

Research Article

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The Role of Dividend Policy in Mediating the Influence of Profitability, Leverage, And Liquidity on Company Value in Manufacturing Companies on the IDX

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Abstract: *This research aims to observe the role of Dividend Policy in mediating the influence of Profitability, Leverage and Liquidity on Company Value on the Indonesian Stock Exchange (BEI). This research is a type of quantitative research that tests causal relationships between variables. The data used is secondary data in the form of financial reports obtained from the official website of the Indonesia Stock Exchange and related companies using documentation methods. The objects studied are manufacturing companies listed on the Indonesia Stock Exchange in 2018-2022. The samples used were taken using a purposive sampling method, totaling 297 observation samples from 107 companies. Data analysis was carried out using multiple linear regression and Sobel tests assisted by EvIEWS 12 software. Based on the findings from research that has been conducted, it shows that: (1) profitability has a significant positive effect on company value, (2) profitability has a significant positive effect on dividend policy, (3) leverage has a significant negative effect on company value, (4) leverage has no effect on dividend policy, (5) liquidity has no effect on company value, (6) liquidity has a significant positive effect on dividend policy, (7) dividend policy has a significant positive effect on company value, (8) dividend policy is able to mediate the effect of profitability on company value, (9) dividend policy is not able to mediate the effect of leverage on company value, (10) dividend policy is able to mediate the effect of liquidity on company value. The results of this research can be used as a reference by management in the decision-making process for the company, as well as considerations in making investment decisions by investors.*

Keywords: *Company Value, Dividend Policy, Profitability, Leverage, Liquidity.*

Introduction

A business entity certainly has goals that the shareholders (owners) and management want to achieve. Shareholders want profits from their business as well as higher returns on invested capital so that it can provide additional capital and prosperity for shareholders. Management wants to achieve profit targets so that it can become an achievement and measure of management's success in carrying out business processes and vice versa. This achievement becomes the basis for investors' assessment of the value of a company and can increase trust in management (Ningrum, 2022:2). Franita (2018) defines company value as the price that prospective buyers are willing to pay if the company is sold (share price). Shareholders certainly want high company value, because high company value indicates high shareholder prosperity.

In this regard, there are interesting events to observe regarding index price movements of companies operating in the manufacturing business sector. During the period 25 January 2021-2023, the JCI generally strengthened, reaching 9.64%. This strengthening was in line with the IDXCYCLIC index which increased quite significantly, reaching 14.10%. This condition is different from the other two indices, IDXNONCYCLIC actually weakened to -1.54% and IDXBASIC fell further to reach -7.55%. This event shows an interesting thing because there is a gap in the movement of manufacturing company stock prices which is shown by variations in the growth patterns of related sectoral indices so that factors that can influence company value need to be studied more deeply. Irawan & Widayati (2022) explained that

profitability, leverage and dividend policy were identified as the three main drivers of company value. Liquidity also has an influence in determining company value and is closely related to profitability, leverage and dividend policy (Sari, 2020).

Literature Review

Agency Theory

According to Jensen & Meckling (1976), agency theory reveals the granting of authority by principals (shareholders) to agents (company management) to carry out company operations in accordance with the agreement. Agents have the authority to carry out company activities and make decisions, this results in managers having more information than shareholders (information asymmetry), thus creating obstacles in ensuring the welfare of the principal and triggering agency costs (Cindy & Ardini, 2023).

Company Value

According to Harmono in (Dotulong et al., 2023) stated that company value is the price that each prospective buyer (potential investor) is willing to pay for the company. Company value is considered an indicator in measuring a company before finally deciding to invest. Anggita & Andayani (2022) and Dotulong et al. (2023) stated that company value describes certain conditions that the company has succeeded in achieving and is a reflection of public trust in the company. Company value is closely related to the share price that investors believe is the fair value of the company of a particular issuer.

Dividend Policy

Dividend policy relates to the company's decision whether profits accumulated at the end of the year will be distributed as dividends to investors or allocated as retained earnings as capital to be invested in the future and the specified amount (Toni & Silvia, 2021:17). Eka et al. (2023) stated that basically a company does not have an obligation to distribute dividends to investors, but related to investor expectations in receiving dividends will reduce investor confidence.

Profitability

Eka et.al (2023); Sari et al. (2022); and Dotulong et al. (2023) explain that profitability is the ability of a company to generate profits at certain levels of sales, assets and equity capital. The increase in profits generated by a company is considered to be directly proportional to the increase in profits for investors, so companies always try to increase their profitability in order to attract market interest in their shares and increase the value of the company. In the condition of a company that has large profit potential, investors will also have greater expectations of investment returns (Irawan & Widayati, 2022).

