



THE ROLE OF DIVIDEND POLICY AS A MEDIATION FROM THE INFLUENCE OF LIQUIDITY, LEVERAGE, AND PROFITABILITY ON COMPANY VALUE (ANALYSIS OF FOOD AND BEVERAGE SUB-SECTOR MANUFACTURING COMPANIES LISTED IN THE INDONESIA STOCK EXCHANGE)

Bartolomeus Oktavianus Sauh¹, Mokh. Natsir^{2*}, Dyah Agustin Widhi Yanti³

¹Magister of Management Study Program, Universitas Merdeka Malang, Jln Terusan Dieng No. 62-64 Klojen, Pisang Candi, Kec. Sukun, Kota Malang, Jawa Timur 65146, Indonesia

²Faculty of Economics and Business, Universitas Merdeka Malang, Jln Terusan Dieng No. 62-64 Klojen, Pisang Candi, Kec. Sukun, Kota Malang, Jawa Timur 65146, Indonesia

³Faculty of Maritime Vocational, Universitas Hang Tuah, Indonesia

*mokh.natsir@unmer.ac.id

ABSTRACT

This study aims to analyze the role of dividend policy as a mediator of the effect of liquidity, leverage and profitability on firm value in the food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange. The data analyzed are quantitative data and secondary data derived from the performance reports of manufacturing companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange from 2015 to 2019. The sample selection used the purposive sampling method. The analysis technique uses multiple linear regression analysis techniques and path analysis (path analysis). Based on the results of research and discussion, it is known that liquidity and profitability have a positive and significant effect on dividend policy, while leverage does not affect dividend policy. Liquidity, leverage, profitability and dividend policy have a positive and significant impact on firm value. Liquidity and profitability through dividend policy have a positive and significant effect on firm value, while leverage through dividend policy does not affect firm value.

Keywords: company value; dividend policy; leverage; liquidity; profitability

INTRODUCTION

The establishment of a company must have a clear goal. Several things state the purpose of the establishment of a company. The first objective is to achieve maximum profit. The second goal is to prosper the owner of the company or the shareholders. While the company's third goal is to maximize the value of the company which is reflected in its share price. The three goals of the company are not substantially different. It's just that the emphasis to be achieved by each company is different from one another. (Harjito and Martono, 2005).

The value of the company can provide maximum shareholder prosperity if the share price increases. The higher the share price of a company, the higher the prosperity of shareholders. Enterprise value (EV) or also known as firm value (company value) is an important concept for investors because it is an indicator for the market to assess the company as a whole (Kusumadilaga, 2010). Kusumadilaga (2010) states that the value of the company is the price that prospective buyers are willing to pay if the company is sold. Firm value is a reflection of the addition of the company's total equity to the company's debt. Several factors affect the value of the company, namely: funding decisions, dividend policy, investment decisions, capital structure, company growth, and company size. Some of these factors have an inconsistent relationship and influence firm value. Firm value is the value of future earnings in expectations that are recalculated with the right interest rate (Kusumadilaga, 2010).

The use of financial information provided by a company is usually an analyst or investor will calculate its financial ratios which include liquidity ratios, leverage, activity and company profitability as a basis for consideration in investment decisions (Riyanto, 2010). This study uses the ratio of liquidity, leverage and profitability. Liquidity describes the ability of a company to meet its financial obligations that must be met immediately. Liquidity will affect the size of the dividends paid to shareholders. A high level of liquidity will indicate that the company is in good condition so that it will increase the demand for shares and of course will increase the share price. This study uses a liquidity ratio represented by the cash ratio (CR), which is a ratio that describes the company's ability to pay debts that must be met with available cash in the company. Leverage measures the company's ability to meet all of its financial obligations consisting of short-term debt and long-term debt. Leverage in this study is represented by the debt to equity ratio (DER). The debt to equity ratio (DER) is a ratio that compares total debt to equity. This ratio measures the percentage of funds provided by creditors. Total debt includes current liabilities and long-term liabilities. The debt to equity ratio (DER) reflects the company's ability to pay or fulfill its obligations with its capital. A small debt to equity ratio (DER) indicates that the company is still able to meet its obligations to creditors.

Profitability measures the company's ability to generate profits. The profitability ratio in this study is represented by return on equity (ROE). Return on equity (ROE) is a ratio that shows the rate of return obtained by the owner or shareholders on investment in the company. Return on equity (ROE) compares the amount of net income to the equity of ordinary shares. The higher the return on equity (ROE) indicates that the higher the rate of return on the investment made and the lower the return on equity (ROE) of a company, the lower the rate of return will be. Company value can be seen from the company's ability to pay dividends. A dividend is the proportion of profit distributed to shareholders in an amount proportional to the number of shares owned (Sunariyah, 2004). Investors in determining which shares to buy or sell will consider the available information. This information is useful in determining the level of profit and risk of shares to be sold or bought. One of the information that can be obtained by an investor is the announcement of dividend payments. The announcement in the capital market contains the name of the share, the date of the announcement, the number of dividends distributed and the type of dividend.

