Kontigensi: Jurnal Ilmiah Manajemen
Vol 11 , No. 2 December 2023, pp. 458-472
ISSN 2088-4877

Dividend Policy Mediates the Effect of Financial Performance on Firm Value (Study on Manufacturing Companies on the IDX)

[1]Zessicha Belliana Putri, [2]Khuzaini, [3]Suhermin
[1,2,3]Department of Management, Sekolah Tinggi Ilmu Ekonomi Indonesia Surabaya
E-mail: zessichabelliana06348@gmail.com, khuzaini@stiesia.ac.id, suhermin@stiesia.ac.id

DOI: https://doi.org/10.56457/jimk.v11i2.364

Received: May 2023	Accepted: November 2023	Published: December 2023

ABSTRACT

This study aimed to examine the effect of financial performance on firm value, with dividend policy as an intervening variable (A Study at Manufacturing Companies in Indonesia Stock Exchange). The population was manufacturing companies listed on IndonesiaStock Exchange from 2016-up to 2020. Furthermore, the data collection techniqueused purposive sampling with 72 companies as the sample. The data used were secondary, in companies' annual reports. Thedata analysis technique used SEM-PLS with Smart PLS 3.0. The analysis result from measurement models (outer model) through internal consistency test, convergent and discriminant validity showed that all variables had fulfilled the testing requirements. Based on the model structure (inner model), path coefficient analysis with bootstrapping and determinant coefficient test was used to perceive either relation or ability of exogenous variables in describing endogen variables. In addition, the hypothesis test concluded thatliquidity, leverage, activities, and profitability had a significantly positive effect ondividend policy. In contrast, liquidity and activities had a positive but insignificant effect on firm value. On the other hand, leverage, profitability, and dividend policy significantly positively impacted firm value. In brief, dividend policy could not mediate the effect of liquidity and leverage on firm value, yet it couldjudge the impact of activities and profitability on firm value.

Keywords: Dividend Policy, Financial Performance, Firm Value

INTRODUCTION

The economy in Indonesia has experienced a lot of turmoil or crisis, especially in the manufacturing industry, and the Covid-19 pandemic is undoubtedly challenging for businesses to survive and contribute generously. The development of the manufacturing industry must be connected to the role of the government. The government provides credit and working capital stimulus for the recovery of the manufacturing industry sector, which is included in the PEN program. It is contained in Government Regulation 23 of 2020 concerning implementing the national economic recovery program to support state financial policies for handling the Corona Virus Disease 2019 (Covid-19) pandemic or facing threats that endanger financial system stability as well as save the national economy. The turmoil in the Indonesian economy certainly has an impact on various industrial sectors, which the researchers will present in the following graph:

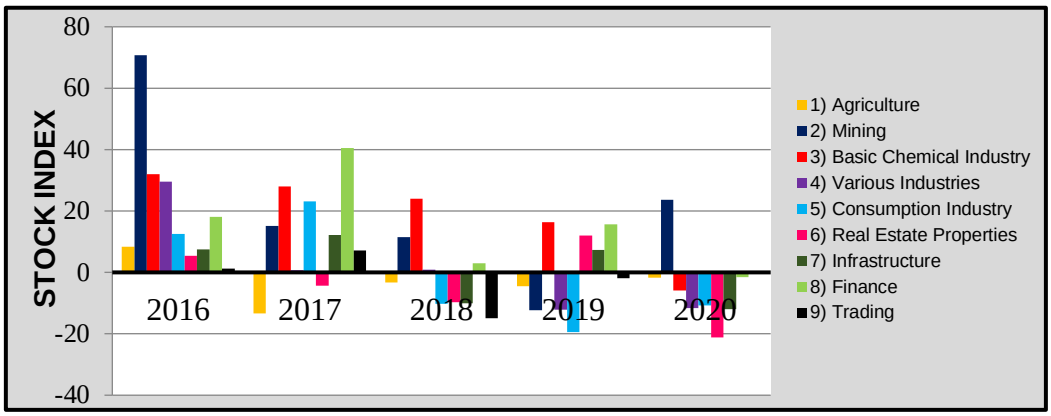

Figure 1. Graph of Sectoral Index Development

Source: www.ojk.go.id (processed)

Based on the sectoral stock index, it is known that the accumulated decline in the agricultural sector during the study period was 22.79%, and the mining sector was 12.3%. Hence, the average decrease in raw material-producing industries was 17.55%. The accumulated decline in the primary and chemical industry sectors by 5.84%, the various industrial sector by 23.75%, and the consumer goods industry sector by 40.4%, so the average decline in the manufacturing industry was 23.33%. Meanwhile, the accumulated decline in the property sector (real estate and building construction goods) was 35.18%, the infrastructure sector (utilities and transportation) was 22.09%, the financial sector was 1.59%, and the trade sector (services and investment) was 17.27% so that the average decline in the service industry was 19.03%. Of the three sectors, the manufacturing industry experienced a higher drop of 23.33% and one of its sectors, the consumer goods industry, saw a decline of up to 40.4%. In addition, we can see the development of manufacturing stock trading in the following chart:

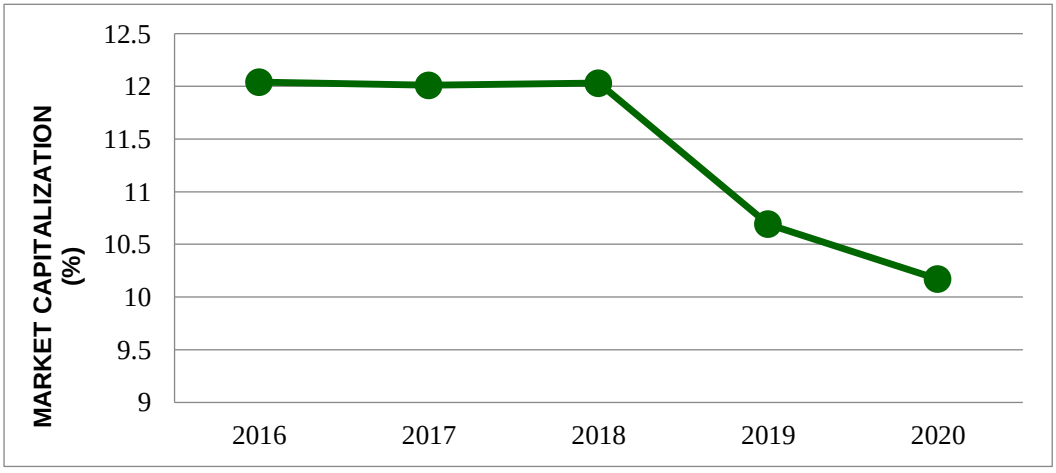

Figure 2. Graph of The Average Market Capitalization of Manufacturing Companies

Source: www.ojk.go.id (processed)

Fluctuations that tend to decrease sectorally, seen from the share price and population, which can be seen from the market capitalization value, are undoubtedly exciting phenomena to study. What factors cause the manufacturing industry to decline sharply,

considering the manufacturing industry is one of the crucial industries for Indonesia's economic growth ?

