# Study Of Financial Ratios and Market Performance in Idx High Dividend 20 Companies: Dividend Payout Ratio as An Intervening Variable

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**Abstract**

This study aims to examine the impact of profitability, liquidity, and leverage on firm value, using the dividend payout ratio as an intervening variable in companies listed in the IDX High Dividend 20 index for the 2021-2023 period. Evaluating a company's performance is crucial for investors when assessing stock growth and overall company value. Profitability, liquidity, and leverage serve as the primary indicators in this research to determine firm value. The study employs a quantitative approach with secondary data obtained from the financial statements of companies listed on the Indonesia Stock Exchange (IDX). The research sample consists of companies included in the IDX High Dividend 20 index for the 2021-2023 period, with complete data on profitability ratio (ROA), liquidity (CR), leverage (DER), dividend payout ratio (DPR), and firm value (PBV). The findings indicate that high profitability enhances firm value by signaling positive prospects to investors, although its effect in this study is not significant. Liquidity has a positive and significant impact on firm value, reflecting that companies with higher liquidity are more trusted by investors due to their ability to meet short-term obligations. Leverage also influences firm value, particularly when companies use debt for profitable expansion. However, excessive debt usage increases the risk of financial distress. Moreover, dividend policy does not affect firm value, suggesting that investors prioritize capital gains over dividends. Profitability does not influence dividend policy, while liquidity shows a negative but insignificant relationship with it. Conversely, leverage affects dividend policy, indicating that higher debt levels have a significant impact on dividend distribution decisions.

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

## 1. INTRODUCTION

Measuring company performance provides an overview of stock growth and company performance, so that investors can determine the best company to consider in their investment decisions. High company value can reflect good performance, where performance is represented through stock market value. The higher the stock market value, the higher the company value, or vice versa (Bringham & Houston in Mery, 2017).

Sales growth is an attractive factor for investors, while a decrease in sales can have a negative impact on the company because it risks reducing investor interest in investing. A decrease in sales also has an impact on the reduced profits generated, which in turn can reduce the company's value. Company value can be measured through the development of its financial performance, which is reflected in the financial statements. The available financial information is used by investors as a consideration by analysing financial ratios, such as liquidity, leverage, basic activity, and profitability ratios. This research focuses on profitability, liquidity, and leverage ratios.

To assist investors in considering dividends, the Indonesia Stock Exchange (IDX) has developed the IDX High Dividend 20 (IDXHIDIV20) index, which includes twenty companies with a consistent track

record of dividend payouts and good governance and market performance. The criteria for selecting companies in the index include cash dividend distribution over the last three years, trading value in the last 3, 6, and 12 months, and the company's Free Float level. IDXHIDIV20 index evaluation is conducted every February and August. Investors can assess company performance by analysing financial statements, then summarising data into financial ratios that include profitability, liquidity, leverage, and dividend policy as investment considerations.

As a key factor for investment decisions, profitability holds a distinct appeal for shareholders as it indicates the company's capacity to generate returns through effective utilization of internal resources and shareholder capital. Nugraha and Budiwitjaksono (2020) identified a positive correlation between profitability and firm value. Companies with higher profitability experience greater demand for their shares, which in turn boosts their overall value. Strong profitability reflects favorable business prospects, sends a positive signal to investors, and contributes to an increase in the company's value. Additionally, rising profitability is often linked to higher share prices (Suad Husnan, 2019). Nevertheless, high profits alone do not guarantee optimal performance if the company fails to meet its financial obligations.

Companies that can settle their short-term obligations on time will earn investors' trust, as it reflects their financial reliability and ability to meet commitments without exceeding deadlines. However, highly liquid companies are more inclined to use internal funding rather than relying on external financing through debt (Sartono, 2021). Liquidity, as explained by Kasmir (2019), is a financial ratio used to assess a company's capacity to fulfill its short-term liabilities.

Based on Brigham and Houston in Astuti & Yadnya (2019), liquidity represents the connection between a company's cash and current assets with its short-term liabilities. While having a high amount of current assets can improve liquidity, excessive idle cash may lower the company's efficiency in generating profits, ultimately affecting profitability negatively. On the other hand, companies with low liquidity may struggle to meet their obligations, potentially decreasing investor trust.

