

The Role Of Dividend Policy As A Mediator Of The Relationship Between Corporate Governance And Profitability On Firm Value

Eli Lestiana

Faculty of Economics and Business, Universitas Muhammadiyah Purwokerto, Indonesia

Wida Purwidiанти

Faculty of Economics and Business, Universitas Muhammadiyah Purwokerto, Indonesia

Naelati Tubastuvi

Faculty of Economics and Business, Universitas Muhammadiyah Purwokerto, Indonesia

Hengky Widhiandono

Faculty of Economics and Business, Universitas Muhammadiyah Purwokerto, Indonesia

Corresponding Author

Wida Purwidiанти

widapurwidiанти@ump.ac.id

ARTICLE INFO

Article history :

Received:

05 February 2025

Revised:

22 February 2025

Accepted:

26 February 2025

ABSTRACT

This analysis examines the role of dividend policy as a mediator in the relationship between corporate governance and profitability on firm value. The population studied consisted of 47 public banking companies listed on the Indonesia Stock Exchange during 2019-2023, with 87 research samples obtained through the purposive sampling method. The analysis confirmed that profitability significantly positively affects dividend policy and corporate governance positively influences firm value. However, corporate governance and dividend policy do not affect firm value, and dividend policy does not mediate the relationship between corporate governance and firm value, as well as between profitability and firm value. These findings confirm the importance of profitability and corporate governance in enhancing firm value through effective dividend policy.

Keywords: Dividend Policy; Corporate Governance; Profitability; Firm Value

This is an open access article under the [CC-BY-SA](https://creativecommons.org/licenses/by-sa/4.0/) licens



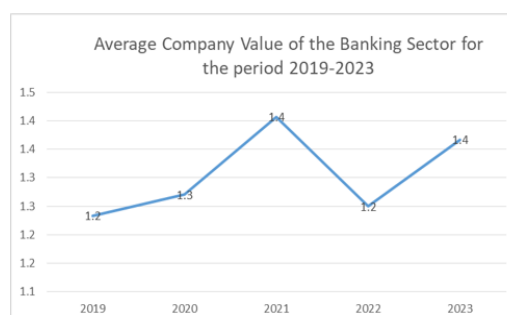
INTRODUCTION

Indonesia's economy heavily relies on the contributions of the banking sector, and despite global and local changes, this sector continues to experience significant development. (Setiawati & Putri, 2024). The progress of the banking subsector is shown through the increasing number of banks that appear on the Indonesia Stock Exchange (IDX) each year, which shows that the public needs financial institutions and has favorable prospects now and in the future (Wati & Hwihanus, 2023). The valuation of a banking firm is evident through the worth of the shares it possesses. Shares in this sector are known as among the most resistant to the economic downturn relative to other industries. This is due to the role of the Central Bank which is responsible for regulating monetary policy, reducing risks that may arise, and maintaining economic stability, as well as overseeing that the community can prosper (Irwan Adam Lano et al., 2023). However, in recent years, the phenomenon shows that the condition of the Indonesian economy in the banking sector has experienced various changes. This instability is caused by challenges arising from globalization and free markets at the international level (Sahputra et al., 2022).

Firm value reflects the state the company has achieved, which shows how much the public trusts it after undergoing various activities over the years, from when the company was founded until now. This figure represents the company's owned assets, the rise can likewise be observed through the consistent growth and stability of stock prices over time. When stock prices climb, the company's value is likely to grow (Rossa et al., 2023). Given the importance of firm value, companies must take steps to maintain or increase that value (Suryandari & Mongan, 2020). Before making an investment decision, it is essential for investors to understand how to value the company's shares and conditions. The yearly financial reports of the company provide access to this information. A standard method used in financial reports to assess stock value is the price-to-book value (PBV), which indicates the relationship between the market price and the book value per share (Setiawati & Putri, 2024).

Figure 1.

Company Value Movement of Public Banking Companies for the period 2019-2023



Source: BEI processed 2024

The graph in Figure 1 shows the change in average enterprise value in the banking sector from 2019 to 2023. In 2019, the enterprise value was 1.2, then increased to 1.3 in

2020 (up 8.33%) and peaked at 1.4 in 2021 (up 7.69%). However, in 2022, the value dropped again to 1.2 (down 14.29%) due to economic uncertainty. In 2023, the enterprise value rose again to 1.4 (up 16.67%), indicating the banking sector had successfully overcome earlier challenges. This change reflects that the banking sector's financial condition and operations are improving and can return to a growth path.

In addition to focusing on achieving maximum profits, companies must also have good governance. According to IICG (The Indonesian Institute for Corporate Governance), corporate governance consists of a series of mechanisms that aim to direct and control the company so that its operations are in accordance with stakeholders' expectations. By implementing good governance, the value of the company is expected to grow because investors will believe that effective governance will positively affect company performance. (Setyaningrum & Fidiana, 2022). that corporate governance positively impacts firm value, such as research conducted by (Suryandari & Mongan, 2020), (Azaria & Muslichah, 2021) and (Soniami et al., 2021). However, research (Chandra & Feliana, 2020) and (Nurhaliza & Azizah, 2023) explain that corporate governance cannot increase firm value.