Even amid uncertain economic conditions, a company is still required to achieve its goals, vision, and mission to exist and survive. Increasing the value of the company is very important because the main goal of the company is to maximize the wealth or value of the company (value of the firm). The company's short-term goal is to achieve current profits, while in the long term, it increases the company's value, which is required to make decisions that consider all stakeholders.

Manufacturing companies are go-public companies that have offered or traded their shares on the stock exchange. Stock price and market capitalization are usually the benchmarks for a company's value. The company value of a company going public in the capital market is reflected in its share price. The share price shows the issuer's performance where the stock price movement is in the same direction as the issuer's performance. Therefore, in the theory of capital market finance, stock prices on the market are referred to as the concept of firm value. The higher the stock price, the higher the company's value. As explained above, the manufacturing industry stock index listed on the Indonesia Stock Exchange in 2016-2020 tends to decrease. Of course, it has an impact on company value. The following shows the average value of manufacturing companies listed on the Indonesia Stock Exchange in 2016-2020 :

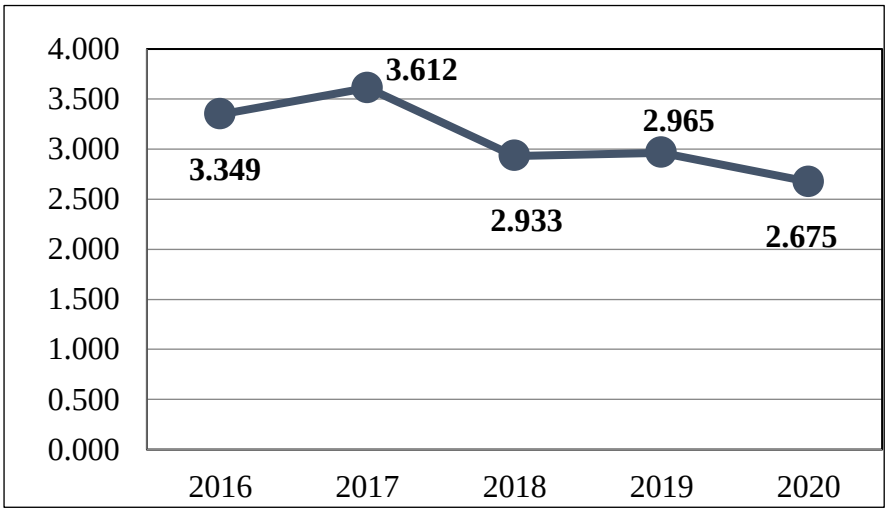

Figure 3. Graph of Average Value of Manufacturing Companies on the IDX
Source: www.idx.co.id (processed data)

The phenomenon of fluctuations in the value of the company tends to decrease. Of course, some factors influence it. According to previous researchers, the factors influencing firm value are capital structure, dividend policy, and investment decisions. The factors influencing company value include profitability, size, and leverage. (Sembiring & Trisnawati, 2023) explained that profitability, company growth, and size affect company value. As described above, many factors can affect the value of the company. However, researchers will limit the elements used to test the effect on firm value, namely financial performance and dividend policy.

Based on empirical studies, researchers found that the effect of financial performance on firm value through dividend policy still needs to be determined. Previous studies with different results showed this ambiguity. So, it is interesting to re-examine where researchers will study the effect of financial performance on firm value, the impact of dividend policy on firm value, and whether dividend policy can mediate the development of spatial arrangement on firm value further.

This study uses a sample of manufacturing companies because it departs from the phenomena described in the previous discussion. In addition, based on recommendations from previous studies, namely (Hapsoro & Sulistyarini, 2019), it is suggested that considering a larger sample than the population of a research observation aims to make the resulting conclusions broader scope, the research is not biased and can be generalized. There are several other reasons why researchers use manufacturing companies, namely manufacturing companies that are more easily affected by economic conditions and high sensitivity from internal and external companies.

In this study, researchers will use a sample of all manufacturing companies listed on the Indonesian Stock Exchange. The research period used in this study is five years, namely from 2016 to 2020, with a more extended period so that the observed variables can describe actual conditions.

Based on the background of the problem, phenomena that occur, theoretical, empirical, and gap theory from previous research, the authors formulate the problem for this research as follows: (1) Does liquidity affect dividend policy? (2) Does leverage affect dividend policy? (3) Does activity affect dividend policy? (4) Does profitability affect dividend policy? (5) Does liquidity affect firm value? (6) Does leverage affect firm value? (7) Does activity affect firm value? (8) Does profitability affect firm value? (9) Does dividend policy affect firm value? (10) Does dividend policy mediate the effect of liquidity on firm value? (11) Does dividend policy mediate the effect of leverage on firm value? (12) Does the dividend policy mediate the influence of activity on firm value? (13) Does dividend policy mediate the effect of profitability on firm value? This study aims to determine the effect of financial performance on firm value through the dividend policy intervening variable.

METHOD

This study uses a quantitative approach by analyzing secondary data from time series data from 168 manufacturing companies listed on the Indonesia Stock Exchange in 2016-2020. The use of time series data requires sequential data each year. However, not all populations publish sequential data every year. Therefore a criterion is needed. Based on predetermined criteria, the number of final samples that met the requirements and were selected from all manufacturing companies listed on the IDX during 2016-2020 was 72 companies.

