Enrichment: Journal of Management, 12 (5) (2022)

Published by: Instiute of Computer Science (IOCS)

Enrichment: Journal of Management

Journal homepage: www.enrichment.iocspublisher.org

The effect of financial performance on firm value with dividend policy as a mediation variable

Sukma Irdiana[1] , Kusnanto Darmawan[2], Kurniawan Yunus Ariyono[3], Mohammad Noor Khairullah[4]

[1,2,3,4]Widya Gama Institute of Technology and Business Lumajang, Indonesia

ARTICLE INFO

Article history:

Received Oct 21, 2022
Revised Nov 10, 2022
Accepted Nov 23, 2022

Keywords:

Financial Performance
The Value of the Company
Dividend Policy

ABSTRACT

A well-prepared abstract enables the reader to identify the basic content. This study aims to examine the effect of financial performance on firm value through dividend policy. Financial performance uses the current ratio, debt equity ratio and return on assets. While the price to book value, and the dividend payout ratio. This type of research is quantitative research. The data collection technique in this study uses the company's financial reports from the Indonesia Stock Exchange (IDX). The sample in this study was obtained using a purposive sampling method. Based on the purposive sampling method, 90 samples were obtained from corporate objects that fall into the Blue Chips category from 2016-2021. The analytical method uses SPSS version 21. The results show that liquidity and profitability do not have a positive effect on dividend policy. Solvability has a negative effect on dividend policy. For liquidity, solvency, profitability and dividend policy have no positive effect on firm value. Meanwhile, the dividend policy intervening variables cannot mediate liquidity, solvency, and profitability on firm value.

Corresponding Author:

Sukma Irdiana,
Management
Widya Gama Institute of Technology and Business Lumajang,
Jl. Gatot Subroto No.4, Veteran, Karangsari, Kec. Sukodono, Kabupaten Lumajang, Jawa Timur 67352, Indonesia
Email: sukmapasah@gmail.com

INTRODUCTION

Stocks are one of the most well-known investment instruments in Indonesia. One of the well-known stock categories is blue chip stocks. Blue chip stocks are top stocks engaged in the industrial sector, generally in large companies. Apart from having a large market capitalization and being heavily traded, blue chip stocks have other criteria, namely shares that are market leaders in their sector. Blue chip stocks also have a good work ethic, good fundamentals, and are managed by professionals and are worked on by many people.

In general, companies have two goals, namely short-term and long-term goals. The company's short-term goal is to maximize profits with its own resources, while the company's long-term goal is to increase the company's value. Prosperity of the shareholders can be one indicator to determine the value of the company. With a high corporate value, it shows the prosperity of shareholders which is also high.

Firm value is the company's performance which is reflected by the share price formed by the demand and supply of the capital market which reflects the assessment that society has carried out and the company's performance (Mariana et al., 2019). Firm value is the price that prospective buyers are willing to pay if the company is sold. Good or bad company value can indicate the condition of the company itself, so that company value can be a reference for potential investors in making investment decisions (Beriwisnu & Priyadi, 2017).

According to (Harningsih et al., 2019), states that one of the factors that affect the value of the company is financial performance. The company's financial performance is one of the important factors considered by investors in determining stock investment. Financial performance is an analysis carried out to see how far the company has implemented and used financial implementation rules properly and correctly (Irdiana, 2017). The financial performance of a company shows a fairly close relationship with an assessment of the health or health of a company. When the company's financial performance is good, the value of the company will be high and vice versa, when the company is bad, the value of the company will decrease. A high company value will attract investors to invest in the company so that, there will be an increase in stock prices, while when the company's financial performance is bad, it will cause a decrease in stock prices.

The effect of company performance on assessing competitors is based on the analytical tools used in financial ratios which include ratios of liquidity, solvency, activity, and company profitability on the basis of investment considerations (Rutin et al., 2019a). The liquidity ratio serves to show and measure a company's ability to meet its obligations when they are due (Indahsari & Fun, 2021). The measure of the liquidity ratio in this study uses the Current Ratio. The Current Ratio is a type of liquidity ratio that is used to measure a company's ability to pay off its short-term obligations. The higher the company's ability to cover its short-term obligations. The company is said to be healthy and the value of the company will increase. The solvency ratio is used to measure a company's ability to pay off all of its obligations, both short term and long term if the company is dissolved (Mahendra et al., 2012). The measure of the solvency ratio in this study uses the Debt to Equity Ratio. If from the calculation results, the company has a high solvency ratio, this has an impact on the emergence of a greater risk of loss. The Profitability Ratio is the company's ability to generate net profit based on the number of assets owned, so that it can be seen whether the company can be efficient in utilizing its assets in operational activities (Chudri, 2020). The measure of profitability ratios in this study uses Return On Assets (ROA). Benchmark for investors in assessing a company that can be seen from the company's ability to generate profits.