Leverage

Leverage is the use of assets and sources of funds (source of funds) by a company that has fixed costs (fixed expenses). This means that the source of the funds comes from loans that have interest as a fixed expense (Susesti & Wahyuningtyas, 2022). Eka et.al (2023) explain that debt is a company's financial obligation or capital obligation to other parties to meet their investment needs.

Liquidity

According to Ningrum (2022:3) liquidity is the company's ability to fulfill its short-term obligations in a timely manner. A company's failure to pay its short-term debt can lead to bankruptcy. A company with a small liquidity ratio indicates that it has small current assets to pay its short-term obligations, however if the liquidity ratio is too large it can also indicate a lack of effective cash and inventory management (Fajaria & Isnalita, 2018).

The Effect of Profitability on Company Value

Profitability relates to a company's ability to generate profits at certain levels of sales, assets and equity (Eka et al., 2023). Investors tend to be interested in companies that have a high and consistent level of profitability because it indicates the manager's success in generating profits from efficient operational activities. The profits generated by the company can be additional capital for the company to develop its business and increase prosperity for its shareholders. Thus, companies that have a high level of profitability will give rise to investor confidence that the company will grow bigger in the future and increase prosperity for itself (Irawan & Widayati, 2022). Investor confidence in this will increase company value which is reflected in an increase in the company's share price.

H1: Profitability has a positive effect on company value.

The Influence of Profitability on Dividend Policy

Based on the profits accumulated at the end of the year, the company management will determine that these profits will be distributed as dividends to investors or allocated as retained earnings as capital to be invested in the future along with the amount (Toni & Silvia, 2021:17). This means that the profit accumulated at the end of the year is a source for the company in determining the decision to distribute cash dividends. So, the greater the profits generated by the company, the greater the possibility of the company distributing large dividends to its shareholders.

H2: Profitability has a positive effect on dividend policy.

The Effect of Leverage on Company Value

The use of high levels of debt can create a risk of default by the company and may even go bankrupt. So, the use of debt is certainly carried out by managers with full consideration and confidence that the company will develop well in the future. Thus, signal theory states that high use of debt is considered a positive signal for investors, because it means that management dares to guarantee itself in the company's investment process and has confidence that the company has good prospects in the future (Hanafi, 2016: 316). So, the higher the level of debt use by the company, investors will consider it as a sign that the company has good prospects for the future and will make the company's shares attractive to many investors and will increase the value of the company which is reflected in an increase in the company's share price.

H3: Leverage has a positive effect on company value.

The Influence of Leverage on Dividend Policy

Based on the profits accumulated at the end of the year, the company will determine whether the results will be distributed as dividends or retained as additional capital to fulfill investment activities. Companies tend to prioritize the company's investment interests compared to distributing dividends to investors in accordance with the residual dividend theory which says that the company will determine its

dividend policy after all profitable investments have been financed (Hanafi, 2016: 372). However, this can cause problems with fluctuations in the amount of dividend distribution which can be viewed negatively by investors. So companies use debt as a source of funds to meet their investment needs (Eka, et al., 2023). If the company uses debt to meet investment needs, then the profits accumulated at the end of the year can be distributed as dividends to investors.

H4: Leverage has a positive effect on dividend policy.

The Effect of Liquidity on Company Value

Liquidity is related to the company's ability to fulfill its short-term obligations with its current assets (Anggita & Andayani, 2022). If the company experiences default, it has the potential to go bankrupt. This is certainly something that investors do not want. On the other hand, good liquidity conditions indicate that the company is able to avoid bankruptcy from the possibility of defaulting on its short-term debt. If the company is able to reduce the risk of bankruptcy, it will increase investor confidence in the company. So the higher the company's liquidity, the greater the company's value in the eyes of investors, which is reflected in an increase in share prices. This is supported by the opinion of Sari, et al. (2022) that a company that has high liquidity will be directly proportional to the level of investor confidence in that company.

H5: Liquidity has a positive effect on company value.