Besides liquidity, firm value is also affected by leverage. Leverage is a strategy companies use to secure capital for increasing profits. It also indicates the company's capability to meet its financial obligations, both short-term and long-term (Ni Luh Putu Wiagustini, 2018). Properly managed debt can support operational activities and help maximise profitability (Aldi et al., 2020). However, excessive dependence on debt may signal financial instability. Fluctuations in debt levels, whether rising or falling, can influence market perceptions. An excessive debt burden can harm both company performance and value.

Several studies have explored the impact of profitability, liquidity, and leverage on firm value. Research conducted by Tahu and Susilo (2017), Astuti and Yadnya (2019), and Aldi et al. (2020) consistently found that profitability has a positive and significant effect on firm value. However, Thaib and Dewantoro (2017) offer contrasting findings, showing that while profitability positively affects firm value, the effect is not statistically significant.

Regarding liquidity, Aggarwal and Padhan (2017) and Karlina et al. (2019) found that it positively and significantly influences firm value. On the contrary, Nugraha and Budiwitjaksono (2020) reported a significant negative relationship between liquidity and firm value. Meanwhile, research by Astuti and Yadnya (2019) as well as Aldi et al. (2020) indicates that liquidity has a positive but insignificant effect on firm value.

For leverage, studies by Simanjuntak et al. (2019) and Aldi et al. (2020) show that it positively and significantly affects firm value. Conversely, Tahu and Susilo (2017) found that leverage negatively affects firm value, although the impact is not significant. Similarly, Mery (2017) concluded that leverage has a positive but statistically insignificant effect on firm value.

The inconsistencies in these findings have prompted further research, often incorporating dividend policy as a mediating variable. Dividend policy is closely linked to a company's profitability, as it reflects the firm's ability to distribute dividends. Higher profitability allows companies to distribute larger dividends, which can enhance firm value.

In this study, dividend policy acts as a mediator between financial performance and firm value. It is a critical consideration for various stakeholders, including creditors and shareholders, who rely on it to assess a company's performance. Aldi et al. (2020) demonstrated that dividend policy can mediate the relationship between profitability and liquidity with firm value.

The analysis of how profitability, liquidity, and leverage affect firm value, with dividend policy serving as an intervening variable, presents an interesting area for further investigation. Consequently, this study will be conducted under the title "The Effect of Profitability, Liquidity, and Leverage on Firm Value with Dividend Payout Ratio as an Intervening Variable in IDX High Dividend 20 Companies for the 2021–2023 Period."

Signaling theory is a concept in industrial governance that demonstrates to investors how the government designs and manages its industrial plans. Metrics function as data indicating the extent to which governance can meet investor needs. Signaling theory provides clear guidance for investors in assessing financial information, as systematic governance is reflected in accurate financial reports. Additionally, this theory emphasizes the importance of publishing fundamental industry reports in the investment decision-making process. These reports contain information and indications regarding past, present, and future

industry conditions, which play a role in assessing industrial sustainability and stock market performance. Therefore, investors should use these reports as a primary evaluation tool in making investment decisions. The advantage of signaling theory lies in its ability to control investors' investment decisions and influence company value (Silvia Mutiara Prihanta et al., 2023).

Profitability is a ratio used to assess a company's ability to generate profits and serves as an indicator of management efficiency (Saputra et al., 2022). Signaling theory supports the relationship between profitability and business value by demonstrating that companies capable of managing their assets productively will be able to increase their profitability. Therefore, the governance measures implemented in an industry can serve as signals to investors regarding future management strategies for the industry. In the context of signaling theory, high profitability is a positive signal for management, illustrating the industry's future prospects based on its profitability quality and directly contributing to the increase in company value (Silvia Mutiara Prihanta et al., 2023).

In the retail sector, profitability signifies a company's capacity to generate earnings. One of the most widely used indicators for measuring profitability is Return on Assets (ROA). This ratio demonstrates how effectively a company utilizes its assets to produce profits. The formula to calculate ROA is as follows:

$$RoA = \frac{Net\ profit\ or\ loss}{total\ assets}\ x\ 100\%$$

The leverage ratio (debt ratio) serves as an indicator to determine the proportion of a company's assets funded through debt or external financing (Saputra et al., 2022). Conversely, liquidity reflects a company's ability to meet its short-term obligations using current assets. It is closely related to the company's capacity to settle immediate liabilities (Silvia Mutiara Prihanta et al., 2023). In the context of retail businesses, liquidity indicates their capability to cover short-term liabilities by comparing current assets with short-term debts. Liquidity is commonly measured through the current ratio, which shows the extent to which a company can fulfil its short-term debt obligations to creditors using its available current assets. The current ratio is calculated using the following formula:

$$Current\ Ratio = \frac{Current\ Assets}{Current\ Debt}\ x\ 100\%$$

The leverage ratio is an indicator that reflects a company's ability to meet its short-term debt obligations when they mature, as well as its capability to raise funds to fulfill these obligations when needed (Saputra et al., 2022).

