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FINANCIAL PERFORMANCE AND FIRM VALUE THROUGH DIVIDEND POLICY

(Cases on Mining Company in Indonesia)

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Abstract

This study aims to determine and analyze the effect of liquidity, leverage, and profitability simultaneously and partially on firm value with dividend policy as a moderating variable. This research was conducted at mining companies listed on the Indonesia Stock Exchange for the period 2015-2019. The population in this study amounted to 47 companies. The sample selection used the purposive sampling technique and obtained a sample of 13 companies with 5 years of observation to obtain 65 research data. The method of testing the hypothesis in this study uses a panel data regression model with the Random Effect Model approach and for testing the moderated variables using the Moderated Regression Analysis (MRA) model. The data analysis of the two models uses the Eviews program version 10. The results show that liquidity has a significant and negative effect on firm value, leverage has a significant and negative effect on firm value, and profitability has a significant positive effect on firm value, and dividend policy is not able to moderate the relationship between liquidity, leverage, and profitability on firm value.

Keywords: Liquidity, Leverage, Profitability, Firm Value, Dividend Policy, Panel Data, MRA, Eviews

INTRODUCTION

The development of the economy in the business sector is now increasing rapidly creating competition, requiring companies to be able to maintain their existence and have the advantage to compete for both technologically, products produced, and human resources. Go public companies earn profits by increasing the value of their shares, if the value of the company's shares is high, the return on investment will also be high for shareholders, and vice versa, the value of the company is low, the return on investment will be low. The issuance of shares is one of the most effective ways to obtain funds, where the more investment in shares is invested in the company, it can increase the value of shares, which reflects the value of the company (Tarihoran. 2016:149). Mining companies have long been a major contributor to the country's financial economy, but from 2011 until now it is experiencing a downward trend (Mery. 2017:2000-2001).

Firm value is the shareholder's perception of the company's success rate which is often associated with share prices (Sitepu, et al. 2019:79). The company is said to have a good value if the company has a good performance, therefore the company value is used as a reference for shareholders to see how much value there is in the company. Generally, financial ratios are used

Vol. 5, No.04; 2021

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to assess the performance of a company in terms of various aspects. The aspects used in this study include liquidity aspects, leverage aspects, and profitability aspects.

Liquidity describes the company's ability to settle its short-term obligations and fulfill financial obligations when they are collected which must be fulfilled immediately (Thaib, et al. 2017:35). High cash capability will have an impact on the company's short-term liability ability and have a positive impact on firm value so that liquidity affects firm value (Mery. 2017:2011) (Dwipa, et al. 2020:85) (Raindraputri, et al. 2019: 3). Leverage is debt that is used to measure the ratio between total debt and total assets, where the higher the company's assets are financed by debt (the higher the company's debt), it will affect asset management (Antoro, et al. 2018:62). The size of the debt owed by the company will be considered by shareholders because shareholders see more about how company management uses funds effectively and efficiently to achieve added value for company value, so that leverage has a significant negative effect on firm value (Rochmah, et al. 2017:1015) (Widyastuti. 2019:56). Leverage has a significant negative effect on the firm value variable, it is known that a negative value indicates an inverse relationship between leverage and firm value, the lower the leverage of a company, the higher the firm value and a negative relationship because many sample companies use larger debt. rather than own capital (Rahmadani, et al. 2017:181).

Profitability is the company's ability to generate net income based on the number of assets it owns, so it can be seen whether the company is efficient in utilizing its assets for operational activities (Beriwisnu, et al. 2017:7). High profitability indicates good company prospects so that shareholders will respond positively to these signals and the company value will increase (Lubis, et al. 2017:459). Meanwhile, any increase or decrease in profitability from the previous year will not affect the increase or decrease in firm value, so that profitability does not affect firm value (Pratiwi, et al. 2017:1468). Dividend policy can increase company value when liquidity is high and dividend policy can reduce company value when liquidity is low, so that liquidity moderated by dividend policy affects firm value (Mery. 2017:2010-2011). Dividend policy as a moderating variable is stated not to significantly moderate the relationship between liquidity and firm value. This condition also illustrates that dividend payments have at least a negative impact on bank liquidity because, with the cash dividend payments, banks issue large amounts of cash. Therefore, the results of the moderation variable test produce an insignificant negative effect (Setiawan, et al. 2020:14).

