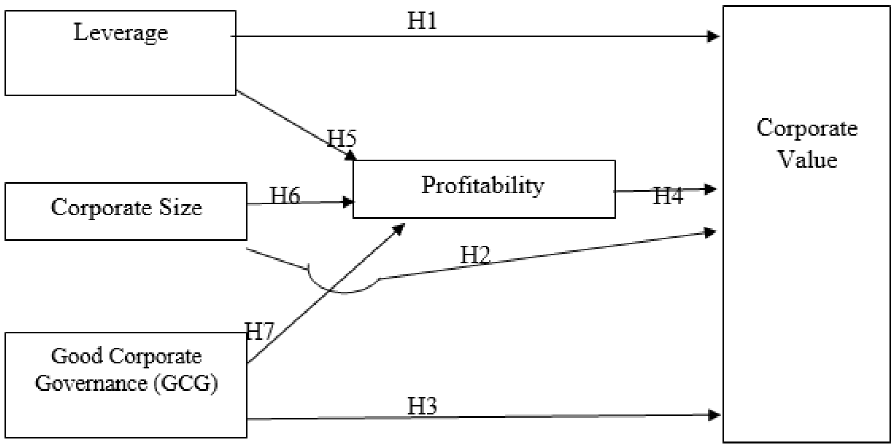
Period	Leverage	Company Size	Profit	Company Value
2013	0.93	14.83	8.64 %	3.45
2014	0.93	14.84	8.63 %	3.45
2015	0.93	14.85	8.66 %	3.46
2016	0.92	14.85	8.70 %	3.47
2017	0.92	14.86	8.72 %	3.47

Source: www.idx.co.id, 2018.

Based on Table 1, obtained from www.idx.co.id proves that leverage, company size, profitability in manufacturing companies has increased from year to year, but this does not affect the increase significantly in the value of the company. Based on the above phenomena and previous studies and different results, the researchers want to reexamine the influence of leverage, company size, GCG on firm value and profitability as a role in mediating.

LITERATURE REVIEW

Brigham and Daves (2014: 19) company value is money that investors are willing to spend when the company is sold. Corporate value can also be interpreted as a certain situation that has been achieved by the company after going through an activation process for several years. Olivia Tjia & Lulu S. (2012) signal theory is a theory that discusses the encouragement of companies to disclose information to external parties because there is information asymmetry between management and external parties. To reduce the asymmetry, companies need to disclose information that is owned, both financial and non-financial information. Profitability is the result of net income from a series of policies and decisions that show the combined effect of liquidity policy, asset management and debt management on operating results (Brigham and Daves, 2014). Debt to Equity Ratio (DER) is one of the leverage ratios that describe the extent to which the owner's capital can cover debts to external parties (Sofyan Syafri Haraphap, 2013: 303). The smaller the ratio the better. For the security of outside parties the best ratio if the amount of capital is greater than the amount of debt, but for shareholders, it should be large. The size of the company can be expressed in total assets, sales and market capitalization. The greater the total assets, sales and market capitalization, the greater the size of the company. These three variables are used to determine the size of the company because it can represent how big the company is. The greater the assets, the more capital invested, the more sales, the more money will be circulated and the greater the market capitalization, the greater will be known in the community. In general, there are five basic principles of good corporate governance, namely Transparency, Accountability, Responsibility, Independence, and Fairness.



Figrue 1 – Research Framework

H1: Leverage has a positive effect on company value;
H2: Company size has a positive effect on firm value;
H3: Good corporate governance has a positive effect on company value;
H4: Profitability has a positive effect on company value;
H5: Leverage has a positive effect on profitability;
H6: Company size has a positive effect on profitability;
H7: Good Corporate Governance has a positive effect on profitability;
H8: Leverage has a positive effect on firm value mediated by profitability;
H9: Company size has a positive effect on firm value mediated by profitability;
H10: Good Corporate Governance has a positive effect on company value mediated by profitability.