In signaling theory, leverage charts serve as a guide to distinguish between debt and equity levels within an industry. High leverage may indicate that an industry relies heavily on debt as a source of working capital, which in turn affects the company's debt burden and income levels. When debt reaches its peak, capital costs and the industry's obligation to pay additional expenses will increase (Silvia Mutiara Prihanta et al., 2023).

Dividend policy is influenced by factors such as available investment opportunities, the cost and availability of alternative financing, and shareholder preferences regarding current income versus future gains. When high dividend returns serve as a positive signal to investors, they can boost investor interest and stimulate increased investment in the industry. An increase in dividend distribution is perceived as an indication of strong future prospects for a company, which can also enhance its attractiveness to bondholders. Higher dividend payments have the potential to increase company value, as issuing larger bonds may drive up prices.

In the retail industry, leverage represents the extent to which a company relies on debt for its financing needs. It is commonly evaluated through the debt-to-equity ratio, which measures the company's capability to fulfill its overall debt obligations using shareholders' equity. This ratio highlights the balance between debt and equity within the company's capital structure, offering an understanding of its ability to manage and repay liabilities. The debt-to-equity ratio is determined using the following formula:

$$Debt\ to\ Equity\ Ratio = \frac{Total\ Debt}{Equity}\ x\ 100\%$$

According to Ariani (2024), the Dividend Payout Ratio (DPR) is the ratio between a company's net profit and the total dividends paid, used to determine dividend policy. DPR reflects the rights of shareholders, particularly common shareholders, to receive a portion of the company's profits (Andriyanto et al., 2022). All company shareholders have equal rights if the company decides to distribute dividends. However, dividends paid to preferred shareholders tend to be valued more highly than those received by common shareholders.

DPR refers to the percentage of a company's earnings distributed to shareholders in the form of cash dividends. It is determined by comparing the dividends per share with the EPS for a given period. This ratio illustrates the share of profits allocated as dividends. A higher ratio signifies that a larger portion of the company's earnings is paid out to shareholders (Angela & Budiman, 2020).

If a company pays out one hundred percent of its net profit as dividends, the net profit will be equal to the total dividends paid. In this scenario, the DPR ratio will reach one hundred percent, while the retention ratio (RR) will be zero, as the company does not retain or reinvest its earnings for growth. Conversely, if the company does not distribute dividends, its retention ratio will be one, indicating that it reinvests all its net profits for growth (Weygandt).

By knowing the dividends per share and earnings per share, the Dividend Payout Ratio can be calculated by dividing the total dividends distributed by the company's net profit.

$$DPR = \frac{Dividend\ Per\ Share\ (DPS)}{Earning\ Per\ Share\ (EPS)}$$

Company value is the price investors are prepared to pay if a company is sold, representing the company's total asset value, including its shares. Shares are financial securities issued by a company, and their prices are influenced by the company's financial health and performance. The measurement of company value often involves valuation ratios based on stock prices, reflecting how the company's shares are performing in the capital market (IPO). These ratios help indicate how much the public values the company, particularly when investors are willing to buy shares at prices exceeding their book value (Saputra et al., 2022).

In the retail sector, company value is closely linked to stock performance, with stock prices determined by the supply-demand dynamics in the capital market and public perceptions of the company's performance. In this study, company value is represented by PBV ratio. The PBV ratio reflects how much the market values the company's shares compared to their book value. The formula for calculating the PBV is as follows:

$$PBV = \frac{Price\ per\ share}{book\ value\ per\ share}$$

## 2. RESEARCH METHOD

The data analyzed in this study is quantitative data presented in numerical form (Sujarweni, 2019). The research object refers to the specific focus being studied to obtain accurate and relevant information. In this study, the analyzed objects include profitability ratios, liquidity, leverage, dividend policies, and company value. The data collection method utilized is secondary data collection, specifically stock price reports from the Indonesia Stock Exchange (IDX) accessed through its official website.