Researchers used the Structural Equation Modeling-Partial Least Square (SEM-PLS) analysis technique to analyze data and test hypotheses. The data analysis method is used to determine the effect of financial performance on firm value through dividend policy. Path diagram analysis is used to examine the influence of intervening variables and describe them graphically. The path analysis model translated into the regression equation combines two regression equations into one research model. The two equations are written as follows:

$$KD = \rho_1 LK + \rho_2 LE + \rho_3 AK + \rho_4 PR + e_1$$

$$NP = \rho_5 LK + \rho_6 LE + \rho_7 AK + \rho_8 PR + \rho_9 KD + e_2$$

KD is dividend policy, NP is manufacturing company value, LK is liquidity, LE is leverage, AK is activity, and PR is profitability.

The next step is the GoF Outer Model (Measurement Model). The outer model is a measurement model to assess the validity and reliability of the model. Measurements were made through a measurement model, namely convergent validity, discriminant validity, and composite reliability (Cronbach's alpha) (Abdillah & Jogiyanto, 2015). Then GoF Inner Model (Model Structure). The inner model aims to test the relationship between the indicators that make up the variables. The structural model for research using PLS can be evaluated using several tests, such as the value of the path coefficient (β) and the coefficient of determination (R2). To test the hypothesis using the bootstrapping method. The basis for decision-making in this study will be described

as follows: a. Criteria : Significance (2-tailed), b. Rule of Thumb : *t-value 1.65 (10% significance level), 1.96 (5% significance level), 2.58 (1% significance level)*

RESULT and DICUSSION

Descriptive Statistics

Descriptive statistics in this study were conducted to provide an overview of the research variables observed, namely firm value (PBV), dividend policy (DPR), and financial performance proxied by quick ratio (QR), debt to assets ratio (DAR), total asset turnover (TATO), return on assets (ROA). The following presents descriptive statistics from the results of Smart PLS 3.0 calculations which are presented in table 1:

Table 1. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Firm Value	360	0,125	82,444	3,107	7,922
Dividend Policy		0,000	3,493	0,335	0,363
Liquidity		0,203	303,282	3,089	18,362
Leverage		0,003	0,845	0.410	0,182
Activity		0,006	8,429	1,099	0,814
Profitability		0,0003	0,921	0,080	0,090

Source: Smart PLS, processed (2022)

Based on table 1, it is known that the amount of data used in this study is 360 data. The results of the descriptive statistical analysis presented in table 1 show that the value of the company proxied by PBV has an average value of 310.7% with a standard deviation of 792.2%. The lowest PBV value is 12.5% and the highest value is 8244.4%. the PBV average value of 310.7% indicates the achievement of manufacturing companies as an illustration of public trust in the company and indicates an increase in the quality and fundamental performance of these manufacturing companies. The results of the descriptive analysis on the dividend policy variable are proxied by the DPR, where the DPR has an average value of 33.5% with a standard deviation of 36.3%. The lowest DPR score is 0.0% and the highest is 349.3%. the DPR's average value of 33.5% shows the percentage of net income of manufacturing companies paid to shareholders in the form of dividends. the results of descriptive statistical analysis on financial performance variables as measured by liquidity (QR), leverage (DAR), activity (TATO), profitability (ROA), where liquidity (QR) has an average value of 308.9% with a standard deviation of 1836.2%. The lowest liquidity value is 20.3% and the highest value is 30328.2%. the average liquidity value of 308.9% indicates the ability of manufacturing companies to fulfill their obligations or pay their short term debts. The results of the descriptive analysis on the leverage variable are proxied by DAR, where dar has an average value of 41% with a standard deviation of 18.2%. the lowest DAR value is 0.3% and the highest value is 84.5%. the average DAR value of 41% indicates the extent to which manufacturing company assets can cover debts to outsiders. The results of the descriptive analysis on the activity variable are proxied by tato, where TATO has an average value of 109.9% with a standard deviation of 81.4%. The lowest tato value is 0.6% and the highest value is 842.9%. TATO's average value of 109.9% indicates a manufacturing company's asset turnover for profit. The results of the descriptive analysis on the profitability variable are proxied by ROA, where roa has an average value of 8% with a standard deviation of 9%. the lowest ROA value is 0.03% and the highest value is 92.1%. the average ROA value of 8% indicates the ability of a manufacturing company to generate net profit from its assets.

Path Chart Analysis

This study uses the help of the Smart PLS 3.0 application, from the results of the Smart PLS it is obtained the relationship design of the two structural equations of the variables shown in the following path diagram:

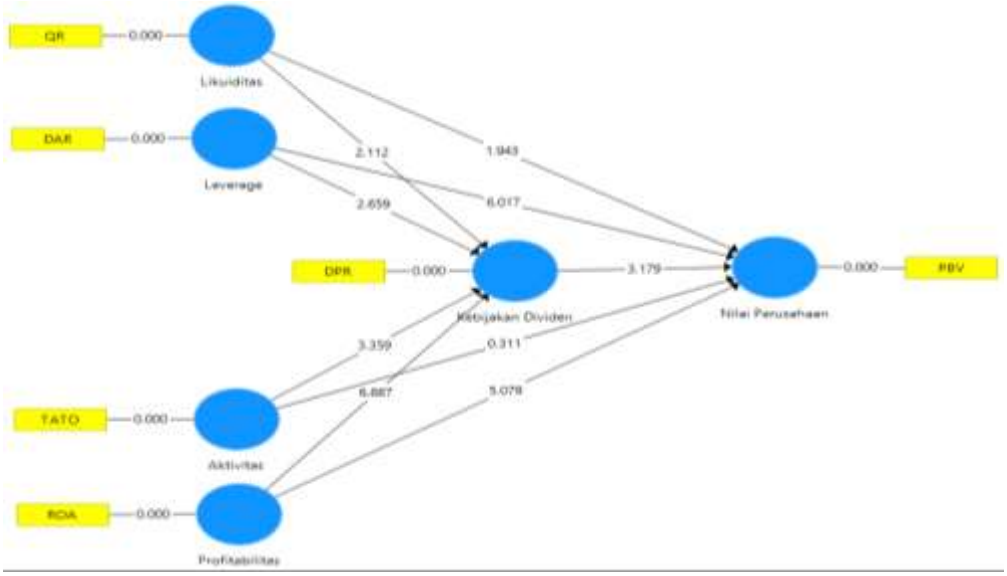

Figure 4. Path Diagram Framework

GoF Outer Model (Measurement Models)

Tests conducted to see the reliability and validity of the research model. Based on the reliability test with internal consistency, it shows that the value of Cronbach's alpha and the rule of thumb composite reliability for all variables in this study is greater than 0.7, so it can be concluded that the data used as a research model is reliable in reflecting the research variables. To determine the validity of each relationship between the indicator and the construct or latent variable, convergent validity testing is used using outer loadings and the AVE value, where the outer loadings value is > 0.7 while the AVE value is > 0.5 so that it can be said to meet the convergent validity requirements. Based on the results of the three tests of discriminant validity using cross loadings, Fornell-Larcker Criterion, and Heterotrait-Monotrait Ratio (HTMT) it can be concluded that all constructs are valid and meet the requirements of discriminant validity.