METHODS OF RESEARCH

This study uses an associative quantitative approach. This associative research design aims to determine the relationship between variables, as well as causality. The type of associative research was chosen because the objectives to be achieved included efforts to explain the relationship and the influence that occurred between the variables studied by collecting data through secondary data using the annual financial statements of companies listed on the Indonesia Stock Exchange accessed through the website address www.idx.co.id

The time of research began in 2013 to 2017 in manufacturing companies listing on the Indonesia Stock Exchange. This research was begun to measure the leverage variable, company size, good corporate governance (GCG) on company value mediated by profitability. The research process is a plan and structure of investigations that are made in such a way as expressed in the hypothesis, each - each will be described in the appropriate indicator and then becomes an item in the instrument research Data is collected through observations followed by test validity and reliability.

The measurement method that is in accordance with the design of this study is Path Analysis. Path analysis used in this study is to use regression analysis to estimate causality between variables (causal models) that have been predetermined based on theory.

The population in this study are all manufacturing companies listed on the Indonesia Stock Exchange. The total population is 30 manufacturing companies; the sampling technique used is purposive sampling. The criteria used in this study are:

- Manufacturing companies listed on the Indonesia Stock Exchange in 2013-2017;
- Manufacturing companies publish complete financial statements from 2013-2017 in a row;

- Manufacturing companies that have positive profitability in the 2013-2017 study period, positive ROA data collection is expected to avoid outliner results.

Based on these criteria, the number of samples from this study can be explained in Table 2 below:

Table 2 – Sampling Process

Criteria	Value
Manufacturing companies listed on the Indonesia Stock Exchange in 2013-2017.	109
Manufacturing companies publish complete financial statements from 2013-2017 in a row.	80
Manufacturing companies that have positive ROA, complete GCG reports and successively in 2013-2017.	30
From 2013-2017	5 Year

Source: www.idx.co.id, 2018.

In Table 2 it can be seen that the sample in this study amounted to 30 companies.

RESULTS OF STUDY

Descriptive statistics of research data are used to provide information about the characteristics of variable disclosure leverage, company size, good corporate governance (GCG), profitability, company value which includes the average value, maximum value and standard deviation. Descriptive statistics of this research variable are presented in Table 3.

Table 3 – Results of Statistical Descriptive Analysis

Statistics

		Ln_Aset	DER	GCG	ROA	PBV
N	Valid	150	150	150	150	150
	Missing	0	0	0	0	0
Mean		14.56600	.93887	23.43000	6.07747	1.34453
Std. Error of Mean		.126249	.087984	.103952	.322108	.096822
Median		14.55000	.64500	24.00000	6.11000	.90500
Mode		14.550	.900	24.000	7.380	1.550
Std. Deviation		1.546232	1.077578	1.273148	3.945005	1.185816
Variance		2.391	1.161	1.621	15.563	1.406
Range		6.600	7.320	4.500	18.750	5.600
Minimum		11.800	.080	20.000	.090	.010
Maximum		18.400	7.400	24.500	18.840	5.610
Sum		2184.900	140.830	3514.500	911.620	201.680

Source: Data processed, 2018.

Table 3 above shows that the Leverage variable has an average value of 0.93887 or 93.88%. The minimum value is 0.080 (8%) and the maximum value is 7.40 (7.4%). The average value shows that manufacturing companies in Indonesia have a fairly high risk of company liquidity. This value identifies that the company funding provided to pay the obligation is 90% of the total capital.

The size of the company has an average value of 14.56600 (14.57%). Minimum value of 11,800 (11.80%) and a maximum value of 18,400 (19.40%). The average value shows that manufacturing companies during the period 2013-2017 are still quite good in the development of the company which is seen at 14.57%.

The variable Good Corporate Governance (GCG) reveals that GCG has an average value of 23.43000 (23.43%). Minimum value of 20,000 (20%) and maximum value of 24,500 (24.50%). The average value shows that manufacturing companies during the period 2013-2017 for now, have implemented a good practice of good corporate governance at 23.43%. This shows an awareness that GCG practices in manufacturing companies still need to be improved.