Dividend policy is very important because it affects the company's investment opportunities, stock prices, financial structure, funding flows and liquidity position. In other words, dividend policy provides information about the company's performance. Each company sets a different dividend policy because the dividend policy affects paying dividends to its shareholders. Dividend policy as an intervening variable influences liquidity, leverage and profitability on firm value, this is because dividend policy is the center of attention of many parties such as shareholders, creditors, and other external parties who have an interest in information issued by the company (Erlangga, 2009). Dividends contain or contain information as a condition of the company's prospects. The greater the dividend distributed to shareholders, the better the company's performance will be, and in the end the assessment of the company reflected in the share price will be even better (Erlangga, 2009). The reason this study uses the dividend payout ratio (DPR) to represent dividend policy is that the dividend payout ratio (DPR) is essential to determine the portion of profits that will be distributed to shareholders, and which will be retained as part of retained earnings. The Dividend Payout Ratio (DPR) according to Sartono (2016:491) is the percentage of profit paid in the form of dividends or the ratio between profits paid in the form of dividends and the total profit available to shareholders. The higher this ratio, the better signal for the company to attract investors who think that the company is

considered capable of fulfilling its obligations, this is certainly good for the company.

The size of the dividend paid to shareholders depends on the dividend policy of each company and is carried out based on consideration of various factors. According to Gitman (2003), the factors that influence a company's dividend policy are debt covenants, liquidity, cash position, company growth prospects and the controlling power of shareholders who own the majority of company shares. The subjects in this study were food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange for the period 2015 to 2019. This sector was chosen because the food and beverage sub-sector manufacturing companies are companies that produce consumer products that are used by all groups of people. In general, it is always needed so that it becomes one of the investment targets by investors.

This food and beverage industry company get a huge opportunity with the aim of increasing the wealth or welfare of the owner, maintaining survival and striving for growth. Achieving these goals is certainly an activity that requires funds. Therefore, for these goals to be achieved effectively and efficiently, the condition that must be achieved is that the company must have a profit or in other words, the company must have a high dividend from its operational activities. Based on the description above, the authors are interested in conducting further research on the role of dividend policy as a mediator of the effect of liquidity, leverage, and profitability on the firm value of food and beverage sub-sector manufacturing companies listed on the Indonesian stock exchange.

LITERATURE REVIEW

Signaling Theory

The signal theory according to Brigham and Houston (2011:184) is the company's actions in giving signals to investors about how management views the company. Signal theory discusses how signals of success or failure of management (agents) should be conveyed to owners (principals). The urge to give a signal arises because of asymmetric information between the company (management) and external parties, where investors know that the company's internal information is relatively less and slower than the management.

Pecking Order Theory

Myers and Majluf (1984) and Myers (1984) formulated a theory of capital structure called the pecking order theory. It is called the pecking order theory because this theory explains why companies will determine the most preferred hierarchy of sources of funds. This theory is based on asymmetric information, a term that indicates that management has more information (about prospects, risks, and firm value) than public investors. Management has more information than investors because they are the ones who make financial decisions, prepare various company plans, and so on. This condition can be seen from the reaction of stock prices when management announces something (such as an increase in dividend payments).

Bird in The Hand Theory

According to Keown, et al (2005:153), the belief that the company's dividend policy is not important, implicitly assumes that an investor should use the same required rate of return, regardless of whether the income comes from capital gains or through dividends. However, dividends are more predictable than capital gains, management can control dividends, but cannot dictate stock prices. Investors become less certain about receiving income from capital gains than from dividends. The additional risk associated with capital gains relative to dividend income implies a higher required rate for discounting dollars from capital gains rather than discounting dollars from dividends. In other words, investors will value a dollar of expected

dividends higher than a dollar of expected capital gains. With this, investors will give a higher value to dividend income than to capital gains. This view, saying that dividends are more certain than capital gains, is called the "bird in the hand theory".

Company Value

Firm value is an investor's perception of the company, which is often associated with stock prices. High stock prices make the value of the company increase. The main purpose of the company according to the theory of the firm is to maximize the company's wealth or value (value of the firm) (Salvatore, 2005). The value of the company is very important because a high company value will be followed by high shareholder prosperity. The higher the stock price, the higher the value of the company. The value of the company will be reflected in its share price. The market price of company shares formed between buyers and sellers when a transaction occurs is called the company's market value because the stock market price is considered a reflection of the actual value of the company's assets. The value of the company that is formed through the stock market value indicator is strongly influenced by investment opportunities. The existence of investment opportunities can provide a positive signal about the company's growth in the future, to increase the value of the company.