The Influence of Liquidity on Dividend Policy

Liquidity is a company's ability to meet its short-term obligations and provides an overview of the company's current assets. A company that is in a high liquidity condition means that it has greater current assets than its current liabilities (Ningrum, 2022:3). One of the components included in current assets is cash. If the company has large amounts of cash, then the company can distribute dividends to investors. This is because the dividend policy is considered by the company as cash out of current assets (Toni & Silvia, 2021). So the higher the company's liquidity, the company can distribute its cash in the form of cash dividends to shareholders in large amounts.

H6: Liquidity has a positive effect on dividend policy.

The Effect of Dividend Policy on Company Value

One form of profit for investors obtained from investing in company shares is dividends (profit sharing from the company). The greater the dividends distributed by the company to investors, the greater the prosperity for investors. In this case, investors like the investment profits obtained in the present through dividend payments because they can be held or owned directly by the investor. In accordance with the bird in the hand theory, according to investors, receiving dividends can reduce uncertainty because they can be grasped directly rather than uncertain future profits (Hanafi, 2016: 366). So the greater the dividend paid, the greater the value of the company in the eyes of investors because the uncertainty of investment returns is reduced which has an impact on increasing the company's share price.

H7: Dividend policy has a positive effect on company value

The Role of Dividend Policy in Mediating the Effect of Profitability on Company Value

Based on the profits accumulated at the end of the year, company management will determine whether these profits will be distributed as dividends to investors or allocated as retained earnings as capital to be invested in the future, along with the amount (Toni & Silvia, 2021:17). The greater the profit generated

by the company, the company can pay larger dividends. According to the bird in the hand theory, receiving large dividends is considered by investors to reduce uncertainty because they can be grasped directly rather than uncertain future profits (Hanafi, 2016: 366). So large dividend payments will increase the company's value in the eyes of investors which is reflected in an increase in share prices.

H8: Dividend policy is able to mediate the effect of profitability on company value

The Role of Dividend Policy in Mediating the Effect of Leverage on Company Value

Based on the profits accumulated at the end of the year, company management will determine whether these profits will be distributed as dividends to investors or allocated as retained earnings as capital to be invested in the future, along with the amount (Toni & Silvia, 2021:17). If the company's investment needs are funded using debt, then the profits accumulated at the end of the year can be distributed to investors in large amounts. According to the bird in the hand theory, receiving large dividends is considered by investors to reduce uncertainty because they can be grasped directly rather than uncertain future profits (Hanafi, 2016: 366). So large dividend payments will increase the company's value in the eyes of investors which is reflected in an increase in share prices.

H9: Dividend policy is able to mediate the effect of leverage on company value.

The Role of Dividend Policy in Mediating the Effect of Liquidity on Company Value

A company that is in a high liquidity condition means that it has greater current assets than its current liabilities (Ningrum, 2022:3). One of the components included in current assets is cash. If the company has large amounts of cash, then the company can distribute large dividends to investors. This is because the dividend policy is considered by the company as cash out of current assets (Toni & Silvia, 2021). According to the bird in the hand theory, receiving large dividends is considered by investors to reduce uncertainty because they can be grasped directly rather than uncertain future profits (Hanafi, 2016: 366). So large dividend payments will increase the company's value in the eyes of investors which is reflected in an increase in share prices.

H10: Dividend policy is able to mediate the effect of liquidity on firm value.

Method

This research is research that uses a quantitative approach, which means using data in the form of numbers (Vulandari et al., 2021:2). The type of money data used according to the source is secondary data obtained indirectly or through intermediaries (Cindy & Ardini, 2023). The data in question are financial reports of the population of manufacturing companies listed on the Indonesia Stock Exchange (BEI) for the 2018-2022 period sourced from the official website of the IDX and related companies. The sampling process was carried out using a purposive sampling method so that 297 observation samples were obtained from 107 companies. The data analysis process was carried out using multiple linear regression analysis and Sobel test assisted by the Eviews 12 software tool. This research model can be seen as follows:

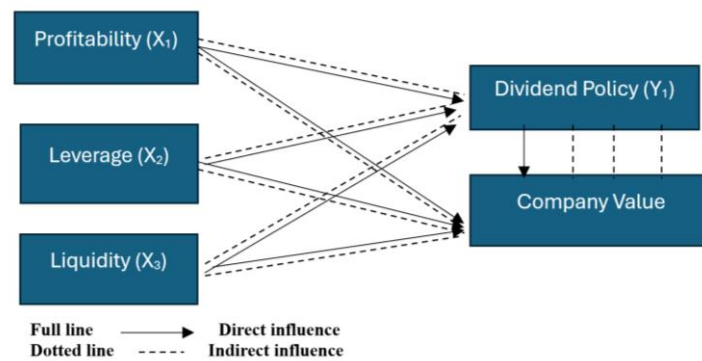


Figure 1. Research Model

Operational Definition

Company Value

Company value is closely related to the share price which investors believe is the fair value of the company of a particular issuer (Anggita & Andayani, 2022). So the company value variable is proxied by PBV.