Profitability is another variable that can affect Firm Value (Putranto et al., 2022). High profitability is associated with good company prospects, thus encouraging investors to increase share demand. When profitability increases, the company's stock price tends to be appreciated as well. This growth in share price positively affects the company's overall value (Ramdhonah et al., 2019). In research (N. K. Handayani et al., 2023), (Anggita & Andayani, 2024), (Nurhaliza & Azizah, 2023) and (Kurniawan et al., 2022) show that profitability a contributes positively to firm value. However, in research (silvia; sofia prima Dewi, 2022) and (Putranto et al., 2022) show the opposite. Firm value is unaffected by profitability.

A primary focus of the company is to improve shareholder welfare. Companies that successfully manage their operations will generate profits, and some will be distributed as dividends. This dividend showcases the management's belief in the company's prospects (Kartika & Nuswandari, 2022). Evidence suggests the company's high dividends will undoubtedly raise its overall value, such as research (Astuti & Yadnya, 2019) , (Salama et al., 2019) and (Wahyuni & Mayliza, 2022) prove that dividend policy contributes positively to Firm Value. According to (Wahyuni & Mayliza, 2022) This happens because the more significant the dividend is distributed, the greater the profit generated, which impacts the share price. If the company consistently raises its dividends, investors are likely to react positively, increasing both stock price and overall firm value. However (Somantri & Sukardi, 2019), (Sahputra et al., 2022) and (Kurnia, 2019) said that the firm's value is not affected by its dividend policy.

This happens because the more significant the dividend is distributed, the greater the profit generated, which impacts the share price. It attracts positive investor reactions, potentially raising both stock price and company value. (Zulkifli & Latifah, 2021). Dividend payments are only sometimes feasible, especially if the company experiences

losses that result in the inability to pay dividends to shareholders. Dividend policies and payments can affect investors and companies where investors expect dividends to be stable and increase yearly (Audityani & Yuyetta, 2019). Some factors that influence the determination of dividend policy in a company include corporate governance and profitability (Zulkifli & Latifah, 2021).

Major shareholders often control companies, so protecting the rights of minority shareholders through good corporate governance practices is crucial. Countries with solid protection for minority shareholders tend to provide more stable dividends than countries with less effective governance (Zulkifli & Latifah, 2021). Corporate governance plays a role in determining how much in dividends a company will distribute because the amount of dividends given to shareholders is a Indicator of corporate governance quality (Zulkifli & Latifah, 2021). This is in line with research (Kartika & Nuswandari, 2022), (David Wilbert & Augustpaosa Nariman, 2022) and (D. M. Dewi & Setiyowati, 2023). However (Sudaryono, 2024) and (Chandra & Junita, 2021) shows that corporate governance proxied by Managerial ownership does not influence dividend policy.

Profitability also affects dividend policy (Puspitaningtyas et al., 2019). Research (Puspitaningtyas et al., 2019) and (Widiantari & Merta Wiguna, 2023) prove that profitability affects dividend policy. Research (Puspitaningtyas et al., 2019) explains that profitability is essential in dividend distribution to shareholders. When the company records high profitability, the dividend's shareholders receive also increase. Conversely, dividend distribution will decrease or be absent altogether if the company has low profitability. However, research (Suleiman & Permatasari, 2022) , (T. Maharani & Terzaghi, 2022) and (Wulandari et al., 2022) showed no effect of profitability on dividend policy.

The distribution of dividends can enhance share value and influence the company's overall worth. The size of the dividends is linked to the company's management practices and capacity to generate profits efficiently. If corporate governance is well implemented, dividends will also be more significant. Good governance can reduce unnecessary costs, so shareholders' investment can be returned through dividends (Rosida & Sundari, 2021). This study is funded by (Rosmawati, 2020). However, research (Rosida & Sundari, 2021) explains Dividend policy does not serve as a mediator in the correlation between corporate governance and firm value.

Profitability can increase firm value through a dividend policy. According to signal theory, when a company distributes dividends to shareholders, it gives investors a hopeful signal regarding the company's future. As a result, this sparks investor enthusiasm for the company, which may boost its overall value (Rohmatulloh, 2023). It has been established that dividend policy plays a role in the relationship between profitability and firm value, indicating that investors tend to favor cash dividends over alternative assets. Thus, the share price of the company is strongly influenced by the amount of dividends allocated. A rise in dividends will contribute to an increase in share price, positively impacting firm value. Increased earnings are associated with a higher probability of the company

increasing its dividend payments. According to the test results, dividend distribution reflects how well the company benefits its investors (Y. D. Handayani & Ibrani, 2023). However, this differs from research (Huda et al., 2020), (Rosida & Sundari, 2021) explaining that dividend policy does not influence the connection between a company's profitability and its overall value.

Referring to this background, the author will conduct a study titled "The Role of Dividend Policy as a Mediator of the Relationship between Corporate Governance and Profitability on Firm Value." The aim of this research is to understand more deeply whether corporate governance and profitability affect firm value with the mediating variable, Dividend Policy. This research is based on the necessity of a deeper exploration of the role of dividend policy as a mediating variable in the connection between corporate governance and profitability regarding firm value. The gap between this research and earlier findings is that expanding the observation period from 2019 to 2023 presents more relevant and up-to-date data, reflecting market dynamics that may differ from the previous research period.