GoF Inner Model (Model Structure)

There are two types of tests carried out, namely path coefficient testing, where based on the standardized path coefficient values all variables are close to +1 so that it can be said that there is a very strong positive relationship. For the second test, namely the coefficient of determination to find out how much the ability of exogenous variables to explain endogenous variables. For endogenous latent models in structural models that have an R2 of 0.75 indicating a "strong" model, an R2 of 0.5 indicates a "moderate" model, an R2 of 0.25 indicates a "weak" model. The R-square value will be presented in the following table:

Table 2. R Square Value

Variable	*R Square*
Firm Value (PBV)	0.445
Dividend Policy (DPR)	0.213

Source: Smart PLS, processed (2022)

Based on the results of testing the R-square value in table 2, it shows that the variables liquidity (QR), leverage (DAR), activity (TATO), profitability (ROA), dividend policy (DPR) which affect firm value (PBV) have an R2 value of 0.445 which indicates that the model is “weak”. The variables of liquidity (QR), leverage (DAR), activity (TATO), profitability (ROA) which affect dividend policy have an R2 value of 0.213 which indicates that the model is "weak". The suitability of the structural model can be seen from Q2 as follows:

Q^2 = 1- [(1-R^2_1)(1- R^2_2)]
= 1-[(1-0,445)(1-0,213)]
= 1-[(0,555)(0,787)]
= 1-[0,437]
= 0,563

The results of the Q2 calculation show that the Q2 value is 0.563 which indicates that the Q2 value is in the "strong" category or the Q2 value > 0 indicates the model has predictive relevance.

Based on data analysis, hypothesis testing is used for decision-making. Table 3 shows the results of the bootstrapping test.

Table 3. Bootstrapping Test Results

Exogenous Variables	Endogenous Variables	*Original Sample*	*t-Statistics*	Significance (α)
LK	KD	2,112	2,112	0,050
LE	KD	2,659	2,659	0,050
AK	KD	3,359	3,359	0,050
PR	KD	6,887	6,887	0,050
LK	NP	1,943	1,943	0,050
LE	NP	6,017	6,017	0,050
AK	NP	0,311	0,311	0,050
PR	NP	5,079	5,079	0,050
KD	NP	3,179	3,179	0,050

Source: Processed data, 2022

The liquidity variable has a positive and significant effect on dividend policy with a t-statistics value of 2.112 > 1.96. If a manufacturing company can pay short-term obligations or those due within one year, the distribution of dividend payments will increase. The results of this study are in line with the research of (Alstadsæter et al., 2017), (Bostanci et al., 2018), (Gunawan & Tobing, 2018), (Franc-Dąbrowska et al., 2020), (Sunaryo & Lestari, 2022) found that liquidity has a positive and significant effect to the possibility of the company paying dividends. Good liquidity must have a high cash flow, making it easy to pay dividends. Different results were shown by the research of (Pattiruhu & Paais, 2020), which took the subject of research on the property and real estate sector on the Indonesia Stock Exchange. This study stated that liquidity had no significant effect on dividend policy.

The leverage variable has a positive and significant effect on dividend policy with a t-statistics of 2.659 > 1.96. If a manufacturing company can pay its short-term and long-term obligations, the distribution of dividend payments will increase. The results of this study are in line with the research of (Nurchaqiqi & Suryarini, 2018), (Chukwuebuka & Okonkwo, 2020), (Tahir et al., 2020), (Sugiastuti et al., 2018) which show that leverage has a positive and significant effect on dividend policy. It is a company's action in giving a signal related to its performance that with a high level of debt, the company can still pay out high dividends. The results of different studies are shown by the research of (Gusni, 2017) and (Abdullah, 2021), stating that leverage harms dividend policy. High leverage indicates a high financial risk and debt repayment terms associated with reduced dividend payments.

The activity variable positively and significantly affects dividend policy with a t-statistics value of 3.359 > 1.96. If a manufacturing company effectively uses its

assets, the distribution or payment of dividends will increase. The results of this study are in line with the research of (Benjamin et al., 2018), (Imronudin et al., 2020), (Tabingah & Nurdin, 2020), and (Rizal & Triyanto, 2021), showing that TATO has a positive and significant effect on dividend policy. The importance of managing assets properly and effectively to increase sales which can later achieve the desired profit or high profit so that they can consistently distribute dividend policies to shareholders who are interested in investing. Different research results are shown by research by Setyaningsih and Yuliana (2020) using a sample from the consumer goods industry sector, which reveals that TATO does not affect the DPR.

The profitability variable has a positive and significant effect on dividend policy with a t-statistics value of 6.887 > 1.96, if a manufacturing company is able to generate net profit from its assets, the distribution or payment of dividends will increase. The results of this study are in line with the research of (Nur, 2018), (Zaman, 2018), (Widyawati & Indriani, 2019), and (Akal et al., 2021). It stated that profitability has a positive and significant effect on dividend policy, meaning that every increase in the return on assets value generally will increase the company's ability to pay dividends to shareholders. Different research results are shown research by (Tamrin et al., 2017). It suggests that profitability harms dividend policy. Companies with high levels of profitability will pay dividends in low amounts. Conversely, if companies receive lower profitability, companies will increase dividend payments, intended to maintain a good company reputation from an investor's point of view.

The liquidity variable has a positive and insignificant effect on firm value, with a t-statistics value of 1.943 <1.96. Even though it has a positive relationship direction, it is not statistically significant because the p-value exceeds the 5% significance tolerance limit, meaning that the firm value will also increase when liquidity increases. Still, the increase is not too substantial, which does not mean it has no effect. This study's results align with the research of (Zuhroh, 2019) and (Adiputra & Hermawan, 2020), which state that liquidity describes a company's ability to meet its short-term obligations. A high level of liquidity indicates that the company has ample internal funds to finance its operational activities with internal funding.