$$PBV = \frac{Price}{Book Value}$$

Profitability

Profitability is the ability of a company to generate profits at certain levels of sales, assets and equity. So, profitability can be measured by ROE (Return on Equity) (Hanafi, 2016:42).

$$ROE = \frac{Earning After Taxes}{Equity}$$

Leverage

Leverage is a ratio that reflects the relationship between debt and equity (Hariyani & Kurnia, 2023). So, leverage can be measured by DER (Debt to Equity Ratio) (Syahwildan et al., 2023).

$$DER = \frac{Total Debt}{Equity}$$

Liquidity

Liquidity is the company's ability to fulfill its short-term obligations with current assets as measured by CR (Current Ratio) (Hanafi, 2016:37).

$$CR = \frac{Current Asset}{Current Liability}$$

Dividend Policy

Dividend payments to investors are measured by the DPR ratio (Dividend Payout Ratio) which describes the proportion of dividends distributed from the profits generated (Hanafi, 2016:45)

$$DPR = \frac{Dividend per share}{Earning per share}$$

Data Analysis Tools

a. Regression Equations

This research uses stepwise linear regression analysis to test the model with intervening variables, with the help of software in the form of Eviews version 11, so that the regression equation in this research is as follows:

$$Y_1 = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + e \dots\dots\dots \text{equation 1}$$

$$Y_2 = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + b_4Y_1 + e \dots\dots \text{equation 2}$$

Where:

b_0	=	constant
b_1, b_2, b_3, b_4	=	Regression coefficient
e	=	Standard error
Y_1	=	Divident Police
Y_2	=	Company value
X_1	=	Profitability
X_2	=	Leverage
X_3	=	Liquidity

b. Sobel Test

Abu-Bader & Jones (2021) explain that the Sobel test is used to test a hypothesis which contains the relationship between the independent variable (X) and the dependent variable (Y/Y2) mediated by a third variable (Z/Y1), in other words testing the indirect influence of variable X on variable Y through variable Z.

Results and Discussion

The research objects aimed at in this research are manufacturing companies listed on the Indonesia Stock Exchange (BEI) in the 2018-2022 period. The number of companies in the 2018-2022 period varies every year due to the addition of new companies listed on the stock exchange and reductions due to delisting. In 2018 there were 165 companies recorded, in 2019 there were 181 companies recorded, in 2020 there were 194 companies recorded, in 2021 there were 213 companies recorded, and in 2022 there were 229 companies recorded with a total during the 2018-2022 period of 982 population observations. The sampling process is carried out using the method purposive sampling leaving a total of 297 observation samples. The sample then becomes data that is analyzed, thus showing the following results:

Descriptive Statistical Analysis

Table 1 Results of Descriptive Statistical Analysis

	PBV (Y2)	DPR (Y1)	ROE (X1)	DER (X2)	CR (X3)
Mean	2.073285	0.416484	0.121029	0.667425	2.703034
Median	1.458590	0.325440	0.103200	0.529320	2.162390
Maximum	8.150150	1.956720	0.527340	1.946570	8.105030
Minimum	0.105950	0.015550	0.008640	0.063870	0.809420

Std. Dev.	1.718012	0.300058	0.076121	0.440326	1.647481
Observations	297	297	297	297	297

Source: Research Data Processing, Eviews Output 12, 2024

Table 1 shows that the company value variable proxied by PBV (Y2) has a minimum value of 0.105950 and a maximum value of 8.150150, with an average of 2.073285 and a standard deviation value of 1.718012. The results of the descriptive statistics also show that the standard deviation value is smaller than the average value ($1.718012 < 2.073285$) which means that the sample data on the related variables tends to be centralized or homogeneous and has a low deviation.

The dividend policy variable proxied by DPR (Y1) has a minimum value of 0.015550 and a maximum value of 1.956720, with an average of 0.416484 and a standard deviation value of 0.300058. The results of the descriptive statistics also show that the standard deviation value is smaller than the average value ($0.300058 < 0.416484$) which means that the sample data on the related variables tends to be centralized or homogeneous and has a low deviation.