THEORETICAL FRAMEWORK AND EMPIRICAL STUDIES

In the business world, it is essential to understand how corporate governance, profitability, dividend policy, and firm value are interconnected for long-term benefits. Several theories, such as signaling theory and agency theory, help see how management decisions affect investors' views and firm performance. This study explores how corporate governance and profitability affect dividend policy and its implications for firm valuation by proposing several relevant hypotheses.

1) Signaling theory

According to Brigham and Houston (2010), signaling theory explains that decisions made by management can offer investors a glimpse into the company's future opportunities. This signal helps explain how management runs the company to meet owner expectations. In addition, this theory also shows that management is responsible for preparing financial reports that make the company's condition known to outsiders to reduce or prevent information uncertainty (Widiantari & Merta Wiguna, 2023).

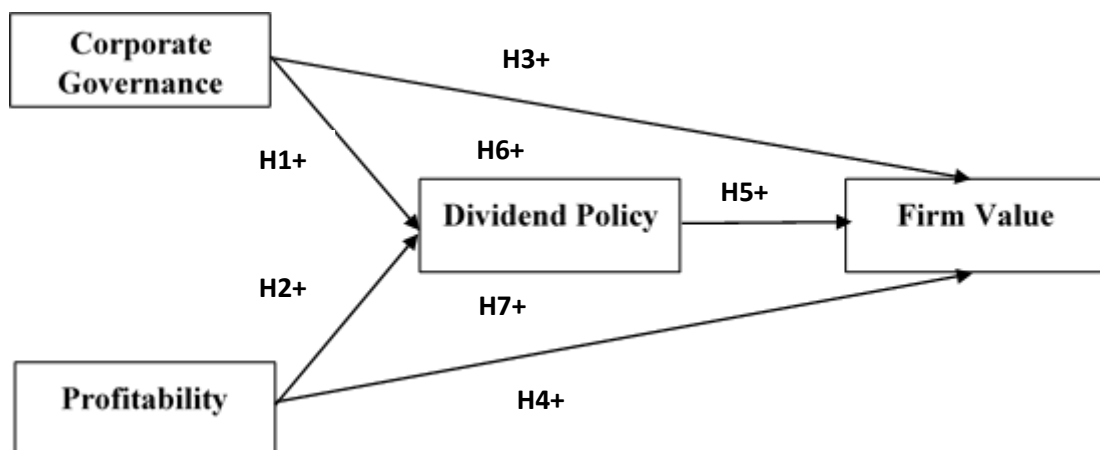
This theory explains the importance of companies providing financial reports to overcome information imbalances. Limited access makes investors pessimistic, so companies need to provide additional signals through financial reports (Suryandari & Mongan, 2020). This theory has a relationship with profitability and dividend policy variables. When profitability is high, companies share positive signals regarding profit achievement. Large dividend payments also serve as a signal that is difficult for other companies to imitate (Widiantari & Merta Wiguna, 2023).

2) Agency theory

Jensen and Meckling (1976) explain agency theory as the connection between company owners and the agents they appoint to carry out specific tasks. In this relationship, agency problems often arise, where agents are more concerned with personal

interests than the owners' interests, leading to goal differences. Managers tend to focus on quick profits and large rewards instead of thinking about the welfare of capital owners through long-term investment (Audyani & Yuyetta, 2019). Therefore, agency theory emphasizes the importance of cooperation between principals (investors) and agents (managers) to increase company value, one of which is implementing good corporate governance (Manurung, 2022).

Figure 2.
Theoretical Framework



RESEARCH METHODS

This research is a type of quantitative research. The research population consists of 47 public banking companies listed on the Indonesia Stock Exchange during the 2019-2023 period, with sample selection using a purposive sampling method based on specific criteria. Secondary data was used, derived from the yearly and financial reports of banks in Indonesia. Of the 47, 23 companies entered the sample in this study. The methods utilized for data analysis are descriptive statistical analysis, classical assumptions, model feasibility, multiple regression hypothesis testing, and path analysis using SPSS 25.

1) Firm Value

The firm value measures public trust in a company from its inception. The greater the company value, the more prosperity shareholders enjoy (Soniami et al., 2021). Price Book Value is one-factor investors consider when choosing stocks to buy. Firm value can maximize shareholders' profit if the company's share price rises. The greater the share price, the greater the wealth owned by shareholders (Rahmawati, 2020).

$$\text{Price to Book Value} = \frac{\text{Share price}}{\text{Book value of shares}}$$

$$\text{Book Value of Shares} = \frac{\text{Total Equity}}{\text{Number of share outstanding}}$$

2) *Corporate Governance*

Managerial ownership describes a condition where the management who manages the company also owns shares in the company. (M. Maharani & Hexana Sri Lastanti, 2024). Measured using a dummy variable with the provision that if the managerial party who owns shares is given a value of 1, while those who do not have are given a value of 0.