Liquidity Ratio

According to Kasmir (2013:65), the liquidity ratio is a ratio that describes the company's ability to settle its short-term obligations (less than one year). Companies that have sufficient ability to pay short-term debt are called liquid companies and vice versa companies that cannot pay short-term debts are called illiquid companies. The liquidity ratio used in this study is the cash ratio. The cash ratio is a ratio to measure how much cash is available to pay debts. Availability of cash can be shown by the availability of cash or cash equivalents.

Leverage Ratio

According to Munawir (2011:105), leverage is a ratio that shows the company's ability to meet its financial obligations if the company is liquidated, both short-term and long-term financial obligations. The leverage ratio used in this study is the debt to equity ratio (DER). The debt to equity ratio (DER) is the balance between the debt owed by the company and its capital. The higher this ratio means that the own capital is less than the debt. For companies, the amount of debt should not exceed their capital so that the fixed burden is not too high. The smaller this ratio the better. That is, the smaller the portion of the debt to capital, the safer it is (Sartono, 2016:66).

Profitability Ratio

The profitability ratio according to Fahmi (2015:116) is a ratio that shows the company's success in generating profits. Potential investors will carefully analyze the smooth running of a company and its ability to earn profits. The better the profitability ratio, the better the ability to describe the company's high profitability. The profitability ratio in this study is the return on equity (ROE). Return on equity (ROE) is the ratio between net profit after tax and total equity derived from income available to company owners (both common stockholders and preferred stockholders) on the capital invested in the company (Harahap, 2013:305). Return on equity (ROE) shows the company's ability to manage its capital (net worth) effectively and measures the level of profit from investments made by the owners of their capital or the company's shareholders. Return on equity (ROE) shows the profitability of capital or also known as business profitability.

Dividend Policy

Dividend policy is a decision whether the profits earned by the company will be distributed to shareholders as dividends or will be retained in the form of retained earnings to finance operations and be reinvested (Deitiana, 2009). If the company chooses to distribute profits as dividends, it will reduce retained earnings and will further reduce the total sources of internal funds or internal financing. The percentage of dividends divided from earnings after tax (EAT) is called the dividend payout ratio (DPR). The dividend payout ratio according to Keown, et al (2005) is the number of dividends paid relative to the company's net income or income per share.

Discussion of Relevant Research

Several studies examine the value of the company. One of them is the research of Raipassa et al (2015) which examines "The Effect of Profitability, Liquidity and Leverage on Dividend Policy in Pharmaceutical Companies Listed on the Indonesia Stock Exchange". The results show that profitability has a significant effect on dividend policy, liquidity has a significant effect on dividend policy, and leverage has a significant effect on dividend policy. Research Dharma and Vivi (2016) "The Influence of Dividend Policy, Liquidity, Profitability and Firm Size on Firm Value". Based on his research, it can be concluded that dividend policy has a positive and significant effect on firm value. Liquidity has a positive and significant effect on firm value. Profitability has a positive and significant effect on firm value. Firm size has a positive and significant effect on firm value.

Research conducted by Adita and Mawardi (2018) "The effect of capital structure, total assets turnover, and liquidity on firm value with dividend policy as an intervening variable". Based on his research, it can be concluded that capital structure, total assets turnover, and liquidity have a positive and significant relationship to dividend policy. Dividend policy, capital structure, total assets turnover, and liquidity have a positive and significant relationship to firm value. The dividend policy in this study can mediate the effect of capital structure, total assets turnover, and liquidity on firm value.

Mahendra (2016) researched: The effect of financial performance on firm value by using dividend policy as a moderating variable. The dependent variable is the firm value calculated using Tobin's Q, while the independent variable is a financial performance using the cash ratio, ROE, and DER. The moderating variable is dividend policy calculated using the DPR. This study uses secondary data obtained from the Indonesia Stock Exchange (IDX), with a population, namely manufacturing companies in the observation year 2010-2014. The results of this study state that liquidity has a positive and significant effect on firm value and dividend policy is not able to significantly moderate the effect of liquidity on firm value. The leverage ratio has a positive and significant effect on firm value and dividend policy is not able to significantly moderate the effect of leverage on firm value. Profitability has a positive and significant effect on firm value and dividend policy is not able to significantly moderate the effect of profitability on firm value.