The profitability variable which is proxied by ROE (X1) has a minimum value of 0.008640 and a maximum value of 0.527340. with an average of 0.121029 and a standard deviation value of 0.076121. The results of the descriptive statistics also show that the standard deviation value is smaller than the average value ($0.076121 < 0.121029$) which means that the sample data on the related variables tends to be centralized or homogeneous and has a low deviation.

The leverage variable proxied by DER (X2) has a minimum value of 0.063870 and a maximum value of 1.946570. with an average of 0.667425 and a standard deviation value of 0.440326. The standard deviation value is smaller than the average value ($0.440326 < 0.667425$) which means that the sample data on the related variable tends to be centralized or homogeneous and has a low deviation.

The liquidity variable proxied by CR (X3) has a minimum value of 0.809420 and a maximum value of 8.105030. with an average of 2.703034 and a standard deviation value of 1.647481. The standard deviation value is smaller than the average value ($1.647481 < 2.703034$) which means that the sample data on the related variable tends to be centralized or homogeneous and has a low deviation.

Model Selection Test

a. Test Chow

According to Algifari (2021:44) Chow Test is used to determine the most appropriate model between CEM and FEM

Table 2. Chow Test Results

Equation 1			Equation 2		
Effects Test	Statistic	Prob.		Statistic	Prob.
Cross-section F	8.491641	0.0000	Cross-section F	6.361221	0.000
Cross-section Chi-square	522.771401	0.0000	Cross-section Chi-square	454.862108	0.000

Source: Research Data Processing, Eviews Output 12, 2024

Table 2 shows the Chi-Square Cross-section Statistics value of 522.771401 with a probability value of 0.0000. It is known that the probability value is smaller than the significance level of 0.05 ($0.0000 < 0.05$), so the model chosen for equation 1 is the Fixed Effect Model. Meanwhile, the equation shows the Chi-Square Cross-section Statistics value of 454.862108 with a probability value of 0.0000. It is known that the probability value is smaller than the significance level of 0.05 ($0.0000 < 0.05$), so the model chosen for equation 2 is the Fixed Effect Model.

b. Hausman test

According to Algifari (2021:48) the Hausman Test determines the most appropriate model between FEM and REM.

Table 3. Hausman Test Result

Equation 1			Equation 2		
<i>Test Summary</i>	<i>Chi-Sq. Statistic</i>	<i>Prob.</i>	<i>Test Summary</i>	<i>Chi-Sq. Statistic</i>	<i>Prob.</i>
<i>Cross-section random</i>	5.600656	0.1327	<i>Cross-section random</i>	9.209933	0.0561

Source: Research Data Processing, Eviews Output 12, 2024

In table 3. it shows that in equation 1 the Chi-Square Statistics value is 5.600656 with a probability value of 0.1327. It is known that the probability value is greater than the significance level of 0.05 ($0.1327 > 0.05$), so the model chosen for equation 1 is the Random Effect Model. Meanwhile in equation 2, the Chi-Square Statistics value is 9.209933 with a probability value of 0.0561. It is known that the probability value is greater than the significance level of 0.05 ($0.0561 > 0.05$), so the model chosen for equation 2 is the Random Effect Model.

Classical Assumption Test

The results of the model estimation tests that have been carried out show that the selected model is the Random Effect Model (REM). This means that the research was carried out using the Generalized Least Square (GLS) method. This method has been considered to be able to overcome the problem of heteroscedasticity and is different from the Ordinary Least Square (OLS) method used in the Common Effect Model (CEM) and Fixed Effect Model (FEM). So, if the selected model is REM then there is no need to test classical assumptions anymore because the model is already an efficient model (Algifari, 2021:51).

Hypothesis Testing

Table 4 below summarizes the regression results in equation 1.

Table 4. Results of Multiple Linear Regression Analysis Equation 1

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.225560	0.069810	3.231033	0.0014
ROE	0.623263	0.205261	3.036440	0.0026
DER	-0.034691	0.050913	-0.681371	0.4962
CR	0.045531	0.012417	3.666974	0.0003

F-statistic	10.12329			0.000002
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Dependent variable: Dividend

Source: Research Data Processing, Eviews Output 12, 2024

Based on table 4, we can see the results of hypothesis testing as follows:

1. Based on the F test that has been carried out, the results show that equation 1 has an F-statistic value of 10.12329 with a probability value of 0.000002 which is smaller than the significance level ($0.000002 < 0.05$), so that the model can be declared worthy of research.
2. The coefficient value of the profitability variable is 0.623263, with a probability of 0.0026, meaning that the effect of profitability on dividend policy is significantly positive, so the second hypothesis (H2) is accepted
3. The coefficient value of the leverage variable is -0.034691 with a probability of 0.4962, indicating that leverage has no influence on dividend policy, so the fourth hypothesis (H4) is rejected.
4. The coefficient value of the liquidity variable is 0.045531 with a probability of 0.0003, indicating that liquidity has a significant positive influence on dividend policy, so the sixth hypothesis (H6) is accepted.