The population of this study consists of companies listed in the IDX High Dividend 20 (IDXHIDIV20) for the 2021–2023 period, totaling 20 companies each year. The research sample includes companies with complete data on ROA, CR, DER, DPR, and PBV during the 2021–2023 period.

## 3. RESULTS AND DISCUSSION

### 3.1. Model and hypothesis testing

The model and hypothesis testing were conducted using the Partial Least Square (PLS) approach with the assistance of SmartPLS version 3.0 software.

### 3.1.1. Assessing the Inner Model (Structural Model)

It summarises the result of the path coefficient analysis, assessment of fitness of model and hypotheses testing. Path coefficient analysis determines the level of influence or impact of an independent variable(s) on dependent variables. However, R-square simply shows how many variations around the mean the other variables explained for the endogenous variable. According to Ghozali 2018, the changes in the R-Square value explain whether the effect of certain exogenous latent variables on endogenous latent variables is significant. Then, the criteria for R-Square are divided into three categories: 0.67 has a strong effect, 0.33 is of moderate, while 0.19 has a weak effect.

Tabel 1. Nilai $R^2$

|  | R Square | R Square Adjusted |
|---|---|---|
| Dividend Policy | 0.560 | 0.499 |
| Company Value | 0.475 | 0.426 |

Source: SmartPLS version 3.0 data processing results

Based on the figure above, the inner model shows that the dividend policy variable has an $R^2$ value of 0.560, indicating that 56% of its variance is explained by profitability, liquidity, and leverage, placing it in the medium category as a mediating variable. Meanwhile, the $R^2$ value for the company value variable is 0.511, meaning 51.1% of its variance is explained by profitability, liquidity, leverage, and dividend policy. As a dependent variable, the company value variable also falls into the medium category.

### 3.1.2. Predictive Relevance Test ($Q^2$)

A $Q^2$ value above 0.35 signifies a strong predictive model, while a value between 0.15 and 0.35 indicates a moderate prediction, and a value below 0.15 reflects weak predictive power. Nonetheless, a model is deemed to have predictive relevance if the $Q^2$ value exceeds 0. According to the blindfolding calculation results using SmartPLS 3.0, the predictive relevance values are presented in Table 2.

Table 2. Q-Square

| | $Q^2$predict | Description |
|---|---|---|
| Company Value | 0.289 | Medium predictive relevance |
| Dividend Policy | 0.159 | Medium predictive relevance |

Source: SmartPLS version 3.0 data processing results

The test results in the table above indicate that the company's value variables and dividend policies demonstrate a moderate level of predictive relevance.

### 3.1.3. Hypothesis Test

In this study, hypothesis testing is conducted by considering the P-value, t-statistics, and path coefficient. An influence of the independent variable on the mediation and dependent variables is indicated when the P-value is less than 0.05 and the t-statistics exceed 1.96.

Table 3. Hypothesis Test Results

| Hypothesis | Variable Influence | p-value | t-statistics | Effect Size ($f^2$) | Description |
|---|---|---|---|---|---|
| $H_1$ | The company's value is influenced by profitability. | 0.577 | 9.088 | 0.000 | Accepted |
| $H_2$ | Liquidity has an impact on the company's value | 0.301 | 4.758 | 0.000 | Accepted |
| $H_3$ | Leverage plays a role in determining the company's value | -0.215 | 3.765 | 0.000 | Accepted |
| $H_4$ | The company's value is affected by its dividend policy. | 0.095 | 1.505 | 0.421 | Rejected |
| $H_5$ | Profitability influences the dividend policy. | 0.016 | 1.647 | 0.104 | Rejected |
| $H_6$ | Liquidity affects the dividend policy. | 0.309 | 2.092 | 0.043 | Accepted |
| $H_7$ | Leverage impacts the dividend policy. | 0.390 | 2.039 | 0.021 | Accepted |
| $H_8$ | Profitability influences the company's value through its dividend policy. | 0.522 | 5.505 | 0.000 | Accepted |
| $H_9$ | Liquidity influences the company's value through its dividend policy. | 0.262 | 3.879 | 0.000 | Accepted |
| $H_{10}$ | Laverage influences the company's value through its dividend policy. | 0.220 | 2.223 | 0.013 | Accepted |

### 3.2. Discussion
### 3.2.1. Profitability Affects Firm Value

The regression analysis reveals that the profitability has a positive though insignificant effect on the firm value. Profitability reflects the financial ratios of the various abilities of firms to generate profitability. A high level of profitability shows a very high capability for a company in generating more lucrative earnings. Such high profitability has a positive signaling effect, suggesting good future perspectives and therefore will attract more investment. Such greater demand for share would raise firm value.