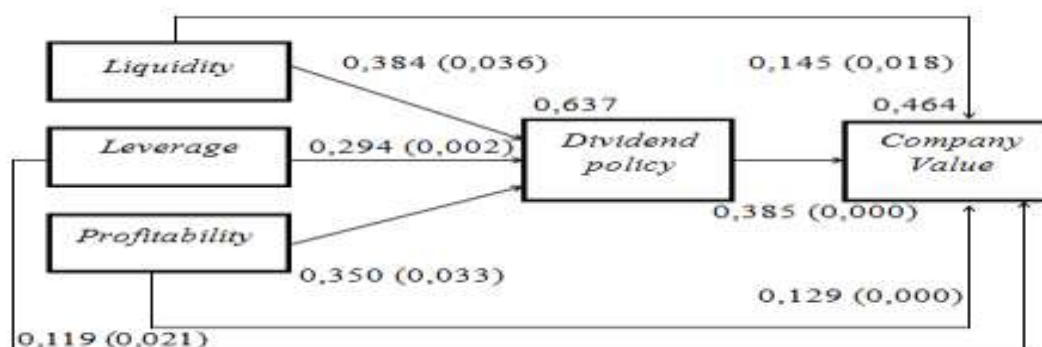
Another study, namely by Ira and Bundanti (2019) "The effect of leverage, profitability and firm size on firm value with dividend policy as a mediating variable". Based on his research, it can be concluded that leverage, profitability, and firm size have a significant positive effect on dividend policy. Leverage, profitability, firm size and dividend policy have a significant positive effect on firm value. Dividend policy significantly mediates the effect of leverage, profitability and firm size on firm value.

METHOD

This study uses a quantitative research approach. Quantitative research is research that uses a deductive approach. This study is to examine the effect of independent variables (liquidity, leverage, and profitability) on the dependent variable (firm value) with the Intervening Variable (dividend policy) as a mediator. Meanwhile, to analyze the effect of each variable using multiple regression analysis techniques and path analysis (path analysis). This research will be carried out in a structured research stage by going through a good research stage. The purpose of this study, namely to analyze the effect of liquidity, leverage and profitability as measured by the cash ratio (CR), debt to equity ratio (DER) and return on equity (ROE), on firm value with dividend policy as an intervening variable, the type of The research used in this study is a causal research type, namely research that aims to test hypotheses and is research that explains phenomena in the form of relationships between variables and identifies causes and effects between various variables (Erlina, 2011). The scope of this research was carried out on food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange consecutively from 2015 to 2019.

RESULTS

This study processes secondary data. This method uses periodic data recording (Tanaka and Respati, 2021), and data processing using the SPSS program. The results of the path analysis are obtained from the standardized regression coefficients. The researcher did the regression twice. The coefficients are placed on the path between variables as shown in the image below:



Effect of liquidity on dividend policy

This test is conducted to test H1 which states that liquidity has a significant positive effect on dividend policy. Based on the results of the analysis calculation, the liquidity regression coefficient is 0.384 with a significant level of 0.036 (less than 0.05). Therefore, it can be concluded that the first hypothesis (H1) which states that liquidity has a significant positive effect on dividend policy is accepted.

Effect of leverage on dividend policy

This test is conducted to test H2 which states that leverage has a significant positive effect on dividend policy. Based on the results of the analysis, the regression coefficient of leverage is 0.294 with a significant level of 0.052 (greater than 0.05). Therefore, it can be concluded that the second hypothesis (H2) which states that leverage has a significant positive effect on dividend policy is rejected.

Effect of Profitability on dividend policy

This test is conducted to test H3 which states that profitability has a significant positive effect on dividend policy. Based on the results of the analysis calculation, the profitability regression

coefficient is 0.350 with a significant level of 0.033 (less than 0.05). Therefore, it can be concluded that the third hypothesis (H3) which states that profitability has a significant positive effect on dividend policy is accepted.

Effect of liquidity on firm value

This test is conducted to test H4 which states that liquidity has a significant positive effect on firm value. Based on the calculation results, the liquidity regression coefficient is 0.145 with a significant level of 0.018 (less than 0.05). Therefore, it can be concluded that the fourth hypothesis (H4) which states that liquidity has a significant positive effect on firm value is accepted.

Effect of leverage on firm value

This test was conducted to test H5 which states that leverage has a significant positive effect on firm value. Based on the results of the analysis, the regression coefficient of leverage is 0.119 with a significant level of 0.021 (less than 0.05). Therefore, it can be concluded that the fifth hypothesis (H5) which states that leverage has a significant positive effect on firm value is accepted.

The effect of profitability on firm value

This test was conducted to test H6 which states that profitability has a significant positive effect on firm value. Based on the results of the analysis calculation, the profitability regression coefficient is 0.129 with a significant level of 0.000 (less than 0.05). Therefore, it can be concluded that the sixth hypothesis (H6) which states that profitability has a significant positive effect on firm value is accepted.