Table 5 below summarizes the regression results in equation 2.

Table 5. Results of Multiple Linear Regression Analysis Equation 2

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.051727	0.351789	2.989654	0.0030
ROE	9.257181	1.047130	8.840529	0.0000
DER	-0.501798	0.251389	-1.996103	0.0469
CR	-0.050252	0.063410	-0.792496	0.4287
DPR	0.735791	0.283913	2.591605	0.0100
F-statistic	25.50668			0.000000

Dependent variable: Company Value

Source: Research Data Processing, Eviews Output 12, 2024

Based on table 5, we can see the results of hypothesis testing as follows:

1. Based on the F test that has been carried out, the results show that equation 2 has an F-statistic value of 25.50668 with a probability value of 0.000000 which is smaller than the significance level ($0.000000 < 0.05$), so that the model can be declared worthy of research.
2. The coefficient value of the profitability variable is 9.257181 with a probability of 0.0000, indicating that profitability has a significant positive influence on company value, so the first hypothesis (H1) is accepted.
3. The coefficient value of the leverage variable is -0.51798 with a probability of 0.0469, indicating that leverage has a significant negative influence on company value, so the third hypothesis (H3) is rejected.
4. The coefficient value of the liquidity variable is -0.050252 with a significance level of 0.4287, indicating that liquidity has no effect on company value, so the fifth hypothesis (H5) is rejected.
5. The dividend policy coefficient value is 0.735791 with a significance level of 0.0100, indicating that dividend policy has a significant positive influence on company value, so the seventh hypothesis (H7) is accepted.

Sobel Test

To find out whether a variable mediates the influence of the independent variable on the dependent variable, the Sobel test can be used.

Testing is carried out using the Sobel formula, namely: $Z = \frac{ab}{\sqrt{(b^2 SE_a^2) + (a^2 SE_b^2)}}$

- a. The role of dividend policy in mediating the effect of profitability on company value.

Sobel Test Hypothesis 8

$$Z = \frac{(0,623263) \times (0,735791)}{\sqrt{(0,735791^2 \times 0,205261^2) + (0,623263^2 \times 0,283913^2)}} = \frac{0,458591}{0,232637} = 1,97172$$

The results of these calculations show that the t-count of the mediation relationship is 1.971272. This value is greater than the t-table with a significance level of 0.05, namely 1.650 ($1.9712272 > 1.650$), which means it has a significant mediation relationship. So it can be interpreted that dividend policy (Y1) is able to mediate the effect of profitability (X1) on company value (Y2) and the eighth hypothesis (H8) is accepted.

- b. The role of dividend policy in mediating the effect of profitability on company value.

Sobel Test Hypothesis 9

$$Z = \frac{(-0,034691) \times (0,735791)}{\sqrt{(0,735791^2 \times 0,050913^2) + (-0,034691^2 \times 0,283913^2)}} = \frac{-0,025525}{0,038716} = -0,659288$$

The results of these calculations show that the t-count of the mediation relationship is 2.118841. This value is greater than the t-table with a significance level of 0.05, namely 1.650 ($2.118841 > 1.650$), which means it has a significant mediation relationship. So it can be interpreted that dividend policy (Y1) is able to mediate the effect of Leverage (X3) on company value (Y2) and the tenth hypothesis (H9) is accepted.

- c. The role of dividend policy in mediating the effect of profitability on company value.

Sobel Test Hypothesis 10

$$Z = \frac{(0,045531) \times (0,735791)}{\sqrt{(0,735791^2 \times 0,012417^2) + (0,045531^2 \times 0,283913^2)}} = \frac{0,033501}{0,015811} = 2,118841$$

The results of these calculations show that the t-count of the mediation relationship is 2.118841. This value is greater than the t-table with a significance level of 0.05, namely 1.650 ($2.118841 > 1.650$), which means it has a significant mediation relationship. So it can be interpreted that dividend policy (Y1) is able to mediate the effect of liquidity (X3) on company value (Y2) and the tenth hypothesis (H10) is accepted.