High profitability indicates the company's promising prospects, which attracts a positive response from investors and contributes to an increase in firm value. A rise in profitability also leads to higher earnings per share (EPS), which can draw more investors to purchase shares. A company that consistently shows increasing profits reflects solid performance, generating positive investor sentiment and potentially driving up the company's stock price. An increase in stock prices will, in turn, raise the firm's value.

These findings are consistent with Astuti & Yadnya (2019), who concluded that profitability positively and significantly affects firm value.

### 3.2.2. Liquidity Affects Firm Value

The results of the test indicate that liquidity has a positive and significant influence on the firm value; hence, the acceptance of the second hypothesized statement. Liquidity refers to the financial ratio indicating a business entity's capability to accomplish its obligations in the short run. A high level of liquidity reflects that the business entity is in a better position to settle its short-term debts, which is very important in avoiding liquidation problems as a result of failure to pay these obligations.

In this study, liquidity is measured by the current ratio, which is an indication of the level at which a firm's current assets meet its short-term liabilities during any given period. The higher the current ratio, the more confident short-term creditors are in the company's ability to repay its debts, and it also sends a positive signal to investors about the company's financial health and performance. Both firms and investors commonly use liquidity as an indicator to capture the company's financial strength. The higher the current ratio, the higher the positive contribution to firm value.

According to signaling theory, the actions taken by company management can provide valuable indicators for investors regarding the company's future prospects. The ability to fulfill short-term obligations on time serves as a positive signal for investors, encouraging them to invest. These findings align with the research of Mery (2017) and Karlina et al. (2019), who concluded that liquidity positively influences firm value. Companies with high liquidity are generally more trusted by investors, as they believe the company can fulfill its financial obligations promptly.

### 3.2.3. Leverage Affects Firm Value

Based on the obtained regression equation, the research results are consistent with existing theories, where an increase in the leverage ratio contributes to an increase in firm value. This condition can occur if a company utilizes debt as additional capital for expansion. If the expansion is successful, the company can repay its debt, and investors benefit from increased company profitability. This encourages investors to retain their investments, keeping the stock market price stable or even rising, ultimately having a positive impact on firm value.

However, excessive use of debt can negatively impact firm value. Although debt can enhance firm value up to a certain limit, exceeding a safe threshold may put the company at financial risk, potentially leading to bankruptcy. Therefore, maintaining a balance in debt utilization is crucial to ensuring it continues to benefit the firm's value growth without causing excessive financial risk.

### 3.2.4. Dividend Policy Affects Company Value

Based on the results of the t-test, it was revealed that dividend policy does not have an impact on company value. This indicates that the distribution of dividends to shareholders is not associated with fluctuations in the company's value. These findings are consistent with Modigliani's dividend irrelevance theory, which asserts that dividend policy is unrelated to company value. Kusumastuti (2018) explains that one of the main reasons for this is that most shareholders prioritize short-term profits through capital gains. Investors tend to view smaller dividend distributions as less attractive compared to the potential future gains from rising stock prices.

This study supports the research by Aisjah (2018), which shows that dividend policy, represented by the dividend payout ratio (DPR), does not affect company value. However, these findings contradict the research of Yadnyana and Wati (2021), which concludes that dividend policy positively and significantly influences company value.

### 3.2.5. Profitability Affects Dividend Policy

The coefficient for profitability is statistically insignificant; hence, profitability does not affect the dividend policy. Fluctuations in profitability as captured by the net profit margin have no impact on the distribution of dividends. The net profit after interest and taxes is the profit that is available for distribution to the shareholders. If the profit after interest and taxes is low, then the dividend that can be distributed decreases, reducing the capability to pay dividends of the company. This supports previous research conducted by Sari (2020) and Permanasari (2019) in terms of the profitability aspect having no effect on dividend policy.