Dividend policy can significantly strengthen the effect of leverage on firm value because dividend policy is a very important decision in a company, where the company must determine the optimal dividend policy to maximize share prices to increase company value (Raindraputri, et al. 2019:14). The size of a dividend paid to shareholders does not have an impact on the high and low value of a company, it's just that current dividend payments are better used than future capital gains, this is in line with the signaling theory in which shareholders are more likes dividend payments today than capital gains because dividends are considered to solve the uncertainty that will be faced so that dividend policy is not able to significantly moderate the effect of leverage on firm value (Qodir, et al. 2016:170). The dividend policy carried out by the company will make shareholders interested in buying company shares and this will increase profitability while increasing company value, so that the dividend policy strengthens the relationship between profitability and firm value (Mardiana, et al. 2019:148). Information on the level of profitability is important for shareholders and can provide positive signals to shareholders about company value, while dividend payment policies are not able to strengthen the shareholder's assessment of company shares when profitability increases, so that profitability has a significant effect on firm value, however, the existence of a dividend policy does not strengthen the effect of profitability on firm value (Puspitaningtyas. 2017:178).

STUDY OF THEORY AND HYPOTHESIS

Liquidity and Company Value

Liquidity is a description of the company's ability to settle its short-term obligations and fulfill financial obligations when they are collected which must be fulfilled immediately (Thaib, et al. 2017:35). This means that if the company is billed, the company will be able to pay its obligations in the form of debt, especially debts that are due (Dunanti. 2017:50). A high level of liquidity will indicate that the company is in good condition so that it will increase demand for shares and will increase share prices (Mery. 2017:2002-2003). An important part of liquidity can be seen by considering the impact that comes from the company's inability to meet short-term obligations (Mayarina, et al. 2017:579).

Shareholders in investing always pay attention to the liquidity factor because this variable shows the company's ability to fulfill its current obligations, this makes shareholders interested in seeing the company's liquidity in investing, so that liquidity has a positive and significant effect on firm value (Qodir, et al. 2016:168) (Putra. 2019:70) (Mulyana, et al. 2018:11). High cash capability will have an impact on the company's short-term liability ability and have a positive impact on firm value so that liquidity affects firm value (Mery. 2017:2011) (Dwipa, et al. 2020:85) (Raindraputri, et al. 2019:13).

H_1: Liquidity has a positive effect on firm value

Leverage and Company Value

Leverage is debt that is used to measure the ratio between total debt and total assets, where the higher the company's assets are financed by debt (the higher the company's debt), it will affect asset management (Antoro, et al. 2018: 62). Companies that have debt greater than equity can be said to be companies with a high degree of leverage (Rahmadani, et al. 2017:175). The use of debt can be interpreted by shareholders as the company's ability to pay off company obligations in the future so that it gets a positive response from the capital market (Purwani, et al. 2018:18). The addition of corporate debt can serve as a tool to control cash freely by management (Zuhroh. 2019:204). Therefore, companies must manage and plan the use of debt in such a way as to maximize the company's market value (Sualehkhattak, et al. 2017:2-3).