3) *Profitability*

This study assessed profitability using return on equity (ROE) because ROE reflects the company's capacity for earnings from the capital invested in total assets. Management often uses this ROE ratio to evaluate the company's financial performance and assess operational effectiveness in utilizing available resources. (Yuni, 2022).

$$\text{Return On Equity} = \frac{\text{Net Income}}{\text{Equity}}$$

4) *Dividend Policy*

The dividend yield is a financial ratio that reflects how much profit or return on investment the company provides to shareholders. This ratio serves as a major factor for investors prior to committing their funds. Investors usually look for companies with high dividend yields (Aten & Nurdiniah, 2020).

$$\text{Dividend Yield} = \frac{\text{Dividend Per Share}}{\text{Share Price}}$$

$$DY = MO + ROE + \varepsilon \dots\dots\dots (1)$$

$$PBV = MO + ROE + DY + \varepsilon \dots\dots\dots (2)$$

Note:

- DY = Dividend Yield
- MO = Management Ownership
- ROE = Return On Equity
- PBV = Price to Book Value
- ε = error.

RESULTS AND DISCUSSIONS

Based on the sample criteria, out of 47 public banking companies in 2019-2023, 23 companies are included in the sample criteria described in the following table:

Table 1.
Sample Determination

No	Sample criteria	Total
1	Public Banking Companies and listed on the Indonesia Stock Exchange during 2019-2023	47
2	Sample data that can be used during 2019-2023 (47x5)	235
3	The sample is a company that does not publish annual financial statements.	(0)
4	The sample is a company that does not distribute dividends in 2019-2023	(148)
5	The number of samples of research data	87
6	Outlier data model 1 Outlier data model 2	(10) (18)
7	Sample Total of final data of model 1 Sample Total of final data of model 2	77 69

1) Descriptive Statistic Analysis

Descriptive Statistic obtained Corporate Governance has an average of 0.64, Profitability 0.109, Dividend Policy 0.033, and Company Value 1.360.

2) Normality Test

Table 2
Kolmogorov Smirnov

Model	N	Asymp. Sig (2 tailed)
1	77	0.200
2	69	0.200

Source: processed 2024

The output results of the first model show a sig. (2-tailed) of 0.200, is above 0.05, which indicates that the data is usually distributed. In the second model, the sig. (2-tailed) of 0.200 also shows that the data is generally dispersed.

3) *Heteroscedasticity Test*

Table 3
Glejser Test

Model	Variables	Sig.
1	Corporate Governance	0.261
	Profitability	0.051
2	Corporate Governance	0.075
	Profitability	0.655
	Dividend Policy	0.316

Source: processed 2024

The heteroscedasticity test results show that all significance values in both equations, namely corporate governance, profitability, and dividend policy, are more significant than 0.05. Thus, the model tested does not show signs of heteroscedasticity.

4) *Multicollinearity Test*

Table 4
TOL and VIF Test

Model	Variables	Collinearity Statistics	
		Tolerance	VIF
1	Corporate Governance	0.996	1.004
	Profitability	0.996	1.004
2	Corporate Governance	0.941	1.063
	Profitability	0.943	1.061
	Dividend Policy	0.968	1.033

Source: processed 2024

The multicollinearity test results show that in equation 1, the TOL and VIF values for Corporate Governance and Profitability are 1.004 respectively, indicating no multicollinearity symptoms. In equation 2, the Tolerance and VIF values for the three variables (Corporate Governance, Profitability, and Dividend Policy) also show Tolerance values above 0.1 and VIF below 10, so the regression model does not experience multicollinearity symptoms.

5) *Autocorrelation Test*

Table 5
Durbin Watson

Model	Durbin Waston
1	0.876
2	0.776

Source: processed 2024

In Table 5, the Durbin Watson value for equation 1 is 0.876, which is within the interval of -2 and +2, so there are no autocorrelation symptoms. Similarly, the Durbin Watson value for equation 2 is 0.776, which also indicates no autocorrelation symptoms.

6) *Multiple Linear Regression*

Table 6
Model Feasibility Test

Model	R Square	Adjusted R square
1	0.122	0.098
2	0.185	0.147

Source: processed 2024

The coefficient of determination (R Square) in table 6, namely in equation 1 of 0.122, indicates that about 12.2% of the variation in dividend policy can be explained by corporate governance and profitability, the remaining 87.8% is explained by other variables

Meanwhile, in equation model 2, the coefficient of determination (R Square) of 0.185 indicates that about 18.5% of the variation in Firm Value can be accounted for by corporate governance, profitability and dividend policy. The remaining 81.5% is accounted for by other factors.

7) *Model Fit Test*

Table 7
Godness of fit test

Model	F	Sig.
1	5.122	0.008
2	4.903	0.004

Source: processed 2024

Based on Table 7, the significance levels for the first and second regressions are 0.008 and 0.004, respectively. This shows that the F value that was computed is significant, as the p-value is less than 0.05. Therefore, the model shows a good fit between the independent and dependent variables

8) *Partial Coefficient Test*

Table 8:
Model 1 t-test

Variables	Constant	T	Sig.	Conclusion
constant	0.019	2.973	0.004	
corporate governance	-0.001	-0.263	0.793	H1 rejected
profitability	0.146	3.200	0.002	H2 accepted

Dependent Variable: Dividend Policy

Table 9
Model 2 t-test

Variables	constant	t	Sig.	conclusion
Constant	0.616	5.241	0.000	
Corporate Governance	0.292	2.863	0.006	H3 accepted
Profitability	0.821	0.802	0.425	H4 rejected
Dividend Policy	-0.003	-1.572	0.121	H5 rejected

Dependent Variable: Firm Value

The test results for equation 1 show that the Corporate Governance variable has a significant value of 0.006, so H1 is rejected and indicates no significant effect on Dividend Policy. In contrast, the Profitability variable has a significant value of 0.002, which means hypothesis H2 is accepted. This suggests that profitability contributes positively to the dividend policy.