While financial performance on dividend policy plays an important role in the development of the company with increasing stock prices, it is the hope of all management, not only that investors have a great desire because the level of stock prices can increase stock returns. They state that the value of a company is initially based on its ability to generate profits and its business risks, in other words the company's valuation depends on the income generated by the assets, not how the income is divided between dividends and retained earnings. Financial performance plays an important role in dividend policy, where dividend policy greatly adds to the value of the company. Therefore, based on the relationship between financial performance and dividend policy, in this study dividend policy is a mediating variable that links financial performance to firm value.

Several previous studies have shown that financial performance on firm value and dividend policy as a mediating variable includes (Sundari & Utami, 2016) stating that profitability has a positive effect on dividend policy. Liquidity has a negative effect on dividend policy. For profitability has a positive effect on firm value. Liquidity has a negative effect on firm value. Dividend policy has a negative effect on firm value. While the mediating variable of dividend policy cannot mediate profitability on firm value, and liquidity has a negative effect on firm value through dividend policy. (Harningsih et al., 2019) said that financial performance had a significant positive effect on firm value and dividend policy was not able to strengthen the effect of financial performance on firm value. (Mariana et al., 2019) said that financial performance as measured by the

leverage ratio had an effect on investment decisions. Financial performance as measured by the ratio of profitability and liquidity has no influence on investment decisions. Financial performance as measured by profitability and leverage ratios has an effect on firm value, while financial performance as measured by liquidity ratios and investment decisions has no effect on firm value. Financial performance as measured by the leverage ratio has an effect on firm value mediated by investment decisions. Meanwhile, financial performance as measured by the ratio of profitability and liquidity has no effect on firm value mediated by investment decisions. So the purpose of this study is to determine and analyze the effect of financial performance on firm value and dividend policy as a mediating variable.

RESEARCH METHOD

This type of research is included in causative research. The type of data is secondary data. The data needed in this research is in the form of annual reports and sustainability reports of mining sector companies published for 2016-2021. Data sources come from the IDX Indonesia Stock Exchange website / www.idx.co.id as well as company websites and other sites related to research. This data is in the form of a time series from 2016-2021 and a cross section consisting of 16 companies, so the data used is panel data. The population to be observed in this study are all Blue Chips companies listed on the Indonesia Stock Exchange (IDX) during the observation period, namely 2016-2021, with a total population of 90 samples. The sampling technique used in this study was purposive sampling, namely the sample based on the suitability of the sample characteristics with the predetermined sample selection criteria, then 15 companies met the criteria and were used as samples in this study. The criteria used in selecting the sample were Blue Chips companies listed on the Indonesia Stock Exchange, publishing annual reports and annual reports consistently during the observation period, namely 2016-2021, and companies paying dividends at least once during 2016-2021.

RESULTS AND DISCUSSIONS

Results

Descriptive Analysis

In the descriptive analysis an overview of each research variable will be presented, namely financial performance which measures liquidity is measured using the Current Ratio (CR), solvency is measured using the Debt Equity Ratio (DER) and profitability is measured using Return On Assets (ROA), as independent variables. and company value as measured by Price to Book Value (PBV) as the dependent variable, while dividend policy is measured using the Dividend Payout Ratio (DPR) as an intervening variable. Descriptive statistical data after the outlier research variables obtained the following data:

Liquidity (CR)

Based on the results of descriptive analysis, it is known that the liquidity (CR) period 2016-2021 with companies included in the Blue Chips category obtained the highest value of 0.99 while the lowest value was 0.04. The mean liquidity (CR) of 90 samples of companies included in the Blue Chips category in 2016-2021 has an average value of 0.4227 or 42.27% with a standard deviation value of 0.26987.

Solvency (DER)

Based on the results of the descriptive analysis, it is known that the solvency (DER) for the 2016-2021 period with companies included in the Blue Chips category obtained the highest value of 1.00 while the lowest value was 0.02. The mean solvency (DER) of 90 samples of companies included in the Blue Chips category in 2016-2021 has an average value of 0.4677 or 46.77% with a standard deviation value of 0.27595.

Profitability (ROA)

Based on the results of the descriptive analysis, it is known that the profitability (ROA) for the 2016-2021 period with companies included in the Blue Chips category obtained the highest score of 0.35 while the lowest score was 0.02. The mean profitability (ROA) of 90 samples of companies included in the Blue Chips category for 2016-2021 has an average value of 0.1274 or 12.74% with a standard deviation value of 0.08306.

Dividend Policy (DPR)

Based on the results of the descriptive analysis, it is known that the dividend policy (DPR) for the 2016-2021 period with companies included in the Blue Chips category obtained the highest score of 1.47 while the lowest score was 0.05. The average dividend policy (DPR) value of 90 samples of companies included in the Blue Chips category for 2016-2021 has an average value of 0.4631 or 46.31% with a standard deviation value of 0.24610.

Company Value (PBV)

Based on the results of descriptive analysis, it is known that the company value (PBV) for the 2016-2021 period with companies included in the Blue Chips category obtained the highest value of 0.97 while the lowest value was 0.00. The mean firm value (PBV) of 90 samples of companies included in the Blue Chips category in 2016-2021 has an average value of 0.2511 or 25.11% with a standard deviation value of 0.30463.