Leverage has a significant negative effect on the firm value variable, it is known that a negative value indicates that there is an inverse relationship between leverage and firm value, the lower the leverage of a company, the higher the firm value and a negative relationship because many companies use larger debt than on their capital (Rahmadani, et al. 2017:181). The greater the value of the Debt Equity Ratio (DER), the greater the risk of bankruptcy that the company has,

so that leverage does not affect the value of the company (Mayarina, et al. 2017:592) (Mulyana, et al. 2018:12) (Mery. 2017:2010) (Antoro, et al. 2018:71).
H_2: Leverage has a negative effect on firm value

Profitability and Company Value
Profitability is the company's ability to generate profits and measure the level of operational efficiency in using its assets (Hirdinis. 2019:178). For companies in general, the problem of profitability becomes more important than the problem of profit because large profits are not sufficient to measure that the company is working efficiently, therefore efficiency can be determined by comparing profits or calculating the level of profitability (Hariyawan. 2017:5). The greater the profits obtained, the greater the company's ability to distribute dividends (Lusiana, et al. 2017:84). High profitability reflects the company's ability to generate high profits for shareholders, therefore the greater the profit, the greater the company's ability to pay dividends and this has an impact on increasing company value (Monoarfa. 2018:35-36).
High profitability can provide added value to company value that is reflected in stock prices, so that profitability has a significant positive effect on firm value (Rochmah, et al. 2017:1015) (Astutik. 2017:45) (Rahmadani, et al. 2017:181) (Mayarina, et al. 2017:591) (Dwipa, et al. 2020:85). The ability to generate profits will be responded to positively by shareholders, one of which is reflected in the increase in share prices, thus indicating that profitability has a positive and significant effect on firm value (Setiawan, et al. 2020:13).
H_3: Profitability has a positive effect on firm value

Dividend Policy, Liquidity and Company Value
Dividend policy can increase company value when liquidity is high and dividend policy can reduce company value when liquidity is low, so that liquidity moderated by dividend policy affects firm value (Mery. 2017:2010-2011). Company value can provide shareholder prosperity if the company has cash that can be distributed to shareholders as dividends if the company can meet its short-term obligations, the company is considered a liquid company, the company value will be good so that dividend policy can strengthen the effect of liquidity on firm value. (Raindraputri, et al. 2019:14).

H_4: Dividend policy can moderate (strengthen) the effect of liquidity on firm value

Dividend Policy, Leverage, and Company Value

The dividend policy carried out by the company makes debt higher so that it affects the value of the company so that the dividend policy weakens the relationship between leverage and firm value (Mardiana, et al. 2019:148). The size of a dividend paid to shareholders does not have an impact on the high and low value of a company, it's just that current dividend payments are better used than future capital gains, this is in line with the signaling theory in which shareholders are more likes dividend payments today than capital gains because dividends are considered to solve the uncertainty that will be faced so that dividend policy is not able to significantly moderate the effect of leverage on firm value (Qodir, et al. 2016:170).

H_5: dividend policy is unable to moderate (weaken) the effect of leverage on firm value

Dividend Policy, Profitability, and Firm Value

The dividend policy carried out by the company will make shareholders interested in buying company shares and this will increase profitability while increasing company value, so that the dividend policy strengthens the relationship between profitability and firm value (Mardiana, et al. 2019:148). Dividend policy has the potential to increase company value because high profits will be a signal for shareholders in dividend distribution, so that dividend policy can strengthen the effect of profitability on company value (Setyawati. 2019:235).

H_6: dividend policy can moderate (strengthen) the effect of liquidity on firm value