Effect of dividend policy on firm value

This test is conducted to test H7 which states that dividend policy has a significant positive effect on firm value. Based on the results of the analysis calculation, the dividend policy regression coefficient is 0.385 with a significant level of 0.000 (less than 0.05). Therefore, it can be concluded that the seventh hypothesis (H7) which states that dividend policy has a significant positive effect on firm value is accepted.

The effect of liquidity on firm value through dividend policy as an intervening variable

This test is conducted to test H8 which states that liquidity has a significant positive effect on firm value through dividend policy as an intervening variable. Based on the path diagram in the picture above, shows the results of the influence of liquidity on firm value with a significant value of 0.018 and a regression coefficient of 0.145, which means that liquidity has a positive and significant effect on firm value. While the results of the effect of liquidity on firm value through dividend policy as an intervening variable of 0.148 which is the result of the multiplication of the regression coefficient of liquidity on dividend policy with the regression coefficient of dividend policy on firm value ($0.384 \times 0.385 = 0.148$). Based on the calculation results above, the value of the influence of liquidity on firm value is smaller than the value of the influence of liquidity on firm value through dividend policy, which is $0.145 < 0.148$. Therefore, it can be concluded that the eighth hypothesis (H8) which states that liquidity affects firm value through dividend policy as an intervening variable is accepted.

The effect of leverage on firm value through dividend policy as an intervening variable

This test was conducted to test H9 which states that leverage has a significant positive effect on firm value through dividend policy as an intervening variable. Based on the path diagram in the image above, shows the results of the effect of leverage on firm value with a significant

value of 0.021 and a regression coefficient of 0.119, which means that leverage has a positive and significant effect on firm value. While the results of the effect of leverage on firm value through dividend policy as an intervening variable of 0.113 which is the result of the multiplication of the regression coefficient of leverage on dividend policy with the regression coefficient of dividend policy on firm value ($0.294 \times 0.385 = 0.113$). Based on the above calculation results, the value of the leverage effect on firm value is greater than the value of the leverage effect on firm value through dividend policy, which is $0.119 > 0.113$. Therefore, it can be concluded that the ninth hypothesis (H9) which states that leverage affects firm value through dividend policy as an intervening variable is rejected.

The effect of profitability on firm value through dividend policy as an intervening variable

This test is conducted to test H10 which states that profitability has a significant positive effect on firm value through dividend policy as an intervening variable. Based on the path diagram in the picture above, shows the results of the influence of profitability on firm value with a significant value of 0.000 and a regression coefficient of 0.129, which means that profitability has a positive and significant effect on firm value. While the results of the influence of profitability on firm value through dividend policy as an intervening variable of 0.135 which is the result of the multiplication of the regression coefficient of profitability on dividend policy with the regression coefficient of dividend policy on firm value ($0.350 \times 0.385 = 0.135$). Based on the calculation results above, the value of the influence of profitability on firm value is smaller than the value of the influence of profitability on firm value through dividend policy, which is $0.129 < 0.135$. Therefore, it can be concluded that the tenth hypothesis (H10) which states that profitability affects firm value through dividend policy as an intervening variable is accepted.

DISCUSSION

Effect of Liquidity, Leverage, and Profitability on Dividend Policy

From the results of the model test, it is known that this research model is fit, namely, the independent variables (liquidity, leverage, and profitability) together have a significant influence on the dependent variable (dividend policy). These results are consistent with the results of previous studies conducted by Adita and Mawardi (2018), Ira and Bundanti (2019) and Raipassa et al (2015) with the results of liquidity, leverage and profitability having a significant effect on dividend policy. This means that the higher the value of liquidity, leverage and profitability, the better the dividend policy will be.

Effect of Liquidity, Leverage, Profitability, and Dividend Policy on Firm Value

From the results of the model test, it is known that this research model is fit, namely, the independent variables (liquidity, leverage, profitability and dividend policy) together have a significant influence on the dependent variable (firm value). These results are consistent with the results of previous research conducted by Adita and Mawardi (2018), Ira and Bundanti (2019), Dharma and Vivi (2016) and Mahendra (2016) with the results of liquidity, leverage, profitability and dividend policy having a significant effect on firm value. This means that the higher the value of liquidity, leverage, profitability and dividend policy, the higher the firm value.