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Reporting on the results of the Structure 1 Regression analysis is used to determine the path coefficient and its significance from the influence of the Company Size, DER and GCG variables on PBV. Reporting the results of the analysis is presented in Table 4.

Table 4 – Reporting of the Structure 1 Regression Analysis

ROA = 0,148 Ln_Aset -0,405 DER 0,218 GCG
SE = 0,186 0,266 0,225
T = 2,030 -5,569 2,997
Sig = 0,044 0,000 0,003
R^2 = 0,229; F = 14,448 Sig=0,000

Source: Data processed, 2018.

Reporting on the results of the Structure 2 Regression analysis is used to find out the path coefficient and its significance from the influence of Company Measure variables, DER, GCG, and ROA on PBV. Reporting on the results of the analysis is presented in Table 5.

Table 5 – Reporting of the Structure 2 Regression Analysis

PBV = 0,336Ln_Aset + 0,162 DER -0,139 GCG + 0,635 ROA
SE = 0,046 0,071 0,056 0,020
T = 5,638 2,508 -2,293 9,501
Sig = 0,000 0,013 0,023 0,000
R^2 = 0,501; F = 36,405 Sig=0,000

Source: Data processed, 2018.

Based on the reporting of Regression 1 Analysis results in Table 5, a structural equation can be made and the path coefficients of the influence of firm size variables, DER and GCG on ROA are as follows:

ROA = 0,148 Ln_Aset - 0,405 DER + 0,218 GCG

Based on the reporting of Regression Analysis 2 results in Table 6, structural equations and path coefficients can be made to influence the variables of firm size, DER, GCG, and ROA on PBV as follows:

PBV = 0,336Ln_Aset + 0,162 DER - 0,139 GCG + 0,635 ROA

Based on the two equations above, it can be determined the magnitude of the existing path coefficients, both direct influence, indirect influence and total influence as presented in Table 6.

Table 6 – Direct and Indirect influence

Path	*Direct effect*	*Indirect Effect*	*Total Effect*
Company Size-PBV	0,336	0,094	0,43
Leverage – PBV	0,162	-0,257	0,095
GCG-PBV	-0,139	0,138	-0,001
ROA-PBV	0,635		0,635
Company Size -ROA	0,148		0,148
Leverage – ROA	-0,405		-0,405
GCG – ROA	0,218		0,218

Source: Data processed, 2018.

Based on the R^2 value of the 1st Structure Regression equation of 0.229 and R^2 Value of the Regression equation for Structure 2 the value of e1 can be calculated and the Total Terminated value is as follows:

$$e1 = \sqrt{(1 - 0{,}229)} = 0{,}878$$

$$e2 = \sqrt{(1 - 0{,}501)} = 0{,}706$$

The Total Determination Coefficient values are as follows:

$$R^2 = 1 – (0{,}229 \times 0{,}706) = 0{,}838$$

The value of R^2 is 0.838, meaning that the information contained in the data is 83.8% can be explained by the model, while the rest is explained by other variables and errors.

Based on the results of data analysis in Table 4, it is obtained that the variable size of the company has a significant effect on ROA. This is indicated by the significance value of the T-test of 0.04 which is below 0.05. leverage and GCG variables have a significant effect on ROA, this is indicated by the results of the significance of the t-test for each variable below 0.05.

Based on the results of reporting the results of Regression Analysis Structure 2 in Table 5, it was found that the variables of leverage, company size, GCG, and ROA had a significant effect on PBV. This is indicated by the significance value of the T-test all below 0.05.