Table 6. Test Results for Determination Coefficient Equation 1

R-squared	0.093917
Adjusted R-squared	0.084639

Source: Research Data Processing, Eviews Output 12, 2024

Table 6 shows the coefficient of determination (Adjusted R-squared) from equation 1, namely 0.084639. This indicates that the independent variables used in this equation can only explain 8.46% of the dependent variable, while the remaining 91.54% needs to be explained by other variables that are not included in this research.

Table 7. Coefficient of Determination Test Results for Equation 2

R-squared	0.258934
Adjusted R-squared	0.248782

Source: Research Data Processing, Eviews Output 12, 2024

Table 7 shows the coefficient of determination (Adjusted R-squared) from equation 2, namely 0.248782. This indicates that the independent variables used in this equation can only explain 24.87% of the dependent variable, while the remaining 74.13% needs to be explained by other variables that are not included in this research.

The influence of profitability on company value

The increase in profits generated by a company is considered to be directly proportional to the increase in profits for investors (Eka et.al, 2023). Thus, a company that has a high level of profitability will give rise to investor confidence that the company will experience growth in the future and increase prosperity for itself. These results are in line with the findings of several previous studies conducted by Susesti & Wahyuningtyas (2022); Siagian, Asrini, & Wijoyo (2022); Anggita & Andayani (2022) concluded that profitability has a significant positive effect on company value.

The influence of profitability on dividend policy

Based on the profits accumulated at the end of the year, the company management will determine that these profits will be distributed as dividends to investors or allocated as retained earnings as capital to be invested in the future along with the amount (Toni & Silvia, 2021:17). This means that the profit accumulated at the end of the year is a source for the company in determining the decision to distribute cash dividends. These results are in line with the findings of several previous studies conducted by Yulianwar, Wiyono, & Maulida (2023); Syahwildan, Purnomo, & Purnamasari (2023); Nurmadi, Novietta, & Nasution (2023) concluded that profitability has a significant positive effect on dividend policy.

The effect of leverage on company value

The high value of the company along with the low amount of company debt as proxied by the debt to equity ratio (DER) shows that investors tend to view debt that is too large as a risk, rather than as a factor that brings profits. The Trade-Off approach pays attention to one important thing, namely that the higher the level of debt, the higher the likelihood of bankruptcy (Hanafi, 2016: 309). These results are in line with the findings of several previous studies conducted by Susesti & Wahyuningtyas (2022); Cindy & Ardini

(2023); Susilomurti & Sunarto (2022) concluded that leverage has a significant negative effect on company value.

The effect of leverage on dividend policy

These findings show that leverage has no relationship with the company's policy in distributing dividends because leverage is not directly related to the company's considerations in distributing cash dividends to its investors. Management considers dividend policy based on profits accumulated at the end of the current year period (Toni & Silvia, 2021:17). This is regardless of the investment process using internal or external funding sources. These results are in line with the findings of several previous studies conducted by Nainggolan & Wahyudi (2023); Yulianwar, Wiyono, & Maulida (2023); Syahwildan, Purnomo, & Purnamasari (2023) concluded that leverage has no effect on dividend policy.

The effect of liquidity on company value

Liquidity does not have a direct influence on company value because the level of liquidity has two assumptions in the eyes of investors. The first assumption is the level of company liquidity which can show the company's ability to avoid the risk of bankruptcy from its ability to pay short-term debt (Ningrum, 2022:3). The second assumption, the higher the level of liquidity actually indicates the high level of unused (idle) current assets which the company should be able to manage effectively and efficiently in investment activities to improve financial performance (Fajaria & Isnalita, 2018). So investors cannot directly assess whether the company's liquidity level is good or bad. These results are in line with the findings of several previous studies conducted by Prihanta, Hapsari, Santoso, & Wibowo (2023); Pasaribu, Toni, & Simorangkir (2021); Sari (2020) concluded that liquidity has no effect on company value.

The influence of liquidity on dividend policy

Low liquidity conditions can indicate that the company holds less cash and distributes smaller dividends, and vice versa. If the company has large amounts of cash, then the company can distribute dividends to investors because the dividend policy is considered by the company as cash out of current assets (Toni & Silvia, 2021). These results are in line with the findings of several previous studies conducted by Nainggolan & Wahyudi (2023); Yulianwar, Wiyono, & Maulida (2023); Wulandari (2023) concluded that liquidity has a significant positive effect on dividend policy.