The test outcomes of equation 2 show that Corporate Governance has a significant value of 0.006, which indicates that H3 is accepted and the variable contributes positively to firm value. Profitability and Dividend Policy have significant values of 0.425 and 0.121, which means that the value is above 0.05, so H4 and H5 are rejected, revealing that these two variables do not play a role in determining firm value.

9) Sobel Test

Table 10
Sobel test

Variables	p-value	Conclusion
MO→DY→PBV	0.842	H6 rejected
ROE→DY→PBV	0.175	H7 rejected

source: processed 2024

Where:

MO : Corporate Governance

ROE : Profitability

DY : Dividend Policy

PBV : Firm Value

Sobel test results show hypothesis six is rejected, with a p-value of 0.842, which is not statistically significant ($p > 0.05$). In addition, the second Sobel test also showed hypothesis seven was rejected, with a p-value of 0.175, which is also not significant

10) Corporate Governance affects Dividend Policy

The test outcome for the first hypothesis shows a significant value of 0.793, thus the first hypothesis is rejected. The study's analysis are consistent with prior research (Sudaryono, 2024), and (Jaabeen et al., 2019) and (Chandra & Junita, 2021) which shows that Corporate Governance proxied by Managerial ownership does not affect the company's dividend policy.

The findings of this analysis have limitations in the application of agency theory. In line with this theory, management should work for the benefit of shareholders. However, when management owns few shares, decisions about dividends are more heavily influenced by outside shareholders. This means that management does not significantly influence dividend policy, which supports the hypothesis that managerial ownership has no effect (Widiantari & Merta Wiguna, 2023).

Research (Sudaryono, 2024) also explains that managers with small share ownership also prevent directors or managers from being influenced in determining dividend distribution. The value of managerial ownership below 50% indicates no correlation between the portion of managerial share ownership and dividend distribution policy.

11) Profitability affects Dividend Policy

The findings from the test for the second hypothesis show a significant value of 0.002, so that the second hypothesis is accepted. The test outcomes correspond with the research findings of (Widiantari & Merta Wiguna, 2023), (Audityani & Yuyetta, 2019), (Madyoningrum, 2019) and (Puspitaningtyas et al., 2019).

This study's finding strengthens the signaling theory, which shows that Companies provide positive signals to investors regarding their efforts to achieve success and profit. The distribution of dividends reveals the company's promising outlook. Therefore, The stronger the company's profit, the more dividends are paid out (Widiantari & Merta Wiguna, 2023).

If the firm's profits grow, the dividends allocated will grow as well, and vice versa. Companies with profit stability can set dividend payment rates with more confidence and show the quality of their profits (Madyoningrum, 2019). Thus, the company can send positive signals to investors about its better performance prospects.

Corporate Governance affects Firm Value

The third hypothesis has a significance value of 0.006, this means that corporate governance contributes positively to firm value. The hypothesis is affirmed. Both high and low managerial ownership influence the firm's value. The outcomes derived from this analysis validate agency theory, which states that shared ownership by managers is an effective way to resolve conflicts that arise between the interests of managers and company owners (Padnyawati & Kusumawati, 2019).

The test outcomes are consistent with studies by (Azaria & Muslichah, 2021), (Fana & Prena, 2021) and (Fangestu et al., 2020). When a company's stock price rises, its value can also provide maximum profit for shareholders. An elevated stock price reflects

that the company's value has significant value. Corporate governance significantly impacts firm value because companies that apply sound governance principles can evaluate their treatment of shareholders, financing structure, and company growth. This, in turn, affects the company's value (Fangestu et al., 2020) .

12) Profitability affects Firm Value

The test outcomes show that the significance value is 0.425; thus, the fourth hypothesis is rejected. This statement is inconsistent with signaling theory, because ineffective asset management by the company results in unstable profits. The uncertainty of profits from year to year and the fluctuations that occur raise doubts among investors about the results that might be achieved in the future. As a result, the company's value, as shown by its stock price, is unlikely to rise (Farizki et al., 2021).

These results corroborate the analysis undertaken by (Farizki et al., 2021), (Marselina H. Umbung, Wehelmina M. Ndoen, 2021) and (L. G. N. Dewi, 2021) claims that there is no correlation profitability and firm value.

13) Dividend Policy affects Firm Value

The test outcomes show that firm value is not affected by dividend policy, because the significance value obtained is 0.121, which means hypothesis five is rejected. This is not inconsistent with signaling theory as firms may be more focused on reinvestment for long-term growth hence a high dividend payout will reduce profits available for that purpose hindering future growth potential. (Astika et al., 2022). The outcomes of this test are in agreement with the research done by (Nurhayati & Kartika, 2020) and (Astika et al., 2022). However, research conducted by (Prasetya & Hexana Sri Lastanti, 2023) shows the opposite, namely that dividend policy contributes positively to firm value.