### 3.2.6. Liquidity Affects Dividend Policy

The result reveals that liquidity negatively affects the dividend policy but is insignificant. This means the liquidity of a company doesn't influence a firm to decide upon paying dividends to its shareholders. Companies can declare and pay dividend irrespective of liquidity position. The result is opposite to the research of Mawarni 2019, but in line with Ariyani et al. 2018 and Permanasari 2017. Both researchers concluded that liquidity has an insignificance negative effect on dividend policy.

### 3.2.7. Leverage Affects Dividend Policy

The findings reveal that leverage influences dividend policy; thus, the extent of corporate leverage determines management's decision on dividend distribution. The higher the leverage ratio, the greater the use

of debt in the capital structure, leading to increased financial risk. Overuse of excessive debt impacts not only the capital structure but also the interest expenses, which consequently impact the company's net profit. Even if the net profit rises, it does not necessarily translate into the company's ability to pay dividends, as debt repayment takes precedence over dividend distribution (Widjaya & Darmawan, 2018).

A firm's leverage affects the amount of debt that will affect the dividends it will pay. Cash flow attained from debts, and higher debts support smooth operations, investments, and the smooth payment of dividends. It thus supports Sari and Sudjarni 2020, which also finds that the leverage influences dividend policy.

### 3.2.8. Profitability Affects Company Value Through Dividend Policy

As according to the first condition of path analysis, since the dividend policy is significant in mediating the profitability and the company value. From the meaningfully significant impact of profitability on the dividend policy indicated by a 0.000 significance level, it's said that the profitability significantly influences the dividend policy positively. And as dividend policies are the most influential factors that significantly influence company value. Since both of these two routes are of great importance, the condition of path analysis that there has to be an indirect effect of profitability on company value through dividend policy is fulfilled.

The second condition of the path analysis, the dividend policy can be a mediator between profitability and company value if the effect is in a same direction. The standardized beta of profitability on dividend policy is 0.522, meaning it has a positive influence, and the standardized beta of dividend policy on company value is 5.505, also having a positive influence. Since both effects are positive, it means the relationship between profitability and company value through dividend policy is consistent; therefore, satisfying the second condition of path analysis.

For investors looking to invest, companies with high profitability present promising prospects, attracting their attention. For those who have already invested in these stocks, an increase in company profits signals the firm's ability to retain earnings, which will later be distributed to shareholders as dividends. This encourages investors to invest more, ultimately increasing the company's value.

### 3.2.9. Liquidity Affects Company Value Through Dividend Policy

The results of the hypothesis test indicate that liquidity, proxied by Current Ratio, affects corporate value through dividend policy, as evidenced by an increase in corporate value if the company has strong enough liquidity to distribute the dividend as a signal of the shareholder's prosperity. It is in line with Sukoco's 2018 study that shows dividend policy as a mediating variable between liquidity and corporate value. Companies with good liquidity can positively affect their value by distributing dividends that reflect shareholder well-being.

### 3.2.10. Laverage Affects Company Value Through Dividend Policy

The results of the hypothesis testing also give evidence that leverage, as indicated by the Debt-to-Equity Ratio, affects company value (Price to Book Value/PBV) through dividend policy (Dividend Payout Ratio/DPR). These findings are supported by the study of Septiani (2019), which also proved that dividend policy can mediate the impact of DER on PBV. It means that increasing company value cannot be done without careful consideration of the dividend policy being implemented.

## 4. CONCLUSION

These findings show that profitability, liquidity, and leverage are determinants of the value of a company, though at different levels of significance. High profitability can add value to a company by giving an excellent signal to investors; however, in this study, its effect was insignificant. Positive liquidity, which affects value positively, reflects that high liquidity companies have enjoyed the trust of investors who hold the opinion of the capability to meet current obligations. Leverage positively relates to company value only in conditions when a firm leverages using debt to expand profitably, whereas excessive reliance on debt augments the chances of financial distress and bankruptcy.

Furthermore, dividend policy does not influence company value, implying that investors prioritize capital gains over dividends. Profitability does not affect dividend policy, while liquidity shows a negative but insignificant relationship with it. On the other hand, leverage influences dividend policy, as higher debt levels affect decisions regarding dividend distribution. The study also highlights that dividend policy can serve as a mediator in the relationship between profitability, liquidity, and leverage with company value. This confirms that dividend decisions remain a relevant factor for investors when assessing a company's value.

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