The significance test of the *indirect effect* was tested using the Sobel Test. The Sobel Test results from each indirect influence in the model are as follows:

Effect of leverage variables on firm value through profitability. Based on the reporting of the results of the regression analysis of structure 1 and structure 2 the values of a = 0.405; Sa = 0.166; b = 0.635 and Sb = 0.020. This value is included in the Sobel formula will get a Z value of 2.4314. The Z value of 2.4314 is greater than 1.96 so it can be concluded that profitability is able to significantly mediate the influence of leverage on firm value.

Effect of Company Size variables on firm value through Profitability. Based on the reporting of the results of the regression analysis of structure 1 and structure 2, a value of = 0.148; Sa = 0.186; b = 0.635 and Sb = 0.020. If the value is entered into the Sobel formula, it will get a Z value of 0.7951. The Z value of 0.7951 is smaller than 1.96 so it can be concluded that profitability is not able to significantly mediate the influence of firm size on firm value.

Effect of good corporate governance (GCG) variables on firm value through profitability. Based on the reporting of the results of the regression analysis of structure 1 and structure 2, the values of a = 0.218; Sa = 0.105; b = 0.635 and Sb = 0.020. This value is included in the Sobel formula will get a Z value of 2.0707. The Z value of 2.0707 is greater than 1.96 so it can be concluded that profitability is able to significantly mediate the effect of good corporate governance (GCG) on firm value.

DISCUSSION OF RESULTS

Effect of leverage on company value on manufacturing companies listed on the Stock Exchange for the period 2013-2017. The results of this study were conducted at manufacturing companies in the period 2013-2017 that leverage has a positive effect on firm value. The results of this study are in line with the results of research that has been done previously by Cheng and Tzeng (2011), Maryadi, et al (2012), Ugwuanyi (2012) and Hermuningsih (2013) which states that leverage has a positive and significant effect on the value of enterprises. The positive direction means that the higher the leverage, the higher the value of the company obtained.

Effect of company size on the firm value on manufacturing companies listed on the Stock Exchange for the period 2013-2017. The results of this study indicate that the size of the company has a significant positive effect on the value of the company in manufacturing companies listed on the Stock Exchange for the period 2013-2017. The results of this study support the second hypothesis, namely the size of the company has a positive and significant effect on the value of the company in manufacturing listed on the Stock Exchange for the period 2013-2017. Positive direction shows that the size of the company increases, the value of the company increases too. The results of this study are in line with the results of research from Gill and Obradovich (2013), Prasetyorini (2013) and Maryam (2014).

Effect of Good Corporate Governance on company value in manufacturing companies listed on the Stock Exchange for the period 2013-2017. The results of this study indicate that GCG has a significant negative effect on firm value. The lower the value of the GCG index in the company is considered still not able to significantly influence the value of the company. Some things that can cause GCG have not been able to increase the value of the company: (1) lack of corporate awareness to implement GCG as a requirement not just compliance with existing regulations, (2) company management does not understand the benefits of implementing GCG in a long time. The results of this study are in line with the research previously conducted by Febhiant and Setyaningrum (2013) who found GCG had a negative effect on firm value.

Effect of profitability on company value on manufacturing companies listed on the Stock Exchange for the period 2013-2017. The results of this study showed that profitability has a significant positive effect on the value of the company in manufacturing companies listed on the Stock Exchange for the period 2013-2017. The results of this study are in accordance with the fourth hypothesis which means that the fourth hypothesis is accepted. Positive direction shows that if profitability increases, the value of the company increases too. High profitability reflects the future prospects of a good company so that investors are interested in investing which will later increase the company's stock price so that it increases the value of the company. The results of this study are consistent with research conducted by Pratama and Wiksuana (2016) Senda (2013), Sudiani (2016) Gill and Obradovich (2013), and Hermuningsih (2013) which states that profitability has a positive effect on the value of enterprises.