14) Dividend Policy mediates the relationship between Corporate Governance and Firm Value

The sixth hypothesis mediation test results were rejected because the p-value of 0.842 was obtained, indicating that dividend policy is ineffective in mediating or enhancing the interaction between corporate governance and firm value.

The findings of this test are consistent with the studies carried out by (Rosida & Sundari, 2021) and (Rahmawati, 2020) which shows that dividend policy is ineffective in mediating or enhancing the interaction between corporate governance and firm value. The existence of factors that influence dividend distribution, such as cash flow and capital structure, greatly influence management policy in distributing dividends. Cash availability is an important element in cash dividend distribution. In addition, related to capital structure, companies with significant debt often focus more on fulfilling interest payment obligations than dividend distribution. (Rosida & Sundari, 2021). Research (Rahmawati, 2020) explains that company managers also do not have sufficient power to influence the amount of dividend payments. Managers do not own the majority of company shares, so they cannot influence decision making regarding dividend policy.

15) Dividend Policy mediates the relationship between Profitability and Firm Value

The outcome of the seventh hypothesis Sobel test were rejected because the p-value obtained was 0.175, which means that dividend policy is ineffective in mediating or enhancing the relationship between profitability and firm value.

This test result means that it does not prove the signaling theory. Companies use debt to expand, but this results in them having to bear interest costs and pay off debt. As a result, most of the profit earned is used to meet these obligations, therefore the profit available for distribution to shareholders is restricted. When dividends are low, investors might see this as a negative cue, which may trigger them to sell their shares. As a result, these share sales may lead to a decrease in the company's value in the market (Sari et al., 2022).

The conclusions of this study are in agreement with prior research (Rosida & Sundari, 2021), (Hairudin et al., 2020) and (Pandelaki et al., 2023) this implies that despite the company achieving significant profits, it does not guarantee an increase in dividend payouts, which can prevent its value from growing.

CONCLUSION

In light of the study outcomes, Corporate Governance, as assessed through managerial ownership, does not impact dividend policy. This implies that managers with minimal share ownership tend to prefer retaining profits overpaying them out as dividends. Conversely, Profitability contributes positively to Dividend Policy. This reveals that companies with elevated profits are likelier to issue significant dividends, this provides a reassuring clue for investors about the company's performance.

Furthermore, the study reveals that Corporate Governance contributes positively to firm value, whereas Profitability does not appear to affect firm value. Additionally, the Dividend Policy has yet to be shown to impact firm value, indicating that an increase in dividends does not automatically lead to an increase in firm value. Lastly, there is no mediation by the dividend policy in the links between corporate governance and firm value, nor between profitability and firm value. This means that factors like cash flow and capital structure are vital in determining dividend policy and its influence on firm value.

This analysis has its limitations, particularly regarding the number of samples analyzed, because not all companies distributed their dividends in 2019-2023. Therefore, further research is needed by expanding the sample size to other industries, considering other factors that affect firm value, and using more complex analysis methods for a more profound comprehension of the function of dividend policy. This research also has implications for managers that they need to focus on good corporate governance to increase investor confidence rather than relying solely on dividend policy or profitability for firm value to increase.