Effect of Liquidity on Dividend Policy

Based on the results of the analysis and t-test results, it can be concluded that liquidity has a positive and significant effect on dividend policy. The results of this study are consistent with previous research conducted by Adita and Mawardi (2018) and Raipassa et al (2015) with the results of liquidity having a significant positive effect on dividend policy. Adita and Mawardi

(2018) and Raipassa et al (2015) state that if a company can continuously and regularly pay its short-term obligations, it will not burden the company when debt is due and will not affect dividend payments to shareholders. This shows that where the high and low debt owed by the company is related to the high and low dividend policy determined by the company. The main purpose of shareholders investing in the company is to earn profits, which can be in the form of dividends. Therefore the company will distribute dividends to shareholders consistently to get a good image from shareholders for the management of the company. The higher the company's liquidity indicates investor confidence in the company's ability to pay the promised dividends. Company liquidity is one of the main considerations in dividend policy. Because dividends are cash outflows, the greater the amount of cash available along with the company's liquidity, the greater the company's ability to pay dividends. If management wants to maintain liquidity in anticipation of uncertainty and to have financial flexibility, likely, the company will not pay dividends in large amounts.

The Effect of Leverage on Dividend Policy

Based on the results of the analysis and t-test results, it can be concluded that leverage does not affect dividend policy. The results of this study are inconsistent with previous research conducted by Ira and Bundanti (2019) and Raipassa et al (2015) with the results that leverage has a significant positive effect on dividend policy. This shows that where the high and low company capital obtained from the debt owed by the company is not related to the high and low dividend policy determined by the company. The higher the leverage indicates the higher the amount of debt that will affect the company's ability to distribute dividends, but the high amount of debt does not prevent the company from distributing dividends because the company also pays attention to the interests of the owners of capital so that leverage does not affect dividend policy. Leverage does not affect dividend policy because an increase in the use of debt will reduce dividend payments. This is because companies that have high fixed costs will prioritize paying their debts so that it has an impact on dividend payments. For this reason, the level of debt does not affect the size of the dividend distribution.

Effect of Profitability on Dividend Policy

Based on the results of the analysis and t-test results, it can be concluded that profitability has a positive and significant effect on dividend policy. The results of this study are consistent with previous research conducted by Ira and Bundanti (2019) and Raipassa et al (2015) with the results that profitability has a significant positive effect on dividend policy. Ira and Bundanti (2019) and Raipassa et al (2015) state that profitability is an important element for profit-oriented companies. For company leaders, profitability can be used as a benchmark to determine the success of the company they lead, while for investors profitability can be used as a signal in investing in a company. If the profitability of a company is high, the level of equity acquisition or the company's net profit is also high, which is obtained from the company's total investment turnover, thereby increasing the company's profit and the proportion of dividend distribution will also increase so that it is necessary to stabilize the company's profitability level. Profit is the main indicator that shows the company's capacity to pay dividends. Profit for the year is one of the factors that affect the payment of current dividends in addition to the previous year's dividends. Profit-producing companies can pay dividends while keeping internal funds in the form of retained earnings to finance their investments on the condition that the profits they generate tend to be stable, the higher the company's profit, the higher the cash flow in the company so that the company can pay higher dividends. A high profitability value will indicate that the company can generate relatively high profits. Investors will like companies with high profitability values because companies with high profitability values can generate higher levels of profit than companies with low profitability values, so companies that can generate high

profitability will pay high dividends as well.

Effect of Liquidity on Firm Value

Based on the results of the analysis and t-test results, it can be concluded that liquidity has a positive and significant effect on firm value. The results of this study are consistent with previous research conducted by Dharma and Vivi (2016), Adita and Mawardi (2018) and Mahendra (2016) with the results of liquidity having a significant positive effect on firm value. Dharma and Vivi (2016), Adita and Mawardi (2018) and Mahendra (2016) state that the liquidity ratio serves to measure the ability of a company to meet its short-term obligations. The liquidity of a company can describe the company's ability to meet its short-term obligations to short-term creditors, the greater the ratio of cash to debt, the better. The liquidity ratio which describes the company's financial performance in terms of liabilities can influence the public's assessment, especially investors to give confidence in the company to invest. If the company still has a good ability to fulfill its short-term obligations (one year period) using current assets, the company can be said to be liquid, so investors do not need to worry about investing their funds, if something unexpected happens.

The Effect of Leverage on Company Value

Based on the results of the analysis and t-test results, it can be concluded that leverage has a positive and significant effect on firm value. The results of this study are consistent with previous research conducted by Ira and Bundanti (2019) and Mahendra (2016) with the results that leverage has a significant positive effect on firm value. Ira and Bundanti (2019) and Mahendra (2016) stated that the more debt the creditor owes to the company, the more it will be borne by the company. Then the value of the company will be good if the leverage increases. Because the company is mostly financed with debt, it will affect the value of the company. Franco Modigliani and Merton Miller commonly referred to as (MM) view Net Income (NI) as a supporting theory that states that with the proportion of large debts, the value of the company will increase. Shareholders will sell their shares to companies that do not have debt because the price is higher, and also buy shares to companies that do not have debt because they are cheap. The increasing number of debt companies use their debts seriously, such as using these funds for various kinds of activities in the company and can maintain existing assets in the company. Following this, it says that investors are influenced in adding funds to the company by the financial manager's decision about leverage.