However, this study concludes that liquidity has no significant effect on firm value. (Jihadi et al., 2021) show that liquidity positively and significantly impacts firm value. The higher the liquidity ratio of a company, the higher the liabilities borne by current assets, thereby increasing public trust.

The leverage variable has a positive and significant effect on firm value, with a t-statistics value of 6.017 > 1.96. If a manufacturing company can pay its obligations, both short-term and long-term, then the company's value will increase. The results of this study are in line with the research of (Markonah et al., 2020),(Margono & Giantino, 2021), (Nursalim et al., 2021), (Bon & Hartoko, 2022) which state that leverage has a significant effect on firm value. In contrast, (Al-Slehat, 2019) research found no effect of financial leverage on firm value, and the relationship between financial leverage and the Tobin q scale is negative.

The activity variable has a positive and insignificant effect on firm value with a t-statistics value of 0.311 <1.96. Even though it has a positive relationship direction, it is not statistically significant because the p-value exceeds the significance tolerance limit of 5%, meaning that when activities experience an increase in the value of the company, it will also increase. Still, the growth could be more substantial, which does not mean it has no effect. The results of this study are in line with the research of (Saragih & Hakiman, 2021), (Ahmad et al., 2022) concluded that total asset turnover (TATO) is not significant to price to book value (PBV). In contrast, research conducted by (Harahap et al., 2020) showed that TATO significantly positively affected the importance of companies engaged in the cable industry in the 2014-2018 period. It also illustrates how much rupiah in TATO is ultimately used in the sales process.

The profitability variable has a positive and significant effect on firm value, with a t-statistics value of 5.079 > 1.96. If a manufacturing company can generate net income from its assets, its value will increase. The results of this study are in line with the research of (Natsir & Yusbardini, 2017), (Mubyarto, 2020), (Sugosha & Artini, 2020), (Atiningsih & Izzaty, 2021), (Setiawanta et al., 2021) revealed that profitability has a positive and significant effect on firm value. In contrast, the research results of (Savitri et al., 2021) show that profitability has no impact on firm value. It means that the profit earned by manufacturing companies does not affect firm value, so it cannot be used as a complete reference for assessing the effect of financial performance on firm value.

The dividend policy variable has a positive and significant effect on firm value, with a t-statistics value of 3.179 > 1.96. The firm value will increase if more considerable profit is distributed to shareholders in dividends. The results of this study are in line with the research of (N.K.A & I.G.B, 2018), (Irawati & Komariyah, 2019), (Hansda et al., 2020), and (Kusumawati et al., 2021), which show that dividend policy affects firm value. Companies with high levels of DPR will be a signal to investors, and companies will get high trust from investors. In contrast to the research results of (Maulida & Karak, 2021), which concluded that dividend policy does not affect firm value, meaning that the level of dividends distributed to shareholders is not related to the high or low weight of the company. The effect of indirect (mediation) can be seen from the specific indirect effects. The results of hypothesis testing will be presented in the following table:

Table 4. *Specific Indirect Effects*

Variable	Original Sample	*P-Value*
LK→KD→NP	1,734	0,084
LE→KD→NP	1,916	0,056
AK→KD→NP	2,581	0,010
PR→KD→NP	3,116	0,002

Source: Processed data, 2022

The liquidity variable has a positive and insignificant effect on firm value through dividend policy, as indicated by bootstrapping a p-value of 8.4% which is greater than the significance value of 5%. The results of this significance indicate that liquidity has a significant direct effect on dividend policy, and dividend policy can affect firm value. However, when dividend policy mediates, the relationship between liquidity and firm value becomes insignificant. It could be because liquidity has no significant direct effect on firm value. This study's results align with (Astuti & Yadnya, 2019) research, who concluded that dividend policy could not mediate the effect of liquidity on firm value. High liquidity may not necessarily lead to an increase in firm value through dividend distribution. This is because the high liquid funds available in manufacturing companies are not prioritized to increase the dividend payout ratio. Unlike (et al., 2020), it shows that dividend policy can mediate the effect of liquidity on firm value.

The leverage variable has a positive and insignificant effect on firm value through dividend policy as shown by bootstrapping a p-value of 5.6% which is greater than the significance value of 5%. The results of this significance indicate that leverage can directly affect firm value, as well as dividend policy can affect firm value. However, when dividend policy mediates, the relationship between leverage and firm value becomes insignificant, so it can be said that the effect of leverage is better without mediation with the dividend policy variable. The results of this study are in line with research conducted by (Sari et al., 2022) suggesting that dividend policy is not able to mediate leverage on firm value, meaning that the size of the use of debt will not affect the size of the distribution of dividends, this is because the debt owned by the company is considered does not yet have a big risk, so it does not affect the funding decision in distributing dividends. Different results are shown by (Ningsih & Dewi, 2021) research which states that leverage has a

positive and significant effect on firm value through dividend policy.

Activity variables have a positive and significant effect on firm value through dividend policy indicated by bootstrapping a p-value of 1%, which is less than the significance value of 5%. The results of this significance indicate that activity cannot directly affect firm value, while dividend policy can affect firm value. However, when dividend policy mediates the relationship between activity and firm value to be significant, this could happen because the influence of activity on dividend policy shows significant results, so dividend policy functions as a full mediation where exogenous variables are not able to influence endogenous variables directly, but can influence endogenous variables through mediating variables. The results of this study are in line with the research of (Santosa et al., 2020) which shows that the activity ratio has a positive effect on firm value through dividend policy, meaning that management efficiency triggers sales and profitability has a positive relationship with dividend policy. In contrast to research by (Nurhalimah & Ismawati, 2018) revealed that dividend policy and total asset turnover have no effect on firm value.

The profitability variable has a positive and significant effect on firm value through dividend policy indicated by bootstrapping a p-value of 0.2%, which is less than the significance value of 5%. The results of this significance indicate that profitability can directly affect firm value, as well as dividend policy can also affect firm value. When dividend policy mediates the relationship between profitability and firm value, it also shows significant results, this could happen because the effect of profitability on both dividend policy and firm value both shows significant results, so dividend policy functions as a partial mediation where exogenous variables are able to influence endogenous variables either directly or indirectly by involving intermediary variables. The results of this study are in line with the research of (Sutrisno & Panuntun, 2020), (Setyabudi, 2021) concluded that dividend policy is able to mediate the effect of profitability on firm value, meaning that the role of dividend policy is indeed very important. No matter how much profit the company gets, if it doesn't distribute dividends, it won't attract investors to buy it. Different research results are shown by (Putri & Wiksuana, 2021) research which shows that dividend policy cannot mediate the effect of profitability on firm value, meaning that changes in the level of dividend payments for each banking company on the IDX do not cause an increase or decrease in the effect of profitability on firm value.