Normality test

The results of the normality test with regression analysis of the first and second model equations using SPSS (Statistics Program for Social Science) 21.0 obtained the following results:

Regression Analysis Model Equation 1

$$DPR = py1x2ROA + py1x1CR + e1 \quad (1)$$

Regression Analysis Model Equation 2

$$PBV = py2x2ROA + py2x1CR + py2y1DPR + e2 \quad (2)$$

In this test using path analysis, it can be concluded that the distribution of points following the direction of the diagonal line in the histogram shows a normal distribution pattern.

Multicollinearity Test

The test data that can be used in research are those with normal distribution through path testing and normality tests as reinforcement. The results of the Multicollinearity test which is a test using mediation regression states that the two data models in this study are free from cases of Multicollinearity. This can be seen from the VIF (Variance Inflation Factor) value of all variables that have a value less than 10 and also a tolerance value greater than 0.10.

Heteroscedasticity Test

Testing the residual variance from observation to other observations in a regression model whether there will be inequality. Based on the results of the heteroscedasticity test using scatterplot analysis, it can be concluded that on the Y axis there are points that spread above and below the number 0. It is said that the heteroscedasticity test does not occur heteroscedasticity between the dependent variable and the independent variable, so the study is feasible to use.

Autocorrelation Test

Based on the autocorrelation test with two models, the results of the first model are Durbin Watson's number 1.863 and the second model's Durbin Watson's number is 1.355. So it can be concluded according to the basis of Durbin Watson if between -2 and +2 it is stated that there is no autocorrelation.

Path Analysis and Hypothesis Testing

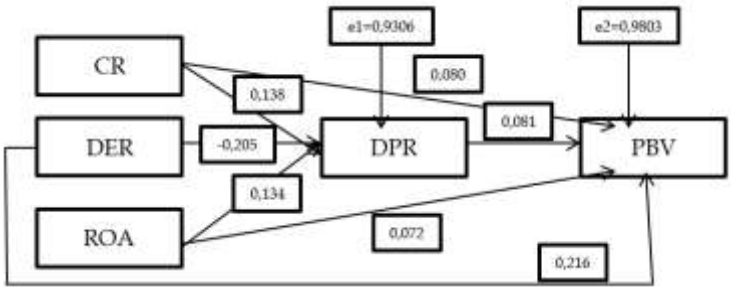

Figure 1. Path diagram analysis results
Source: Secondary Data processed, 2022

Figure 1 shows the value of the path coefficient for each independent variable to the dependent variable. Thus, the sub-structure for the above path diagram can be formulated as follows:

DPR = 0.138CR – 0.205DER + 0.134ROA + 0.9306
PBV = 0.080CR + 0.216DER + 0.072ROA + 0.081DPR + 0.9803

Table 1. Value of path coefficient of direct effect between variables

Variable			Standardized Value coefficient
CR	➔	DPR	0.138
DER	➔	DPR	-0.205
ROA	➔	DPR	0.134
CR	➔	PBV	0.080
DER	➔	PBV	0.216
ROA	➔	PBV	0.072
DPR	➔	PBV	0.081

Source: Secondary data processed, 2022

From Table 1 above it is concluded that: (1) If CR changes, it will cause changes to the DPR. The positive sign indicates a unidirectional change. (2) If the DER changes, it will cause changes to the DPR. The negative sign indicates the change is not unidirectional. (3) If the ROA changes, it will cause changes to the DPR. The positive sign indicates a unidirectional change. (4) If CR changes, it will cause changes to PBV. The positive sign indicates a change in direction. (5) If the DER changes, it will cause changes to the PBV. The positive sign indicates a unidirectional change. (6) If ROA changes, it will cause changes to PBV. The positive sign indicates a unidirectional change. (7) If the DPR changes, it will cause changes to the PBV. The positive sign indicates a unidirectional change.

Table 2. Indirect influence path coefficient value between variables

Variable					Standardized Value coefficients
CR	➔	DPR	➔	PBV	0.091
DER	➔	DPR	➔	PBV	0.199
ROA	➔	DPR	➔	PBV	0.082

Source: Secondary data processed, 2022

From Table 2, the path coefficient value of indirect influence between variables can be seen that testing the path coefficient directly and the path coefficient indirectly can state that liquidity has a direct effect on firm value and has an indirect effect on firm value through dividend policy, so that dividend policy is used as mediating variable. While solvency has an indirect effect on firm value

and does not significantly affect firm value through dividend policy, so that dividend policy cannot mediate liquidity on firm value. While profitability has a direct effect on firm value and indirect effect on firm value through dividend policy, so that dividend policy is used as a mediating variable.