REFERENCES

- Anggita, K. T., & Andayani. (2024). Pengaruh Sales Growth, Ukuran Perusahaan, Profitabilitas, Likuiditas dan Leverage terhadap Nilai Perusahaan. *MENAWAN: Jurnal Riset Dan Publikasi Ilmu Ekonomi*, 2(5), 310–327. <https://doi.org/10.61132/menawan.v2i5.848>
- Astika, I. G., Suryandari, N. N. A., & Putra, G. B. B. (2022). Pengaruh Profitabilitas, Kebijakan Hutang dan Kebijakan Dividen terhadap Nilai Perusahaan (Survey Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia Periode 2015 – 2019). *Jurnal Ekonomi Perjuangan*, 4(2), 81–92. <https://doi.org/10.36423/jumper.v4i2.1138>
- Astuti, N. K. B., & Yadnya, I. P. (2019). Pengaruh Profitabilitas, Likuiditas, Dan Ukuran Perusahaan Terhadap Nilai Perusahaan Melalui Kebijakan Dividen. *E-Jurnal Manajemen Universitas Udayana*, 8(5), 3275. <https://doi.org/10.24843/ejmunud.2019.v08.i05.p25>
- Aten, P. M., & Nurdiniah, D. (2020). Pengaruh Kebijakan Dividen terhadap Volatilitas Harga Saham dengan Inflasi sebagai Variabel Moderasi. *AKURASI*, 2(2), 85–94.
- Audityani, A. R., & Yuyetta, E. N. A. (2019). Analisis pengaruh tata kelola perusahaan dan karakteristik perusahaan terhadap kebijakan dividen di indonesia (studi empiris pada perusahaan manufaktur yang terdaftar di bei tahun 2016-2018). *Diponegoro Journal of Accounting*, 8(4), 1–13. <http://ejournal-s1.undip.ac.id/index.php/accounting>
- Azaria, K., & Muslichah, M. (2021). Pengaruh Tata Kelola Perusahaan terhadap Nilai Perusahaan dengan Manajemen Laba sebagai Variabel Mediasi. *Jurnal Monex*, 10(1), 81–93. <https://ejournal.poltekharber.ac.id/index.php/monex/article/view/2292>
- Chandra, B., & Feliana, C. (2020). Analisis Dampak Tata Kelola Perusahaan, Struktur Kepemilikan Dan Cash Holdings Terhadap Nilai Perusahaan Di Bei 2014-2018. *JIAI (Jurnal Ilmiah Akuntansi Indonesia)*, 5(2), 87–99. <https://doi.org/10.32528/jiai.v5i2.3749>
- Chandra, B., & Junita, N. (2021). Tata kelola perusahaan dan manajemen laba terhadap kebijakan dividen di Indonesia. *Jurnal Ekonomi Modernisasi*, 17(1), 15–26. <https://doi.org/10.21067/jem.v17i1.5188>
- David Wilbert, & Augustpaosa Nariman. (2022). Pengaruh Good Corporate Governance, Likuiditas, Dan Profitabilitas Terhadap Kebijakan Dividen. *Jurnal Paradigma Akuntansi*, 4(2), 908–917. <https://doi.org/10.24912/jpa.v4i2.19687>
- Dewi, silvia; sofia prima. (2022). Pengaruh Profitabilitas, Leverage, Ukuran Perusahaan, dan Likuiditas terhadap Nilai Perusahaan. *Jurnal Multiparadigma Akuntansi*, IV(1), 310–317.
- Dewi, D. M., & Setiyowati, S. W. (2023). Determinan Good Corporate Governance Terhadap Kebijakan Dividen Dan Nilai Perusahaan. *Jurnal Akuntansi*, 12(1), 69–80. <https://doi.org/10.37932/ja.v12i1.669>
- Dewi, L. G. N. (2021). Pengaruh keputusan investasi, struktur modal, profitabilitas, dan

- kebijakan dividen terhadap nilai perusahaan. *Entrepreneurship Bisnis Manajemen Akuntansi (E-BISMA)*, *Analisa* 2011, 1–11. <https://doi.org/10.37631/e-bisma.v2i1.354>
- Fana, A. A. A. A., & Prena, G. Das. (2021). Pengaruh Corporate Social Responsibility, Good Corporate Governance, Dan Kepemilikan Manajerial Terhadap Nilai Perusahaan Perbankan Yang Terdaftar Di Bursa Efek Indonesia Periode 2018 – 2020. *Jurnal Ilmiah Akuntansi Dan Bisnis*, 6(2), 17–29. <https://doi.org/10.38043/jiab.v6i2.3168>
- Fangestu, F., Putra, Y. A., Jenny, Cindy, Liawardi, L., & Afiezan, H. A. (2020). Pengaruh Kinerja Keuangan, Tata Kelola Perusahaan Yang Baik (GCG) Dan Tanggung Jawab Sosial Perusahaan (CSR) Terhadap Nilai Perusahaan Pertambangan Yang Ada Di Bursa Efek Indonesia Pada Periode 2014-2018. *Jurnal Ilmiah MEA (Manajemen, Ekonomi, & Akuntansi)*, 4(3), 777–793.
- Farizki, F. I., Suhendro, S., & Masitoh, E. (2021). Pengaruh Profitabilitas, Leverage, Likuiditas, Ukuran Perusahaan Dan Struktur Aset Terhadap Nilai Perusahaan. *Ekonomis: Journal of Economics and Business*, 5(1), 17. <https://doi.org/10.33087/ekonomis.v5i1.273>
- Hairudin, Bakti, U., & Rachmadi, A. (2020). Implikasi Profitabilitas Terhadap Nilai Perusahaan dan Kebijakan Dividen Sebagai Variabel Intervening. *Jurnal Manajemen Bisnis*, 17(2), 150–172. <http://journal.undiknas.ac.id/index.php/magister-manajemen/>
- Handayani, N. K., Putra, I. G. C., & Manuari, I. A. R. (2023). Pengaruh Profitabilitas, Likuiditas dan Kebijakan Dividen terhadap Nilai Perusahaan dengan Komite Audit sebagai Pemoderasi. *Jurnal Inovasi Akuntansi (JIA)*, 1(1), 1–10. <https://doi.org/10.36733/jia.v1i1.6851>
- Handayani, Y. D., & Ibrani, E. Y. (2023). The Role of Dividend Policy in Explaining Corporate Governance and Profitability on Firm Value. *Ekulibrium : Jurnal Ilmiah Bidang Ilmu Ekonomi*, 18(1), 22–36. <https://doi.org/10.24269/ekulibrium.v18i1.2023.pp22-36>
- Huda, S., Zuhroh, D., & Firdiansjah, A. (2020). The Effect of Profitability and Capital Structure on Firm Value Through Dividend Policy in Transportation Companies Listed on the Indonesia Stock Exchange for the Period of 2015-2018. *International Journal of Advances in Scientific Research and Engineering*, 06(09), 44–55. <https://doi.org/10.31695/ijasre.2020.33878>
- Irwan Adam Lano, P., Rahman Mus, A., & Semmaila, B. (2023). Profitabilitas Terhadap Nilai Perusahaan Pada Perusahaan Perbankan Yang Terdaftar Di Bursa Efek Indonesia. *Management Studies and Entrepreneurship Journal*, 4(1), 1049–1060. <http://journal.yrpiiku.com/index.php/msej>
- Kartika, A., & Nuswandari, C. (2022). Peran Good Corporate Governance Sebagai Mediasi Pengaruh Kinerja Keuangan Terhadap Kebijakan Dividen. *Jurnal Studi Manajemen Organisasi*, 17(1), 10–22. <https://doi.org/10.14710/jsmo.v17i1.38934>
- Kurnia, D. (2019). Profitabilitas, Kebijakan Dividen dan Harga Saham terhadap Nilai Perusahaan. *Jurnal AKuntansi : Kajian Ilmu Akuntansi*, 6, 178–187.