CONCLUSION

Based on the results of research and data analysis, it can be concluded that liquidity, leverage, activity, and profitability have a positive and significant effect on dividend policy. Meanwhile, liquidity and activity have a positive and insignificant effect on firm value, while leverage, profitability, and dividend policy have a positive and significant effect on firm value. Dividend policy cannot mediate the effect of liquidity and leverage on firm value, but it can mediate the effect of activity and profitability on firm value.

There are several suggestions that can be given by researchers to related and interested parties as well as for further research developments, namely 1) The importance of company management's attention regarding liquidity, leverage, activity, and profitability because it affects the proportion of dividend distribution, where these variables can send a positive signal not only for external parties of the company but also for internal parties of manufacturing companies so that there are no information gaps on one party so that they can make the right decisions, 2) Manufacturing companies should be able to manage liquidity levels within normal limits not too high, with a level liquidity that is too high indicates that the company's working capital is greater than its routine operating expenses and is unable to use its current assets which causes problems in working capital management, 3) It is important for company management to control the leverage level of manufacturing companies so that they remain within normal and safe limits, so that they are not included in the extreme leverage category and become companies that are not credible., 4) The need to pay attention to the effectiveness of

the use of company assets in generating sales. The more effective the company is in using its assets, the fewer assets needed, the less the cost of using assets and can lead to increased profitability, 5) The level of profitability needs to get better attention from the company, because with high profits it will have an impact from many sides, starting from investment to encourage company growth as well as manufacturing companies as go public companies also have an obligation to pay profits to shareholders in the form of dividends, 6) It is expected that manufacturing companies can carry out dividend policies appropriately and routinely every year considering that shareholders certainly like dividends as a form of profit. they get from the have made.

REFERENCES

Abdillah, W., & Jogiyanto. (2015). *Partial Least Square (PLS) : Alternatif Structural Equation Modeling (SEM) dalam Penelitian Bisnis*. http://digilib.uki.ac.id/images/docs/Partial_Least_Square_%28PLS%29_Alternatif_Structural_Equation_Modeling_%28SEM%29_dalam_Penelitian_Bisnis.jpeg.jpeg

Abdullah, H. (2021). Profitability and Leverage as Determinants of Dividend Policy: Evidence of Turkish Financial Firms. *Eurasian Journal of Management & Social Sciences*, *2*(3). https://doi.org/10.23918/ejmss.v2i3p15

Adiputra, I. G., & Hermawan, A. (2020). The effect of corporate social responsibility, firm size, dividend policy and liquidity on firm value: Evidence from manufacturing companies in Indonesia. *International Journal of Innovation, Creativity and Change*, *11*(6), 325–338.

Ahmad, H., Muslim, M., & Syahrah, N. (2022). Several Factors Affecting Firm Value Manufacturing In Indonesia. *Jurnal Akuntansi*, *26*(1), 127–143. https://doi.org/10.24912/JA.V26I1.821

Akal, A. T. U., Nurlaela, N., & Nur, S. W. (2021). Effect of Profitability, Leverage, and Liquidity on Dividend Policy: Evidence from Manufacturing Companies in Indonesia. *Jurnal Manajemen Bisnis*, *8*(2), 303–314. https://doi.org/10.33096/jmb.v8i2.883

Al-Slehat, Z. A. F. (2019). Impact of Financial Leverage, Size and Assets Structure on Firm Value: Evidence from Industrial Sector, Jordan. *International Business Research*, *13*(1), 109. https://doi.org/10.5539/ibr.v13n1p109

Alstadsæter, A., Jacob, M., & Michaely, R. (2017). Do dividend taxes affect corporate investment? In *Journal of Public Economics* (Vol. 151). Elsevier B.V. https://doi.org/10.1016/j.jpubeco.2015.05.001

Astuti, N. K. B., & Yadnya, I. P. (2019). Pengaruh Profitabilitas, Likuiditas, Dan Ukuran Perusahaan Terhadap Nilai Perusahaan Melalui Kebijakan Dividen. *E-Jurnal Manajemen Universitas Udayana*, *8*(5), 3275. https://doi.org/10.24843/ejmunud.2019.v08.i05.p25

Atiningsih, S., & Izzaty, K. N. (2021). The Effect Firm Size on Company Value with Profitability as Intervening Variable and Dividend Policy as Moderating Variable. *Business and Accounting Research (IJEBAR)*, *5*(4), 378–388. https://www.cnbc.indonesia.com

Benjamin, S. J., Mohamed, Z. Bin, & Marathamuthu, M. S. (2018). DuPont analysis and dividend policy: empirical evidence from Malaysia. In *Pacific Accounting Review* (Vol. 30, Issue 1). https://doi.org/10.1108/PAR-05-2015-0019

Bon, S. F., & Hartoko, S. (2022). The Effect of Dividend Policy, Investment Decision, Leverage, Profitability, and Firm Size on Firm Value. *European Journal of Business and Management Research*, *7*(3), 7–13. https://doi.org/10.24018/ejbmr.2022.7.3.14

05

Bostanci, F., Kadioglu, E., & Sayilgan, G. (2018). Determinants of dividend payout decisions: A dynamic panel data analysis of turkish stock market. *International Journal of Financial Studies*, *6*(4). https://doi.org/10.3390/ijfs6040093

Chukwuebuka, O. J., & Okonkwo, O. T. (2020). Financial Leverage and Dividend Policy: Evidence from Oil and Gas Firms in Nigeria. *Asian Journal of Economics, Business and Accounting*, 51–62. https://doi.org/10.9734/ajeba/2020/v14i230191

Franc-Dąbrowska, J., Mądra-Sawicka, M., Ulrichs, M., Franc-Da ˛browska, J., & Ma˛dra-Sawicka, M. (2020). Determinants of dividend payout decisions – the case of publicly quoted food industry enterprises operating in emerging markets. *Economic Research-Ekonomska Istraživanja*, *33*(1), 1108–1129. https://doi.org/10.1080/1331677X.2019.1631201

Gunawan, F. S., & Tobing, W. R. L. (2018). the Effect of Profitability, Liquidity and Investment Opportunities on Dividend Policy. *South East Asia Journal of Contemporary Business, Economics and Law*, *15*(5), 189–195.