Model Feasibility Test (F Test)

Furthermore, it will test the feasibility of the model to test with the first model CR, DER and ROA of the DPR explaining the F statistic of 4.445 with a significant level of 0.001, so it is known that 0.004 < 0.05. While testing the two models of CR, DER, ROA and DPR on PBV simultaneously which explains that the second model explains the feasibility test of 5.857 with a significant level of 0.004 stating that the two independent models have a significant effect on the dependent variable.

Multiple Coefficient of Determination Test (R2)

Based on the results of the R2 test with the first model R square, it shows that the independent variables, namely liquidity (CR), solvency (DER) and profitability (ROA) can explain the model of 0.134 or 13.4% which affects the dependent variable of dividend policy (DPR) of 13, 4% can be influenced by other variables that are not examined by 86.6%. As for the second model, R square on the results of the R2 test is 0.239 or 23.9%. So it can be said that all independent variables are liquidity (CR), solvency (DER), profitability (ROA), and dividend policy (DPR) which can affect the dependent variable of firm value (PBV) of 23.9% and which can be influenced from other variables were not examined by 76.1%.

Hypothesis Test (t Test)

Table 3. Results of model 1 hypothesis testing (t-test)

Model		Betas	T	Sig
1	(Constant)		4,941	0.000
	CR	0.138	1,247	0.216
	DER	-0.205	-1,798	0.076
	ROA	0.134	1,192	0.236

a. Dependent Variable : DPR

Source: Secondary data processed, 2022

Based on Table 3 it can be explained the results of the test, namely the CR variable to the DPR with a significance level of 0.216 > 0.10 with a beta value of 0.138. This states that CR does not have a positive effect on the DPR to become H1 in unacceptable testing. Based on the t-test, the significance level of the DER variable on the DPR is 0.076 < 0.10 with a beta value of -0.205. In the test, it shows that the CR variable on the DPR variable is influential or negative, then H2 is accepted in the test. Based on the t-test, the significance level of the ROA variable on the DPR is 0.236 > 0.10 with a beta value of 0.134. This states that ROA does not have a positive effect on the DPR to H3 in the unacceptable test.

Table 4. Results of model 2 hypothesis testing (t-test)

Model		Betas	T	Sig
1	(Constant)		0.160	0.873
	CR	0.080	0.677	0.500
	DER	0.216	1,753	0.083
	ROA	0.072	0.600	0.550
	DPR	0.081	0.707	0.481

a. Dependent Variable : PBV

Source: Secondary Data processed, 2022

Based on Table 4, the test results can be explained, namely the CR variable to PBV with a significance level of 0.500> 0.10 with a beta value of 0.080. This states that CR has no positive effect

on PBV to H4 in the unacceptable test. Based on the t-test, the significance level of the DER variable on PBV is 0.083 < 0.10 with a beta value of 0.216. The test shows that the DER variable on the PBV variable has no effect, then H5 is accepted in the test. It is known in the test for the ROA variable to PBV it has a significance level of 0.550> 0.10 with a beta value of 0.072. The test concludes that H6 is rejected, because the DER variable is not significant to PBV. It is known that the t-test for the DPR variable to PBV has a significance level of 0.481 > 0.10 with a beta value of 0.081. The test concludes that H7 is rejected, because the DPR variable is not significant to the PBV.

Mediation Hypothesis Test (Sobel Test)

In this study using the Sobel test which is an analytical tool to test the significance of the indirect relationship between the independent and dependent variables mediated by the intervening variable. To find out that dividend policy can mediate by conducting a Sobel test, it shows that dividend policy cannot mediate because the p-value is 0.539 with a significant value of 0.05 or 5% p-value > 0.05, it can be concluded that H7 is rejected by the intervening variable, namely policy dividends cannot mediate liquidity on firm value. To find out that dividend policy can mediate by conducting a Sobel test, it shows that dividend policy cannot mediate because the p-value is 0.509 with a significant value of 0.05 or 5%, meaning p-value > 0.05, it can be concluded that H8 is rejected by the intervening variable, namely dividend policy cannot mediate solvency on firm value. To find out whether dividend policy can mediate by conducting the Sobel test showing that dividend policy cannot mediate because the p-value is 0.542 with a significant value of 0.05 or 5% p-value> 0.05 it can be concluded that H9 is rejected by the intervening variable, namely policy dividends can not mediate profitability to firm value.

Discussions

The Effect of Liquidity on Dividend Policy

The results of the research on the first hypothesis show that liquidity partially has no positive and significant effect on dividend policy. This shows that the company's liquidity position is one of the elements that influence dividend policy. The number of current assets of the company will affect the payment of dividends. The higher the company's current assets, the higher the value of dividend payments (Riska et al., 2021) . Companies with a high level of liquidity will be able to provide profits to shareholders in cash through the distribution of dividends. The stronger the company's liquidity position, the higher the dividends paid (Ningrum & Tobing, 2016) .