Effect of leverage on Profitability in Manufacturing companies listed on the IDX for the period 2013-2017. The results of this study indicate that leverage has a negative effect on profitability and significance in manufacturing companies in the period 2013-2017. The results of this study are also supported by the presence of research conducted previously by Maryadi (2013), Artini, and Suarjana (2013) leverage has a negative effect on profitability. This statement is also supported by the research of Odongo, Leonard and Moketeli (2014) which states that leverage has a significant negative effect on profitability. The higher the leverage held by the company, the smaller the company's profitability, but also shows that high leverage is supported by the development of the company but also affects the level of profitability the company has.

Effect of company size on profitability in manufacturing companies listed on the Stock Exchange for the period 2013-2017. The results of this study indicate that the size of the company has a positive and significant effect on profitability in manufacturing companies listed on the Stock Exchange for the period 2013-2017. The results of this study support the fourth hypothesis, namely the size of the company has a positive effect on profitability. Positive direction means that the higher the size of the company, the profitability of a company will increase, this will affect the level of perceptions of investors in investing. The larger the size of the company, this is a positive response by investors shows that the company is developing, and is considered capable of providing high profits when investors invest in the company's funds. The results of this study were also conducted by (Hansen and Juniarti, 2014) and Niresh and Velnampy (2014) stating that firm size has a significant positive effect on profitability.

The influence of good corporate governance on profitability in manufacturing companies listed on the IDX for the period 2013-2017. Based on the hypothesis testing that has been done, it can be seen that GCG has a significant positive effect on indicators of profitability in manufacturing sector companies. GCG shows that the higher the score, the higher the level of profitability. The higher the GCG score of a company is considered to be able to increase the profitability of the company because investors judge that the company has good governance that can meet the wishes of the shareholders. These results support the statement of Azha Maksum (2005) which states that with the implementation of GCG, the decision-making process will take place better so that it will produce optimal decisions, can increase efficiency and achieve a healthier work culture.

The influence of leverage on company value mediated by profitability in manufacturing companies listed on the Stock Exchange for the period 2013-2017. The Sobel test results show that profitability is able to mediate the influence of leverage on the value of firms in manufacturing companies listed on the Stock Exchange for the period 2013-2017. The effect of leverage on firm value is smaller (0.162) than indirect influence through mediating profitability (2,431). It was concluded that profitability is able to mediate the influence of leverage on firm value. The greater the level of leverage owned by the company shows that the company is developing and requires very large funds for operational activities so that the leverage owned by the company increases. The more leverage the company has, this can increase investor confidence in investing funds. The higher leverage owned by the company is also supported by the company's operational activities such as increased production or sales. The higher the sales results, the higher the profit the company will have so that it will increase the value of the company. The results of this test previously showed a significant positive effect between leverage on company value, a positive significant between leverage on profitability and a significant positive between profitability and firm value.

The influence of company size on company value mediated by profitability in manufacturing companies listed on the Stock Exchange for the period 2013-2017. The Sobel test results indicate that profitability is not able to mediate the influence of firm size on the value of the company in the manufacturing companies listed on the IDX for the period 2013-2017. The direct effect of firm size on firm value is greater (0.336) than indirect influence through mediating profitability (0.094). The size of the company can be concluded that profitability is not able to reduce the influence of firm size on firm value. The greater the size of the company owned with the level of profitability, this also cannot support that will increase the value of the company. The previous test results showed a significant positive effect between firm size on firm value, a positive significant between firm size and profitability and a significant positive between profitability and firm value. The results of this study are in line with the results of research conducted by Pratama (2016) that profitability is not able to mediate the size of the company against firm value.

The influence of good corporate governance on the value of companies mediated by profitability in manufacturing companies listed on the Stock Exchange for the 2013-2017 period. The results of the Sobel test show that profitability is able to mediate the effect of good corporate governance (GCG) on the value of firms in manufacturing companies listed on the IDX for the period 2013-2017. The effect of GCG on firm value is smaller (-0.139) than indirect effects through mediating profitability (2,0707). So that it can be concluded that profitability is able to mediate the influence of GCG on firm value. The greater the level of the GCG index owned by the company, this will provide investor confidence that the company is considered capable of managing the company in accordance with the wishes of the shareholders. The higher the level of GCG index that is owned by the company, it is able to signal to investors to invest their funds into the company, this will tend to increase the stock price owned by the company and will increase the profitability of the company so that it will increase the value of the company. The results of this test previously showed a significant negative effect between GCG on company value, and a significant positive result between GCG and profitability and a significant positive between profitability and firm value.