Gusni, G. (2017). The Determinants of Dividend Policy: A Study of Financial Industry in Indonesia. *Jurnal Keuangan Dan Perbankan*, *21*(4), 562–574. https://doi.org/10.26905/jkdp.v21i4.1521

Hansda, S., Sinha, A., & Bandopadhyay, K. (2020). Impact of Dividend Policy on Firm Value with Special Reference to Financial Crisis. *Review of Economic Studies*, *58*(2), 277–297. https://doi.org/10.2307/2297968

Hapsoro, D., & Sulistyarini, R. D. (2019). The effect of profitability and liquidity on CSR disclosure and its implication to economic consequences. *The Indonesian Accounting Review*, *9*(2), 143. https://doi.org/10.14414/tiar.v9i2.1730

Harahap, I. M., Septiani, I., & Endri, E. (2020). Effect of financial performance on firms' value of cable companies in Indonesia. *Accounting*, *6*(6), 1103–1110. https://doi.org/10.5267/j.ac.2020.7.008

Imronudin, I., Melawati, S., & Irawati, Z. (2020). *Assessing The Influence of Asset Turnover on Dividend Policy in Property Sector: The Case of Indonesia*. https://doi.org/10.4108/eai.5-8-2020.2301194

Irawati, A. E., & Komariyah, E. F. (2019). The Role of Capital Structure on The Effect of Dividend Policy and Business Risk on Firm Value (Evidence from Indonesian Manufacturing Company). *The Indonesian Journal of Accounting Research*, *22*(02), 207–228. https://doi.org/10.33312/ijar.463

Jihadi, M., Vilantika, E., Hashemi, S. M., Arifin, Z., Bachtiar, Y., & Sholichah, F. (2021). The Effect of Liquidity, Leverage, and Profitability on Firm Value: Empirical Evidence from Indonesia. *Journal of Asian Finance, Economics and Business*, *8*(3), 423–431. https://doi.org/10.13106/jafeb.2021.vol8.no3.0423

Kristianti, D., & Foeh, J. E. H. J. (2020). The Impact Of Liquidity And Profitability On Firm Value With Dividend Policy As An Intervening Variable (Empirical Study Of Manufacturing Companies In The Pharmaceutical Sub Sector Listed On The Indonesia Stock Exchange In 2013-2017). *Jurnal Bisnis Dan Kewirausahaan*, *16*(1), 65–78. https://doi.org/10.31940/jbk.v16i1.1829

Kusumawati, V. C., Robiyanto, R., & Harijono, H. (2021). Profitability and Dividend Policy Affects Firm Value in The Infrastructure, Utility and Transportation Sector.

International Journal of Social Science and Business, *5*(1), 8–15. https://doi.org/10.23887/ijssb.v5i1.29822

Margono, F. P., & Giantino, R. (2021). Influence of Firm Size, Leverage, Profitability, and Dividend Policy on Firm Value of Companies in Indonesia Stock Exchange. *Copernican Journal of Finance & Accounting*, *10*(2), 45–61. https://doi.org/10.12775/cjfa.2021.007

Markonah, M., Salim, A., & Franciska, J. (2020). Effect of Profitability, Leverage, and Liquidity To the Firm Value. *Dinasti International Journal of Economics, Finance & Accounting*, *1*(1), 83–94. https://doi.org/10.38035/dijefa.v1i1.225

Maulida, A., & Karak, M. E. (2021). The Effect of Company Size, Leverage, Profitability and Dividend Policy on Company Value On Manufacturing Companies Listed on The Indonesia Stock Exchange (IDX) For The 2014-2018 Period. *International Jurnal of Economics, Business and Accounting Research (IJEBAR)*, *2021*(2), 684–691.

Mubyarto, N. (2020). The Influence of Profitability on Firm Value using Capital Structure As The Mediator Pengaruh Profitabilitas Terhadap Nilai Perusahaan dengan Struktur Modal Sebagai Mediator. *Journal Economia*, *16*(2), 184–199.

N.K.A, S., & I.G.B, W. (2018). Capital Structure, Investment Opportunity Set, Dividend Policy and Profitability as a Firm Value Determinants. *Russian Journal of Agricultural and Socio-Economic Sciences*, *9*(September), 259–267.

Natsir, K., & Yusbardini. (2017). The Effect of Asset Structure and Firm Size on Firm Value with Capital Structure as Intervening Variable. *Journal of Business & Financial Affairs*, *06*(04), 218–224. https://doi.org/10.4172/2167-0234.1000298

Ningsih, N. L. A. P., & Dewi, M. P. (2021). Interaksi Leverage Dan Profitabilitas Terhadap Nilai Perusahaan Melalui Dividend Policy. *Warmadewa Management and Business Journal (WMBJ)*, *3*(1), 1–11. https://doi.org/10.22225/wmbj.3.1.2021.1-11

Nur, T. (2018). Pengaruh Profitabilitas dan Likuiditas Terhadap Kebijakan Dividen Dengan Firm Size Sebagai Pemoderasi Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia Periode 2013-2017. *ESENSI: Jurnal Manajemen Bisnis*, *21*(2), 1–15.

Nurchaqiqi, R., & Suryarini, T. (2018). Accounting Analysis Journal The Effect of Leverage and Liquidity on Cash Dividend Policy with Profitability as Moderator Moderating. *Accounting Analysis Journal*, *7*(1), 10–16. https://doi.org/10.15294/aaj.v5i3.18631

Nurhalimah, & Ismawati, L. (2018). Pengaruh Tingkat Pengembalian Ekuitas, Kebijakan Dividen dan Perputaran Total Aset terhadap Nilal Perusahaan pada Sektor Industrl Barang Konsumsl yang terdaftar di Bursa Efek Indonesla (BEI) tahun periode 2013 – 2017. *Jurnal Akuntansi*.

Nursalim, A. B., Rate, P. Van, & Baramuli, D. N. (2021). Pengaruh Inflasi, Profitabilitas, Solvabilitas dan Ratio Aktivitas Terhadap Nilai Perusahaan Sektor Manufaktur Periode 2015-2018. *Jurnal EMBA*, *9*(4), 559–571.