The results of this test are in accordance with (Fadhli, 2011) , (Mahendra et al., 2012) that the current ratio does not always affect the dividend policy of the company under study, which has an established background and at the maturity stage in the research results will not pay high dividends to maintain its reputation. if the company's liquidity experiences unfavorable conditions. But contrary to (Putra & Lestari, 2016) the company is able to fund short-term obligations, unless the level of liquidity is still above the company's reasonable ability.

The Effect of Solvency on Dividend Policy

The results of the research on the second hypothesis show that solvency partially has a negative and significant effect on dividend policy. This is because the company certainly expects to be able to pay its obligations in every operation of the company. Debt to Equity Ratio (DER) is to measure the company's ability to meet all debts. The greater the Debt to Equity Ratio (DER) indicates the higher the liabilities and the lower the Debt to Equity Ratio (DER) will indicate the higher the company is in meeting its debts. The greater the debt of a company will affect the level of income available to shareholders, that is, the higher the company's liabilities will reduce the level of ability to pay dividends. With that, the increase in debt will in turn affect the size of the net profit available to shareholders including dividends to be received, because the higher the obligation, the company's ability to distribute dividends will be lower.

Balancing theory states that companies can use external funding if there is a balance between sacrifices and benefits obtained by the company (Chudri, 2020) . High debt that can be managed well by the company so that the benefits obtained are greater than the sacrifices will generate profits for the company. The profits are then used by the company to distribute dividends to shareholders. This statement is supported by research by (Rutin et al., 2019b) , (Indahsari & Asyik, 2021) , (Mariana et al., 2019) and (Harningsih et al., 2019) which state that the Debt to Equity Ratio (DER) has an effect on positive and significant to the Dividend Payout Ratio.

The Effect of Profitability on Dividend Policy

The results of the research on the third hypothesis show that partially profitability does not have a positive and significant effect on dividend policy. This shows that every company expects profit or profit. Because with these profits the company can continue its operational activities, the company uses funds from the company or from outside the company or what is often called debt. Companies that have high levels of profit tend to have small debts. Return On Assets (ROA) is also the rate of return on investment on the company's investment in fixed assets used for operations. The greater the Return On Assets (ROA), the better the financial performance, because the higher the rate of return on investment, so it can be said that the Return On Assets (ROA) has a positive effect on the Dividend Payout Ratio.

This supports the results of research from (Oktaviarni, 2019) , (Hidayat & Khotimah, 2022) , and (Sriwahyuni & Wihandaru, 2016) that high profitability or company profits provide an obligation to companies to distribute dividend funds to company shareholders. This is in accordance with (Ningrum & Tobing, 2016) signal theory which emphasizes the importance of providing information to external parties to influence their decisions to invest in the company, because the statement provides information about the company's valuation.

Effect of Liquidity on Firm Value

The results of the research on the fourth hypothesis show that liquidity partially has no positive and significant effect on firm value. This is because current assets consist of cash, accounts receivable, inventory, the higher this means there are idle funds in the company, which results in the company not being able to optimally utilize its current assets so that it cannot prosper shareholders. In fact, to increase the value of the company, the company must be able to prosper shareholders.

The results of the study (Fadhli, 2011) say that the higher the CR, it can be indicated that there are idle funds, this also means that there is a decrease in profit because the assets obtained are more used to pay short-term debt and cannot be used as a benchmark for making investment decisions and has no effect on PBV. It can also be seen, from the average data on the value of the CR variable, it has a ratio number that exceeds one so it can be concluded that it is liquid. However, according to the results in this study, it is possible that investors do not only look at the value of the CR variable, but the ROA variable also has an effect. This study is also in line with (Sondakh et al., 2019) , (Hamdani, 2020) , (Riska et al., 2021) and (Oktaviarni, 2019) , which found that liquidity had a negative but not significant effect on firm value (price book). values).

Effect of Solvency on Firm Value

The results of the research on the fifth hypothesis show that solvency partially has no positive and significant effect on firm value. The results of this study indicate that the use of loan funds to finance capital will actually reduce the value of the company. According to (Fadhli, 2011) , the high debt of a company will be considered a negative signal by investors. This is because investors assume that if a company has higher debt, then the risk borne by the company is getting bigger.

The size of the debt owned by the company is not too concerned by investors, because investors see more how the company's management uses these funds effectively and efficiently to

achieve added value to the company's value. The results of this study are in line with research conducted by (Sundari & Utami, 2016) and (Irdiana, 2017) which state that solvency has no effect on firm value.

The Effect of Profitability on Firm Value

The results of the research on the sixth hypothesis show that partially profitability does not have a positive and significant effect on firm value. These results indicate that the higher the ROA value does not determine that the value of the company is good in the eyes of investors because many other factors are taken into account by an investor, such as in terms of other factors, for example regarding similar industry conditions, fluctuations, exchange rates, transaction volume, stock exchange conditions, economic, social, and economic conditions. political and national stability of a country.

The results of this study are supported by (Rai Prastuti & Merta Sudiartha, 2016) stating that ROA has no significant effect on PBV. Because a high ROA value does not guarantee that investors view the company's value either because of the safety factor of the investment or the political security conditions that prevailed at that time which are more concerned.