The Effect of Profitability on Firm Value

Based on the results of the analysis and t-test results, it can be concluded that profitability has a positive and significant effect on firm value. The results of this study are consistent with previous research conducted by Dharma and Vivi (2016), Ira and Bundanti (2019) and Mahendra (2016) with the results that profitability has a significant positive effect on firm value. Dharma and Vivi (2016), Ira and Bundanti (2019) and Mahendra (2016) stated that company value is strongly influenced by company profitability. The value of the company will be seen by the size of the company's profits. increasing the value of the company is oriented to profit gain and will focus on activities in the value of the company. so that profitability is the maximum profit for the company. Profitability measures the overall management effectiveness, which is indicated by the size of the profit level obtained concerning sales and investment. The better the profitability ratio, the better the ability to describe the company's high profitability. The high profitability shows the effectiveness of the company's management. High profitability can also indicate good company prospects to investors because investors will be attracted to companies that have good profitability, increasing in demand for shares (Ernawati, 2019; 2021). The increasing demand for shares will cause the value of the company to increase. This means

that the higher the level of profitability, the higher the value of the company.

The Effect of Dividend Policy on Firm Value

Based on the results of the analysis and t-test results, it can be concluded that dividend policy has a positive and significant effect on firm value. The results of this study are consistent with previous research conducted by Dharma and Vivi (2016), Adita and Mawardi (2018) and Ira & Bundanti (2019) with the results of dividend policy having a significant positive effect on firm value. Dharma and Vivi (2016), Adita and Mawardi (2018) and Ira & Bundanti (2019) stated that the company's net profit can be distributed to shareholders as dividends or retained in the form of retained earnings to finance company investments. Dividend policy concerns decisions regarding the use of profits which are the rights of shareholders. The dividend Payout Ratio essentially determines the portion of profits that will be distributed to shareholders, and which will be retained as retained earnings. A manager believes that investors prefer companies that have a stable dividend payout ratio. The distribution of dividends will indicate that the company earns a large enough profit so that it can distribute it to shareholders. This will improve the market view of the value of the company. Dividend policy is very influential on stock prices, so investors always see the good and bad of the company in its dividend policy. The greater the proportion of shareholders receiving dividends, the better the performance and operations and the more valuable the company.

The Effect of Liquidity on Firm Value Through Dividend Policy as Mediation

Based on the results of path analysis calculations, it can be concluded that dividend policy can strengthen the relationship between liquidity and firm value. The results of this study are consistent with previous research conducted by Adita and Mawardi (2018) with the results of dividend policy being able to strengthen the relationship between liquidity and firm value. Adita and Mawardi (2018) state that liquidity expressed in free cash flow can reflect the company's performance in making financial decisions. Shareholder prosperity can occur when the company distributes dividends in cash using the company's free cash. Dividend payments are short-term obligations of the company in a liquidity position and can be considered good when the company can make the cash flow liquid, meaning that the company can meet its short-term debt. Thus, companies that can distribute dividends are companies that can balance the company's cash in terms of funding so that the company remains liquid.

The Effect of Leverage on Firm Value Through Dividend Policy as Mediation

Based on the results of path analysis, it can be concluded that dividend policy is not able to strengthen the relationship between leverage and firm value. The results of this study are not consistent with previous research conducted by Ira and Bundanti (2019) with the results of dividend policy being able to strengthen the relationship between leverage and firm value. It can be interpreted that the rise and fall of dividend policy will not affect the effect of leverage on firm value. This happens because when investors see the leverage of a large company, the dividend policy designed by the company will not affect the decisions of investors because investors do not want to take that risk, when the company has high leverage, the company tends to pay off its long-term debt rather than distribute it. in the form of dividends.

The Effect of Profitability on Firm Value Through Dividend Policy as Mediation

Based on the results of path analysis calculations, it can be concluded that dividend policy can strengthen the relationship between profitability and firm value. The results of this study are consistent with previous research conducted by Ira and Bundanti (2019) with the results of dividend policy being able to strengthen the relationship between profitability and firm value. Ira and Bundanti (2019) stated that when dividend policy is an intervening variable it is

expected to strengthen the relationship between the two variables because when shares are distributed in the form of dividends, the wishes of investors can be realized to make the company value increase. Profitability and dividend policy when carried out optimally and optimally can increase the value of the company. Because this indicates that the company's performance is in good condition and is expected to be profitable for shareholders so that the price of the company's shares increases.