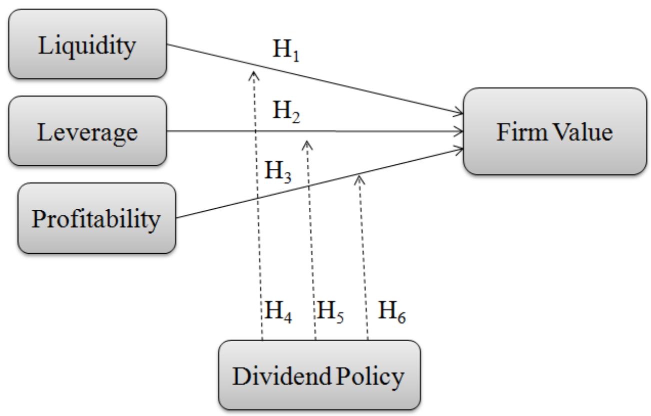

Figure 1: Research Frame Work

RESEARCH METHODS

Population and Research Sample

The population in this study are companies engaged in mining that have gone public and listed on the Indonesia Stock Exchange (IDX) in the 2015-2019 period. Sources of population data are obtained through the official website of the Indonesia Stock Exchange (IDX), namely "www.IDX.co.id" and the official website of each company (company website). It is known that the overall population data is 47 mining companies. The sample was taken by using the purposive sampling method. The purposive sampling method is a method of selecting sample members based on the criteria or sample categories set by the researcher to be relevant to the research objectives (Rochmah, et al. 2017:1006).

Dependent Variable

There are three types of variables in this study, namely the dependent variable in the form of firm value as measured by price to book value ratio (PBV), the independent variable consisting of liquidity (CR), leverage (DER), and profitability (ROA), and one moderating variable namely dividend policy (DPR). The variable measurements are as follows:

Table 1: Variables Measurement

Variable	Notation	Measurement
Firm Value	PBV	Share price per share/Book value per share
Dividend Policy	DPR	Dividend per share/Earning per share
Liquidity	CR	Current assets/Current liabilities
Leverage	DER	Total debt/Total equity
Profitability	ROA	Earning after-tax/Total assets

Data Analysis

Hypothesis testing will use panel data regression analysis. Panel data regression is the use of time-series data, namely the combination of data from time to time continuously and the use of cross-section data, namely cross data, which provides a large amount of data so that it will produce a greater degree of freedom. And combining this information can solve problems that arise when there is a problem of deleting variables. The use of variable processing using panel data regression models in this study, because the data used by researchers is included in the time series data and cross-section data. Time series data is the research time of five years from 2015 to 2019. Meanwhile, the cross-section data in this study is on mining companies listed on the Indonesia Stock Exchange (IDX). Apart from being due to time series data and cross-section data, the use of panel data regression models also has other advantages.

Before selecting the panel data regression model estimation, three approaches need to be made, namely the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). If this study wants to determine the differences in interceptions between companies, the use of the Common Effect Model (CEM) can be ignored. Because technically, the use of the Common Effect Model (CEM) approach only combines time-series data and cross-section data as one unit without seeing any differences between time and between companies. Meanwhile, panel data regression has different characteristics between time and between individuals. Determination of the choice of the Fixed Effect Model (FEM) or Random Effect Model (REM) approach, seen from the Probability Cross-section Random value must be greater than α 0.05 (prob> 0.05). The choice of this approach can improve the quality of the results of research test estimates. So that in the next step you can do the Hausman test.

Moderated Regression Analysis

Moderated Regression Analysis (MRA) is used as a panel data regression model equation for moderating variables, where the regression equation has a multiplication interaction between two or more independent variables.

Model Interpretation

Model interpretation is used in panel regression after selecting the model, testing classical assumptions, and testing the feasibility of the model to explain quantities and signs, the magnitude is an explanation of the coefficient value in the regression equation.

Vol. 5, No.04; 2021

ISSN: 2456-7760

RESEARCH RESULT

Descriptive Analysis

The results of the descriptive analysis show that observations are by the population criteria and the research sample, namely as many as 13 mining companies listed on the Indonesia Stock Exchange (IDX) during the 2015-2019 period. The data obtained were as many as 65 data observations, but due to the outlier data which caused the data to not have a normal distribution, the researcher used an inverse transformation, so that the data obtained became 64 data.