The Effect of Dividend Policy on Firm Value

The results of the research on the seventh hypothesis show that dividend policy partially has no positive and significant effect on firm value. Based on the analysis it can be seen that dividend policy has no significant effect on firm value. The results of the study are in accordance with (Sinaga & Ginting, 2020) which states the same thing supports the dividend irrelevance theory brought by Miller and Modigliani stating that neither company value nor the cost of capital is affected by dividend policy. The assumptions of MM capital market have the same information, shareholders have a rational nature, there is an element of uncertainty in the flow of income. When the company makes a profit, it must pay dividends and it will reduce the retained earnings of the company which is used for the common interest in advancing the company rather than paying dividends for the welfare of shareholders which does not significantly affect the value of the company. Based on descriptive test analysis with a price to book value measurement of more than 1 which indicates positive sentiment according to (Septariani, 2017) states that the standard average of optimal company value. While the dividend policy, the size of the distribution of dividends from company profits is determined by the GMS to explain to shareholders about the company's financial performance. So, from the results of the descriptive analysis test, it is stated that the company's value is in accordance with the optimal average company standard.

In line with research conducted (Putra & Lestari, 2016) where profitability is the most important indicator for a company, where the higher the ratio, the higher the profit the company has.

Effect of Liquidity on Firm Value through Dividend Policy

Based on the research results, the seventh hypothesis states that liquidity has no effect on dividend policy. If the low level of liability results in the company being considered less willing to take risks to advance its company, but high liabilities do not necessarily lead to an increase in the value of the company through the distribution of dividends, in that case it will increase the payout ratio and not prioritize dividend distribution. Therefore, it can be concluded that dividend policy cannot mediate firm value with supportive liquidity in the research (Mariana et al., 2019) and (Arif Oktianto, 2019) .

Analysis of a company can be seen in a descriptive test of its liquidity capability using the current ratio to the value of the company (price to book value) and as a mediation of dividend policy, it is stated in a capable state, because the liquidity reaches 208%, meaning that it is in accordance with liquidity standards according to (Harningsih et al. ., 2019) . For a company value of more than 1.30, the optimal company value according to (Rutin et al., 2019b) and the dividend policy for

dividend distribution is based on the General Meeting of Shareholders (GMS) which is determined by the company's net profit.

In this case it is concluded that the company is in a safe condition, because it meets these criteria. Liquidity that is too large has a negative impact on investors, because they are considered incapable of managing funds so that many funds are idle which should be used to increase investment supports the statement (Mahendra et al., 2012) .

The Effect of Solvency on Firm Value through Dividend Policy

Based on the research results, the eighth hypothesis states that leverage has no effect on dividend policy. Hypothesis nine states that dividend policy has a significant positive effect on firm value. This shows that dividend policy is not able to mediate the effect of leverage on firm value. The results of this study state 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 not too big of a risk, so it does not affect the funding decision in distributing dividends. The size of the dividend distribution will not affect the value of the company, because investors only want to take profits in the short term by obtaining capital gains.

This research is in line with research (Ningrum & Tobing, 2016) , (Sundari & Utami, 2016) which says that there is no direct effect of solvency on firm value through dividend policy.

The Effect of Profitability on Firm Value through Dividend Policy

Based on the results of the study, the ninth hypothesis states that profitability has no effect on dividend policy. This is because an increase in profit will definitely reduce the company's retained earnings for the welfare of shareholders which does not directly affect the value of the company according to the statement (Hamdani, 2020) . In a descriptive test according to company standards, profitability is measured using return on assets for the development of the company's progress by investing the profits as retained earnings and replayed in the company's investment.

Dividend distribution reduces the retained earnings of a company, but there are investors who prefer the management of investment funds back to the company in order to generate returns higher than the average return that can be generated from other investments in a comparable manner called residual dividend policy stated in research (Rosdini, 2010). 2009). Investors do not have a direct effect on the value of the company, because there is a residual dividend policy that states dividend payments, if there is an excess of funds on the company's profits used.

This is in line with research (Mariana et al., 2019) , (Arif Oktianto, 2019) which says that profitability does not directly affect firm value through dividend policy..

CONCLUSION

Provide a statement that what is expected, as stated in the "Introduction" chapter can ultimately result in "Results and Discussion" chapter, so there is compatibility. Moreover, it can also be added the prospect of the development of research results and application prospects of further studies into the next (based on result and discussion).

From the results of research on the effect of financial performance on liquidity, solvency and profitability on firm value with dividend policy as an intervening variable in Blue Chips companies it can be concluded as follows: (1) liquidity does not have a positive effect on dividend policy, (2) Solvency has a negative effect on policy dividends, (3) Profitability has no positive effect on dividend policy, (4) Liquidity has no positive effect on firm value, (5) Solvability has no positive effect on firm value, (6) Profitability has no positive effect on firm value (7) Dividend policy does not have a positive effect on company value, (8) Liquidity does not have a direct effect on firm value through dividend policy in the sense that dividend policy cannot mediate between the effect of liquidity on firm value, (9) Solvency does not have a direct effect on on firm value through dividend policy in the sense that dividend policy cannot mediate between the influence of solvency on firm value, (10)

Profitability does not affect firm value through dividend policy. This means that dividend policy cannot be a mediating variable between the effect of profitability on firm value.