CONCLUSION

This study examines the role of dividend policy as a mediator of the effect of liquidity, leverage, and profitability on the value of manufacturing companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange. Based on the results of the research analysis that has been discussed as presented in previous chapters, it can be concluded as follows:

1. Based on the results of the model test, it is known that this research model is fit, namely, the independent variables (liquidity, leverage and profitability) together have a positive and significant effect on the dependent variable (dividend policy). This shows that if liquidity, leverage and profitability increase significantly, it will also affect the dividend policy and will result in profits for investors.
2. Based on the results of the model test, it is known that this research model is fit, namely the independent variables (liquidity, leverage, profitability and dividend policy) together have a positive and significant effect on the dependent variable (firm value). This shows that if liquidity, leverage, profitability and dividend policy have increased significantly, it will also affect the value of the company will increase and will result in profits for the company.
3. Liquidity has a positive and significant effect on dividend policy. This shows that where the high and low debt owed by the company is related to the high and low dividend policy determined by the company. The main purpose of shareholders investing in the company is to earn profits, which can be in the form of dividends. Therefore the company will distribute dividends to shareholders consistently to get a good image from shareholders for the management of the company. The higher the company's liquidity indicates investor confidence in the company's ability to pay the promised dividends.
4. Leverage does not affect dividend policy. This shows that the higher the leverage, the higher the amount of debt that will affect the company's ability to divide dividends. Leverage does not affect dividend policy because an increase in the use of debt will reduce dividend payments. This is because companies that have high fixed costs will prioritize paying their debts so that it has an impact on dividend payments.
5. Profitability has a positive and significant effect on dividend policy. This shows that if the profitability of a company is high, the level of equity or net profit of the company is also high, which is obtained from the company's total investment turnover, thereby increasing the company's profit and the proportion of dividend distribution will also increase. The higher the company's profit, the higher the cash flow in the company so that the company can pay higher dividends. A high profitability value will indicate that the company can generate relatively high profits. Investors will like companies with high profitability values because companies with high profitability values can generate higher levels of profit than companies with low profitability values, so companies that can generate high profitability will pay high dividends as well.
6. Liquidity has a positive and significant effect on firm value. This shows that the greater the ratio of cash to debt, the better. Liquidity which describes the company's financial performance in terms of liabilities can affect the assessment of the public, especially investors to give confidence to the company to invest. If the company still has a good ability to fulfill its short-term obligations using current assets, the company can be said to

be liquid, so investors do not need to worry about investing their funds, if something unexpected happens.

7. Leverage has a positive and significant effect on firm value. This shows that the more debt the creditor owes to the company, the more that is borne by the company. Then the value of the company will be good if the leverage increases. Because the company is mostly financed with debt, it will affect the value of the company.
8. Profitability has a positive and significant effect on firm value. This shows that the high profitability shows the effectiveness of the company's management. High profitability can also indicate good company prospects to investors because investors will be attracted to companies that have good profitability, increasing demand for shares. The increasing demand for shares will cause the value of the company to increase. This means that the higher the level of profitability, the higher the value of the company.
9. Dividend policy has a positive and significant effect on firm value. This shows that the distribution of dividends will indicate the company earns a large enough profit so that it can distribute it to shareholders. This will improve the market view of the value of the company. Dividend policy is very influential on stock prices, so investors always see the good and bad of the company in its dividend policy. The greater the proportion of shareholders receiving dividends, the better the performance and operations and the more valuable the company.
10. A dividend policy can mediate the effect of liquidity on firm value. This shows that the liquidity expressed in free cash flow can reflect the company's performance in making financial decisions. Shareholder prosperity can occur when the company distributes dividends in cash using the company's free cash. Dividend payments are short-term obligations of the company in a liquidity position and can be considered good when the company can make the cash flow liquid, meaning that the company can meet its short-term debt. Thus, companies that can distribute dividends are companies that can balance the company's cash in terms of funding so that the company remains liquid.
11. Dividend policy is not able to mediate the effect of leverage on firm value. This shows that the ups and downs of dividend policy will not affect the effect of leverage on firm value. This happens because when investors see the leverage of a large company, the dividend policy designed by the company will not affect the decisions of investors because investors do not want to take that risk, when the company has high leverage, the company tends to pay off its long-term debt rather than distribute it. in the form of dividends.
12. Dividend policy can mediate the effect of profitability on dividend policy. This shows that when profitability and dividend policy are carried out optimally and optimally, they can increase the value of the company. Because this indicates that the company's performance is in good condition and is expected to be profitable for shareholders so that the price of the company's shares increases.

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