Table 2: Statistics Descriptives

	PBV	**C**	**CR**	**DER**	**ROA**	**DPR**
Mean	15.8271	1.0000	0.6020	0.9755	13.1271	-0.3924
Median	2.1983	1.0000	0.5406	0.6610	8.0128	-0.3209
Maximum	142.8571	1.0000	1.2015	4.4476	100.0000	1.4501
Minimum	0.2164	1.0000	0.1006	0.1084	-100.0000	-1.9701
Std. Dev.	30.5056	0.0000	0.2940	0.9157	27.4942	0.5468
Observations	64	64	64	64	64	64

The company value (PBV) has the highest value of 142.8571 at PT Timah Tbk and the lowest value of 0.2164 at PT Golden Energy Mines Tbk. It has a mean value of 15.8271, a median value of 2.1983, and a standard deviation value of 30.5056. Liquidity (CR) has the highest value of 1.2015 at PT TBS Energi Utama Tbk and the lowest value of 0.1006 at PT Harum Energy Tbk. Has a mean value of 0.6020, a median value of 0.5406, and a standard deviation of 0.2940. Leverage (DER) has the highest value of 4.4476 at PT Bayan Resources Tbk and the lowest value of 0.1084 at PT Harum Energy Tbk. Has a mean value of 0.9755, a median value of 0.6610, and a standard deviation value of 0.9157. Profitability (ROA) has the highest value of 100,0000 at PT Golden Energy Mines Tbk and the lowest value of -100,000 at PT Medco Energi Internasional Tbk. Has a mean value of 13.1271, a median value of 8.0128, and a standard deviation value of 27.4942. The dividend policy (DPR) has the highest value of 1.4501 at Golden Energy Mines Tbk and the lowest value of -1.9701 at PT Indo Tambangraya Megah Tbk. It has a mean value of -0.3924, a median value of -0.3209, and a standard deviation value of 0.5468.

Verification Analysis

Panel Data Regression Model

Table 3 shows the t-statistic value and probability value for each approach. The estimation results show that the respective values of the two approaches to the Fixed Effect Model (FEM) and the Random Effect Model (REM) have different significant effects. So that in finding the right test model, further analysis is carried out with the Hausman test model.

Table 3: Panel Data Regression Results with FEM and REM Approaches

Variable	FEM		REM	
	t-statistic	**Prob.**	**t-statistik**	**Prob.**
C	1.6466	0.1063	0.9525	0.3447
CR	0.6421	0.5239	0.7202	0.4742
DER	-0.7147	0.4783	-0.5631	0.5755
ROA	2.2904	0.0265	2.4749	0.0162
DPR	-2.3556	0.0227	-2.4156	0.0188

Based on the results of the Hausman test, the Probability Cross-section Random value is 0.3967. From these results, it can be concluded that the Probability Cross-section Random value is 0.3967> α 0.05. Then statistically accept H_0 and the appropriate approach used is the Random Effect Model (REM). From the results of the Hausman test in Table 4, it can be concluded that the appropriate approach used in panel data regression is the Random Effect Model (REM).

Table 4: Hausman Test Estimation Model Results

Correlated Random Effects - Hausman Test Equation: Untitled Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	4.069643	4	0.3967

Hypothesis testing

A partial test (t-test) is the use of partially testing the effect of each independent variable. Based on table 5 of partial test results (t-test), it can be seen that liquidity (CR) has a coefficient value of 5.7480 and a probability t-statistic value of 0.4742> α 0.05, so H_0 is rejected and means that liquidity (CR) is partial proved to have a positive and insignificant effect on firm value (PBV). Leverage (DER) has a coefficient value of -1.2582 and a probability t-statistic value of 0.5755> α 0.05, so H_0 is rejected and means that leverage (DER) is partially proven to have a negative and insignificant effect on firm value (PBV). Profitability (ROA) has a coefficient value of 0.1302 and a probability t-statistic value of 0.0162 <α 0.05, so H_0 is accepted and means that profitability (ROA) is partially proven to have a positive and significant effect on firm value (PBV).