The influence of dividend policy on company value

Investors like the investment profits obtained in the present through dividend payments because they can be held or owned directly by the investor (Pratiwi, et al., 2023). In accordance with the bird in the hand theory, according to investors, receiving dividends can reduce uncertainty because they can be grasped directly rather than uncertain future profits (Hanafi, 2016: 366). These results are in line with the findings of several previous studies conducted by Putri, Seswandi, & Burhan (2023); Susilomurti & Sunarto (2022); Sari, et al. (2022) who concluded that dividend policy had a significant positive effect on company value

The role of dividend policy in mediating the effect of profitability on company value

Based on the profits accumulated at the end of the year, the company management will determine that these profits will be distributed as dividends to investors or allocated as retained earnings as capital to be invested in the future along with the amount (Toni & Silvia, 2021:17). Investors like large investment

profits obtained in the present through dividend payments because they can be held or owned directly by investors rather than profits obtained in the future but are uncertain. These results are in line with the findings of several previous studies conducted by Khasbulloh et al. (2023); Maryanti et al. (2023); Pertiwi & Dewati (2022) concluded that dividend policy is able to mediate the effect of profitability on company value.

The role of dividend policy in mediating the effect of leverage on firm value

Dividend policy cannot mediate the effect of leverage on company value because dividend policy has nothing to do with leverage. Dividends distributed to investors are based on the profits accumulated at the end of the year (Toni & Silvia, 2021:17). This determination is made regardless of whether the source of investment funds used is internal funds or external funds. These results are in line with the findings of several previous studies conducted by Irawan & Widayati (2022); Putri et al. (2023) who concluded that dividend policy was unable to mediate the effect of leverage on company value.

The role of dividend policy in mediating the effect of liquidity on company value

When a company has high liquidity and then distributes large amounts of dividends, investors can interpret the company's liquidity conditions with good judgment. High dividend payments to investors bridge investors in interpreting the company's high liquidity condition as the ability to fulfill its short-term obligations as well as the company's effectiveness and efficiency in investing its current assets well. These results are in line with the findings of several previous studies conducted by Khasbulloh et al. (2023); Subekti et al. (2022) who concluded that dividend policy was able to mediate the effect of liquidity on company value.

Closing

Conclusion

Based on the results of the analysis, the following conclusions can be drawn:

- a. Profitability has a significant positive influence on company value and dividend policy.
- b. Leverage has a significant negative influence on company value, but leverage has no influence on dividend policy.
- c. Liquidity has no influence on company value. But on dividend policy, liquidity has a significant positive influence.
- d. Dividend policy has a significant positive influence on company value.
- e. Dividend policy is able to mediate the effect of profitability on company value.
- f. Dividend policy is unable to mediate the effect of leverage on company value.
- g. Dividend policy is able to mediate the effect of liquidity on company value.

Suggestion

Based on the results of the research that has been carried out, there are several suggestions that researchers can convey, as follows:

1. Suggestions for companies
 - a. Companies need to continue to be effective and efficient in the investment process in order to gain high profits for the company. This is because company profitability is one of the important factors that drives company growth.

- b. Companies need to consider the level of use of debt as a source of company funding to avoid the risk of bankruptcy.
 - c. Policies regarding company liquidity need to be regulated proportionally in order to optimize short-term investment in the company.
 - d. The distribution of cash dividends to investors needs to be done consistently as a form of accountability for company performance to shareholders.
2. Advice for investors

Before investing in a company, investors need to do in-depth research. The research carried out needs to consider various aspects with the aim of not referring to just a few indicators in order to consider risk factors and potential benefits objectively.
 3. Suggestions for future research
 - a. Future research needs to carry out further exploration using other variables outside this research. This aims to contribute to enriching scientific references on the topic of company value.
 - b. Future research can expand the research object and extend the observation period in order to obtain a larger number of samples and research results that are closer to the conditions of the existing population.

Research Limitations

This research certainly cannot be considered perfect because there are still many limitations and shortcomings, including:

1. This research only tests the causal relationship of 3 independent variables, namely profitability, leverage and liquidity on the dependent variable company value with the mediating variable dividend policy.
2. The number of samples studied was only around 107 companies from the total population of issuers listed on the IDX because it only focused on manufacturing company objects.
3. The observation period carried out also only covers a sample of five years, namely 2018-2022.

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