Based on the conclusions above, the results of the research carried out are as follows: (1) For further researchers, it is expected to conduct research related to this matter or further refine it. This study only discusses financial performance that focuses on profits and short-term liability capabilities, so it is requested to provide other variables and allow their influence on firm value, (2) For future researchers, it is hoped that they will appreciate the time to do research because there are many things to do, for example. making tabulations of the data that must be prepared, (3) Finally, it is recommended for further researchers, hopefully continue research using intervening variables as testing. I can conclude this because only a few have researched using these variables.

Based on the results obtained, this study has limitations that need to be considered for further researchers, namely: (1) There are outlier data in this study so that the results achieved are less than expected, (2) In this study examining financial performance focusing only on liquidity, solvency, and profitability to analyze firm value through dividend policy. There should be other factors in financial performance by measuring company size, institutional ownership or long-term liabilities and debt policy as intervening variables.

References

Arif Oktianto, B. (2019). Pengaruh Kinerja Keuangan Terhadap Harga Saham Pada Perusahaan Industri Makanan Dan Minuman Di Bursa Efek Indonesia. *Jurnal Ilmu Manajemen*, *6*(2), 151. https://doi.org/10.32502/jimn.v6i2.1584.

Beriwisnu, T. C., & Priyadi, M. P. (2017). Pengaruh Pertumbuhan Ekonomi, Industri dan Kinerja Keuangan Terhadap Nilai Perusahaan. *Jurnal Ilmu Dan Riset Akuntansi*, *6*(12), 1–22.

Chudri, I. R. (2020). Pengaruh Solvabilitas Dan Ukuran Perusahaan Terhadap Nilai Perusahaan Pada Perusahaan Restaurant, Hotel & Tourism Yang Terdaftar Di Bursa Efek Indonesia Tahun 2015-2017. *Jurnal Akuntansi Muhammadiyah*, *10*(1), 28–36. https://doi.org/10.37598/jam.v10i1.781.

Fadhli, M. (2011). PENGARUH LIKUIDITAS, SOLVABILITAS DAN PROFITABILITAS TERHADAP NILAI PERUSAHAAN DENGAN KEBIJAKAN DIVIDEN SEBAGAI VARIABEL MODERASI PADA PERUSAHAAN PERBANKAN, ASURANSI & LEMBAGA KEUANGAN LAINNYA DI BURSA EFEK INDONESIA TAHUN 2010-2013. *JOMFekom*, *4*(1), 1–13. https://media.neliti.com/media/publications/125589-ID-analisis-dampak-pemekaran-daerah-ditinja.pdf.

Hamdani, M. (2020). Pengaruh Kinerja Keuangan, Kebijakan Dividen dan Umur Perusahaan Terhadap Nilai Perusahaan di Moderasi Ukuran Perusahaan. *Jurnal Akuntansi Dan Ekonomika*, *10*(2), 188–197. https://doi.org/10.37859/jae.v10i2.2042.

Harningsih, S., Agustin, H., & Setiawan, M. A. (2019). Pengaruh Kinerja Keuangan Terhadap Nilai Perusahaan DCSR Dan Kebijakan Dividen Sebagai Variabel Moderasiengan Pengungkapan. *Ranah Research Journal of Multidisciplinary Research and Development*, *1*(2), 199–209.

Hidayat, I., & Khotimah, K. (2022). Pengaruh Profitabilitas dan Ukuran Perusahaan terhadap Nilai Perusahaan sub sektor kimia. *Jurnal Ilmiah Akuntansi Kesatuan*, *10*(1), 1–8. https://doi.org/10.37641/jiakes.v10i1.1175.

Indahsari, P., & Asyik, N. (2021). Pengaruh Kinerja Keuangan Terhadap Nilai Perusahaan Melalui Kebijakan Dividen. *Jurnal Ilmu Dan Riset Akuntansi*, *10*(5), 2–25.

Irdiana, S. (2017). Kombinasi Keputusan Keuangan Dan Profitabilitas Serta Pengaruhnya Terhadap Nilai Perusahaan Yang Terdaftar Di Bursa Efek Indonesia Tahun 2010-2015. *Jurnal Ilmu Manajemen Advantage*, *1*(2), 178–191.

Mahendra, A., Sri artini, L. gede, & Suarjaya, A. G. (2012). Pengaruh Kinerja Keuangan Terhadap Nilai Perusahaan Manufaktur di Bursa Efek Indonesia. *Jurnal Manajemen, Stategi Bisnis, Dan Kewirausahaan*, *6*(2), 130–138.