Table 5: Hypothesis Test Results

Variable	*Coefficient*	*Std. Error*	*t-Statistic*	*Prob.*
C	*9.385425*	*9.853285*	*0.952517*	*0.3447*
CE	*5.748042*	*7.980942*	*0.720221*	*0.4742*
DER	*-1.258201*	*2.234163*	*-0.563164*	*0.5755*
ROA	*0.130271*	*0.052636*	*2.474950*	*0.0162*
DPR	*-6.321960*	*2.617057*	*-2.415675*	*0.0188*

Moderated Regression Analysis (MRA)

Based on table 6 of the results of the Moderated Regression Analysis (MRA) test, it can be seen that the interaction between dividend policy on liquidity (CR*DPR) has a probability value of 0.3081> α 0.05, so H_0 is rejected and means that the dividend policy (DPR) is not capable. moderate (weaken) the effect of liquidity (CR) on firm value (PBV). In the interaction between dividend policy on leverage (DER*DPR) has a probability value of 0.8028> α 0.05, H_0 is rejected, meaning that dividend policy (DPR) is unable to moderate (weaken) the effect of leverage (DER) on firm value (PBV). In the interaction between dividend policy on profitability (ROA*DPR) has a probability value of 0.2543> α 0.05, H_0 is rejected, meaning that dividend policy (DPR) is unable to moderate (weaken) the effect of profitability (ROA) on firm value (PBV).

Table 6. Regression Analysis Moderation Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CR*DPR	2.600238	2.527871	1.028628	0.3081
DER*DPR	1.912860	7.624135	0.250895	0.8028
ROA*DPR	21.84551	18.96650	1.151795	0.2543

DISCUSSION

Liquidity and Firm Value

The partial test results (partial test (t-test)) in this study indicate that liquidity has a positive and insignificant effect on firm value, where the coefficient value is 5.7480 and the probability t-statistic value is greater than the significance level value (0.4742 > 0.05). These results are in line with research conducted by Candradewi (2016) and Mayarina, et al (2017). There is no

Vol. 5, No.04; 2021
ISSN: 2456-7760

significant effect on the significance of liquidity on firm value because the company has a high level of liquidity, it will not necessarily result in high stock returns and this is reflected in the high liquidity value, it will reflect the existence of high current assets in paying off its smooth obligations (Candradewi. 2016:2117). High liquidity values can also be caused by the existence of accounts receivable and inventories, where these two factors cannot be used quickly in paying their obligations (Mayarina, et al. 2017:592).

Leverage and Firm Value

The partial test results (partial test (t-test)) in this study indicate that leverage has a negative and insignificant effect on firm value, where the coefficient value is -1.2582 and the probability t-statistic value is greater than the significance level value (0,5755 > 0.05). These results are in line with research conducted by Candradewi (2016), Rochmah, et al (2017), Mayarina., et al (2017), and Nurafifah (2020). There is no significant effect of leverage on firm value because shareholders always pay attention to the size of the company's leverage, this can be seen from how company management uses funds effectively and efficiently in achieving added value for company value (Rochmah, et al. 2017). Based on agency theory, there is no significant effect on the significance of the high leverage value, it shows that there is a high debt value in the company, the level of corporate debt can affect the company's financial performance and will have an impact on the appreciation and depreciation of stock prices (Nurafifah. 2020:12). Therefore, the higher the composition of the company's debt compared to its capital, will have an impact on the company's burden on outsiders (Candradewi. 2016:2118).

Profitability and Firm Value

The partial test results (partial test (t-test)) in this study indicate that profitability has a positive and significant effect on firm value, where the coefficient value is 0.1302 and the probability t-statistic value is smaller than the significance level value (0.0162 > 0.05). This means that the higher the profitability, the higher the firm value. These results are in line with research conducted by Oktaviani, et al (2018), Puspitaningtyas (2017), Candradewi (2016), Lubis., et al (2017), Rochmah, et al (2017), Syardiana, et al (2015), Harningsih., et al (2019), Nurafifah (2020), Nurnaningsih., et al (2019). The high level of profitability has a significant effect on firm value, reflecting the company's ability to generate profits from its capital, this will be welcomed by shareholders, which can be seen from the increase in share prices (Puspitaningtyas. 2017:177). For companies that successfully book high levels of profit, it will have an influence on shareholders in investing, so that demand and share prices increase (Harningsih, et al. 2019:205).