Pattiruhu, J. R., & Paais, M. (2020). Effect of Liquidity, Profitability, Leverage, and Firm Size on Dividend Policy. *Journal of Asian Finance, Economics and Business*, *7*(10), 35–42. https://doi.org/10.13106/jafeb.2020.vol7.no10.035

Putri, M. O. D., & Wiksuana, I. G. B. (2021). the Effect of Liquidity and Profitability on Firm Value Mediated By Dividend Policy. *American Journal of Humanities and Social Sciences Research*, *Volume 5*(Nomor 1),

204–212. www.ajhssr.com

Rizal, A., & Triyanto, D. N. (2021). The Effect of Earning PER Share, Investment Opportunity Set, Total Asset Turnover, and Collateralizable Asset On Dividend Policy (Research on Consumer Goods Industrial Sector Companies Listed on the Indonesian Stock Exchange for the 2015-2019 Period). *Jurnal Akuntansi*, *11*(3), 209–222. https://doi.org/10.33369/j.akuntansi.11.3.209-222

Santosa, P. W., Aprilia, O., & Tambunan, M. E. (2020). The intervening effect of the dividend policy on financial performance and firm value in large indonesian firms. *International Journal of Financial Research*, *11*(4), 408–420. https://doi.org/10.5430/ijfr.v11n4p408

Saragih, F. M., & Hakiman, D. M. (2021). Effect of TATO, DER, ROE and Size on Company Value (Study on Manufacturing Companies Listed in IDX. *International Journal of Innovative Science and Research Technology*, *6*(3), 72–77. www.ijisrt.com72

Sari, E. P., Ilham, R. N., Putri, D. E., & Syahputri, A. (2022). Leverage Dan Profitabilitas Terhadap Nilai Perusahaan Pada Perusahaan Indeks Lq 45. *Jurnal Akuntansi Dan Pajak*, *22*(2), 1. https://scholar.archive.org/work/c2sksesqnfhhbkmlddyr77fdg4/access/wayback/https://jurnal.stie-aas.ac.id/index.php/jap/article/download/3902/pdf

Savitri, D. A. M., Kurniasari, D., & Mbiliyora, A. (2021). Pengaruh Profitabilitas dan Ukuran Perusahaan terhadap Nilai Perusahaan dengan Struktur Modal sebagai Variabel Intervening (Studi pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia tahun 2017-2019). *Jurnal Akuntansi Dan Pajak*, *21*(02), 500–507. https://doi.org/10.29040/jap.v21i02.1825

Sembiring, S., & Trisnawati, I. (2023). Faktor-Faktor yang Memengaruhi Nilai Perusahaan. *Jurnal Bisnis Dan Akuntansi*, *3*(1), 119–130. https://doi.org/10.34208/ejatsm.v3i1.1897

Setiawanta, Y., Utomo, S. D., Pamungkas, I. D., Jumanto, & Ifada, L. M. (2021). The Impact of Profitability on Firm Value: Does Environmental Performance Play a Mediation Role? *Journal of Hunan University*, *48*(7), 220–228. www.idx.co.id

Setyabudi, T. (2021). The Effect of Institutional Ownership, Leverage, and Profitability on Firm Value with Dividend Policy as an Intervening Variable. *Journal of Business and Management Review*, *2*(7), 457–469. https://doi.org/10.47153/jbmr27.1632021

Sugiastuti, H. R., Dzulkirom, M., & Rahayu, M. S. (2018). Effect of Profitability, Leverage Toward Dividend Policy and Firm Value. *Russian Journal of Agricultural and Socio-Economic Sciences 80(8):88-96*, *8*(80), 160–166.

Sugosha, M. J., & Artini, L. G. S. (2020). The Role of Profitability in Mediating the Effect of Capital Structure and Liquidity on Firm Value in Food and Beverage Sub-Sector in Indonesian Stock Exchange. *Jurnal Ekonomi & Bisnis JAGADITHA*, *7*(2), 80–91. https://doi.org/10.22225/jj.7.2.2154.80-91

Sunaryo, D., & Lestari, E. P. (2022). The Effect of Current Ratio, Total Assets Turn Over, Firm Size on Debt Payout Ratio with Return on Investment as Intervening Variables. *Business and Social Science (IJEMBIS) Peer Reviewed-International Journal*, *2*(1), 46.

Sutrisno, S., & Panuntun, B. (2020). Profitablity and Liquidity on Corporate Value Through Dividend Policy As Intervening Variabel: Empirical Study on Islamic Capital Market. *Buletin Studi Ekonomi*, *25*(2), 249. https://doi.org/10.24843/bse.2020.v25.i02.p05

Tabingah, I. M., & Nurdin. (2020). Pengaruh Firm Size, Total Asset Turn Over (TATO), Cash Position dan Net Profit Margin (NPM) terhadap Kebijakan Dividen pada Perusahaan yang Tercatat di Indeks Saham Syariah Indonesia (ISSI). *Prosiding Manajemen*, 376–381. https://karyailmiah.unisba.ac.id/index.php/manajemen/article/view/20415

Tahir, H., Masri, R., & Rahman, M. (2020). Corporate board attributes and dividend pay-out policy: Mediating role of financial leverage. *Journal of Asian Finance, Economics and Business*, *7*(1), 167–181. https://doi.org/10.13106/jafeb.2020.vol7.no1.167

Tamrin, M., Rahman Mus, H., Arfah, A., & Author, C. (2017). Effect of profitability and dividend policy on corporate governance and firm value: Evidence from the Indonesian manufacturing Sectors. *IOSR Journal of Business and Management*, *19*(10), 66–74. https://doi.org/10.9790/487X-1910086674

Widyawati, D., & Indriani, A. (2019). Determinants of dividend payout ratio: evidence from Indonesian manufacturing companies. *Diponegoro International Journal of Business*, *2*(2), 112. https://doi.org/10.14710/dijb.2.2.2019.112-121

Zaman, D. R. (2018). Effect of Financial Performance on Dividend Policy in Manufacturing Companies in Indonesia Stock Exchange. *Integrated Journal of Business and Economics*, *2*(1), 49. https://doi.org/10.33019/ijbe.v2i1.58

Zuhroh, I. (2019). The Effects of Liquidity, Firm Size, and Profitability on the Firm Value with Mediating Leverage. *KnE Social Sciences*, *3*(13), 203. https://doi.org/10.18502/kss.v3i13.4206