Mariana, W. I., Kamaliah, & Indrawati, N. (2019). Pengaruh Kinerja Keuangan terhadap Nilai Perusahaan dengan Keputusan Investasi sebagai Variabel Mediasi (Studi pada Perusahaan Sektor Pertambangan yang Listing di Bursa Efek Indonesia Tahun 2012 – 2016). *Jurnal Ekonomi*, *27*(1), 47–56.

Ningrum, E. P., & Tobing, W. R. (2016). PENGARUH KINERJA KEUANGAN TERHADAP NILAI PERUSAHAAN DENGAN KEBIJAKAN DIVIDEN SEBAGAI VARIABEL MODERATING PADA

PERUSAHAAN MANUFAKTUR DI BURSA EFEK INDONESIA. *Jurnal Kajian Ilmiah UBJ*, *16*(3), 185–304.
Oktaviarni, F. (2019). Pengaruh Profitabilitas, Likuiditas, Leverage, Kebijakan Dividen, Dan Ukuran Perusahaan Terhadap Nilai Perusahaan. *Jurnal Akuntansi*, *9*(1), 1–16. https://doi.org/10.33369/j.akuntansi.9.1.1-16.
Putra, A. N. D. A., & Lestari, P. V. (2016). Pengaruh Kebijakan Dividen, Likuiditas, Profitabilitas Dan Ukuran Perusahaan Terhadap Nilai Perusahaan. *E-Jurnal Manajemen Unud*, *5*(7), 4044–4070.
Rai Prastuti, N., & Merta Sudiartha, I. (2016). Pengaruh Struktur Modal, Kebijakan Dividen, Dan Ukuran Perusahaan Terhadap Nilai Perusahaan Pada Perusahaan Manufaktur. *E-Jurnal Manajemen Unud*, *5*(3), 254202.
Riska, R., Raza, H., & Zulfa, A. (2021). Pengaruh Kinerja Keuangan Terhadap Nilai Perusahaan Manufaktur Di Bursa Efek Indonesia Dengan Kebijakan Dividen Sebagai Variabel Moderasi. *J-MIND (Jurnal Manajemen Indonesia)*, *5*(1), 95. https://doi.org/10.29103/j-mind.v5i1.3428.
Rutin, R., Triyonowati, T., & Djawoto, D. (2019a). Pengaruh Kinerja Keuangan Terhadap Nilai Perusahaan Dengan Kebijakan Dividen Sebagai Variabel Moderating. *Jurnal Riset Akuntansi & Perpajakan (JRAP)*, *6*(01), 126–143. https://doi.org/10.35838/jrap.v6i01.400.
Rutin, R., Triyonowati, T., & Djawoto, D. (2019b). Pengaruh Kinerja Keuangan Terhadap Nilai Perusahaan Dengan Kebijakan Dividen Sebagai Variabel Moderating. *Jurnal Riset Akuntansi & Perpajakan (JRAP)*, *6*(01). https://doi.org/10.35838/jrap.v6i01.400.
Septariani, D. (2017). Pengaruh Kebijakan Dividen dan Kebijakan Hutang terhadap Nilai Perusahaan (Studi Empiris pada Perusahaan LQ45 di BEI Periode 2012-2015). *JABE (Journal of Applied Business and Economic)*, *3*(3), 183. https://doi.org/10.30998/jabe.v3i3.1769.
Sinaga, L., & Ginting, J. (2020). Pengaruh Kebijakan Dividen Dan Kinerja Keuangan Terhadap Nilai Perusahaan Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesiatahun 2015-2017. *JAKPI - Jurnal Akuntansi, Keuangan & Perpajakan Indonesia*, *8*(1), 11. https://doi.org/10.24114/jakpi.v8i1.19024.
Sondakh, P., Saeran, I., & Samadi, R. (2019). PENGARUH STRUKTUR MODAL (ROA, ROE DAN DER) TERHADAP NILAI PERUSAHAAN (PBV) PADA PERUSAHAAN SEKTOR PROPERTI YANG TERDAFTAR DI BEI (Periode 2013-2016). *Jurnal EMBA: Jurnal Riset Ekonomi, Manajemen, Bisnis Dan Akuntansi*, *7*(3), 3079–3088.
Sriwahyuni, U., & Wihandaru. (2016). Pengaruh Profitabilitas, Leverage, Kepemilikan Institusional, Dan Investment Opportunity Set Terhadap Nilai Perusahaan Dengan Kebijakan Dividen Sebagai Variabel Intervening Pada Perusahaan Manufaktur Yang Terdaftar Di Bei Periode 2010-2014. *Jurnal Manajemen Bisnis*, *7*(1), 84–109.
Sundari, T. W., & Utami, W. (2016). PENGARUH KINERJA KEUANGAN TERHADAP NILAI PERUSAHAAN DENGAN KEBIJAKAN DIVIDEN. *JUrnal MIX*, *3*(3), 309–321. https://medium.com/@arifwicaksanaa/pengertian-use-case-a7e576e1b6bf.