Dividend Policy, Liquidity, and Firm Value

The result of Moderated Regression Analysis (MRA) in this study shows that dividend policy is not able to moderate (weaken) the effect of liquidity on firm value, where the probability value is greater than the significance level value (0.3081 > 0.05). These results are in line with research conducted by Mayarina, et al. (2017), Rochmah, et al (2017), and Nurafifah (2020). The inability of dividend policy to moderate the effect of liquidity on firm value is likely because in Indonesia the dividend payment is not too large, this is motivated so that the company can maintain liquidity in anticipation of uncertainty in financial flexibility (Mayarina, et al. 2017:593). The

Vol. 5, No.04; 2021

ISSN: 2456-7760

dividend payment is the final decision of the company because the company prioritizes paying their short-term debt and the remaining profits will then be paid as dividends to shareholders (Nurafifah. 2020:14).

Dividend Policy, Leverage, and Firm Value

The result of Moderated Regression Analysis (MRA) in this study shows that dividend policy is not able to moderate (weaken) the effect of leverage on firm value, where the probability value is greater than the significance level value (0.8028 > 0.05). These results are in line with research conducted by Mayarina, et al. (2017) and Nurafifah (2020). The inability of dividend policy to moderate the effect of leverage on firm value, one of which is because dividend policy has irrelevant dividend implications, namely dividend payments. This is influenced by the high debt owed by the company, so the company will prioritize debt payment first and after that, if there is still any remaining profit, the company will distribute dividends to shareholders (Nurafifah. 2020:14).

Dividend Policy, Profitability, and Firm Value

The results of Moderated Regression Analysis (MRA) in this study indicate that dividend policy is not able to moderate (weaken) the effect of profitability on firm value, where the probability value is greater than the significance level value (0.2543 > 0.05). This means that dividend policy has no role in strengthening the effect of profitability on firm value. These results are in line with research conducted by Puspitaningtyas (2017), Pratiwi, et al (2017), Harningsih., et al (2019). The inability of dividend policy to moderate the effect of profitability on firm value when profitability is high so that dividend policy cannot reduce firm value when profitability is low (Pratiwi et al. 2017:1470). The inability of dividend policy to moderate is inversely proportional to the signaling theory which shows that the high profit the company has is a signal for the company's prospects in the future.

CLOSING

The partial test results (partial test (t-test)) in this study indicate that liquidity has a positive and insignificant effect on firm value. Leverage has a negative and insignificant effect on firm value. Profitability has a positive and significant effect on firm value. The result of Moderated Regression Analysis (MRA) in this study shows that dividend policy is not able to moderate (weaken) the effect of liquidity on firm value. Dividend policy is unable to moderate (weaken) the effect of leverage on firm value. Dividend policy is unable to moderate (weaken) the effect of profitability on firm value.

This study has limitations including that this study only takes mining companies listed on the Indonesia Stock Exchange as the object of research so that the results of the research cannot be generalized to other industrial sectors. The second research limitation is that the research period in conducting the testing only covers five years, namely in the 2015-2019 period. The third research limitation is that in the classical assumption test on the normality test, there is a jarque-bera probability test value that does not meet the significance level. The fourth research limitation is that the independent variable is only limited to the liquidity variable, the leverage variable, and the profitability variable. The moderating variable is only limited to the dividend policy variable. Other variables and financial ratios may influence the firm value variable. For the general public who will invest shares in companies listed on the Indonesia Stock Exchange (IDX), it is hoped that they will always pay attention to the value of the selected company's financial performance. This is done so that there is no wrong prediction in investing in stocks. And can provide a return on capital to benefit from the implementation of stock investment.

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Vol. 5, No.04; 2021

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