CONCLUSION AND SUGGESTIONS

Leverage has a positive and significant effect on the firm value on manufacturing sector companies in the Indonesia Stock Exchange for the period 2013-2017. The higher the leverage, the greater the operational funds the company has to invest in producing for the company. This can increase the company's ability to make a profit.

The size of the company has a positive and significant effect on the value of the company in the manufacturing sector companies listed on the Indonesia Stock Exchange in the period 2013-2017. The size of the company can be seen the greater the assets owned by the company shows that the company is experiencing development, so it is considered able to attract investors to invest so that the company can increase.

Good Corporate Governance has a negative and significant effect on company value in manufacturing sector companies listed on the Indonesia Stock Exchange in the period 2013-2017, this proves that the role of GCG is still very low so that GCG needs to be improved in a company, with this investor can see the performance of a company in accordance with the principles of GCG, transparency, fairness, accountability, sterility and accountability so that it will attract many investors to invest so that it will increase the value of the company.

Profitability has a positive and significant effect on company value, in manufacturing sector companies listed on the Indonesia Stock Exchange in the period 2013-2017, this shows that the higher the profitability that the company has will increase investor confidence, that the company is considered higher so that it will increase the value of the company.

Leverage has a negative and significant effect on profitability in manufacturing sector companies listed on the Indonesia Stock Exchange in the period 2013-2017. Companies with high debt usage levels, the lower the level of profit received by the company, because the company prioritizes the payment of its debt.

Company size has a positive and significant effect on profitability in manufacturing sector companies listed on the Indonesia Stock Exchange in the period 2013-2017. Companies that have high assets, the company is experiencing development so that the funds used for operations will also increase so that it will affect the profitability of the company.

Good Corporate Governance (GCG) has a positive and significant effect on profitability in manufacturing companies listed on the Indonesia Stock Exchange in the period 2013-2017. Companies that have good governance, will be considered able to attract investors to invest so that more investors to invest will increase the profit that the company has.

Profitability is able to mediate the influence of leverage on firm value in manufacturing companies listed on the Indonesia Stock Exchange for the period 2013-2017. It is considered that the greater the leverage, the smaller the profit that will be received by the company, but that, seen by investors, the company is developing supported by increasing the value of sales or production of the company so that the company's profits also increase and can meet the company's obligations, so can reduce the company's leverage value.

Profitability is not able to mediate the influence of the size of the company on manufacturing companies listed on the Indonesia Stock Exchange for the period 2013-2017. This is considered by the existence of additional profitability variables or the ability of companies to earn profits not able to influence the size of the company in increasing the value of the company.

Profitability is able to mediate the influence of GCG on manufacturing companies listed on the Indonesia Stock Exchange for the period 2013-2017. This is considered by the existence of additional profitability variables or the ability of the company to obtain profits can affect GCG in increasing the value of the company.

For the companies listed on the IDX manufacturing companies listed on the Stock Exchange are advised to pay attention to leverage, company size and GCG and profitability so that when the three variables are very helpful to increase the value of the company in the eyes of investors.

This research is limited to examining the variables of leverage, company size, profitability and firm value. It is suggested to the next researcher to add other variables such as investment decisions that have not been included in this study in order to expand and deepen this research. In order to get results comparison results, researchers are expected to add to the research period or change the sample used.

The results of this study can be used as a material consideration and are expected to provide benefits for investment decision making in the capital market by looking at several factors that can be used to analyze leverage, company size, GCG, profitability and company value in manufacturing companies in Indonesia.

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