- Kurniawan, A., Kamal, F., Winardi, M. A., & Sofyanty, D. (2022). PENGARUH UKURAN PERUSAHAAN DAN PROFITABILITAS TERHADAP NILAI PERUSAHAAN. *Jurnal Ekonomi Dan Bisnis*, 11(3). <https://stiemuttaqien.ac.id/ojs/index.php/OJS/article/view/1332%0Ahttps://stiemuttaqien.ac.id/ojs/index.php/OJS/article/download/1332/916>
- Madyoningrum, A. W. (2019). Pengaruh Firm Size, Leverage Dan Profitabilitas Terhadap Kebijakan Dividen. *Jurnal Bisnis Dan Manajemen*, 6(1), 45–55. <https://doi.org/10.26905/jbm.v6i1.3034>
- Maharani, M., & Hexana Sri Lastanti. (2024). Pengaruh Karakteristik Perusahaan, Tata Kelola Perusahaan, Dan Kualitas Audit Terhadap Manajemen Laba. *Jurnal Ekonomi Trisakti*, 4(1), 135–146. <https://doi.org/10.25105/jet.v4i1.18321>
- Maharani, T., & Terzaghi, M. T. (2022). Pengaruh Profitabilitas, Leverage, Ukuran Perusahaan Dan Kepemilikan Manajerial Terhadap Kebijakan Dividen Dengan Likuiditas Sebagai Variabel Moderating. *Jurnal Menara Ekonomi : Penelitian Dan Kajian Ilmiah Bidang Ekonomi*, 8(2), 198–211. <https://doi.org/10.31869/me.v8i2.3544>
- Manurung, A. D. P. (2022). Pengaruh Good Corporate Governance Terhadap Nilai Perusahaan dengan Kinerja Keuangan sebagai Intervening. *Jurnal Akuntansi, Keuangan, Dan Manajemen*, 4(1), 57–71. <https://doi.org/10.35912/jakman.v4i1.1769>
- Marselina H. Umbung, Wehelmina M. Ndoen, P. Y. A. (2021). Jurnal akuntansi, Vol. 10, No. 2, November (2021) Pengaruh kebijakan dividen dan profitabilitas terhadap nilai perusahaan. *Jurnal Akuntansi*, 10(2), 211–225.
- Nurhaliza, N., & Azizah, S. N. (2023). Analisis Struktur Modal, Kepemilikan Manajerial, Pertumbuhan Perusahaan, Dan Profitabilitas Terhadap Nilai Perusahaan. *Jurnal Riset Keuangan Dan Akuntansi*, 9(1), 31–44. <https://doi.org/10.25134/jrka.v9i1.7593>
- Nurhayati, I., & Kartika, A. (2020). Pengaruh Struktur Modal Dan Profitabilitas Terhadap Nilai Perusahaan Dengan Kebijakan Dividen Sebagai Variabel Moderasi Pada Perusahaan Manufaktur Tahun 2016-2018. *Dinamika Akuntansi, Keuangan Dan Perbankan*, 9(2), 133–144.
- Padnyawati, K. D., & Kusumawati, N. P. A. (2019). Pengaruh Struktur kepemilikan Manajerial pada Nilai Perusahaan dengan Kebijakan Dividen sebagai Variabel Intervening. *E-Jurnal Widya AKuntansi Dan Keuangan*, 1998, 1–23.
- Pandelaki, L., Joubert B. Maramis, & Jacky S.B. Sumarauw. (2023). Pengaruh Profitabilitas Dan Leverage Terhadap Nilai Perusahaan Melalui Kebijakan Dividen Dan Keputusan Investasi Pada Perusahaan Property Dan Real Estate Yang Terdaftar Di Bursa Efek Indonesia. *Jurnal EMBA : Jurnal Riset Ekonomi, Manajemen, Bisnis Dan Akuntansi*, 11(02), 140–149. <https://doi.org/10.35794/emba.v11i02.48007>
- Prasetya, E., & Hexana Sri Lastanti. (2023). Pengaruh Good Corporate Governance Dan Kebijakan Dividen Terhadap Nilai Perusahaan. *Jurnal Ekonomi Trisakti*, 3(1), 1805–1814. <https://doi.org/10.25105/jet.v3i1.16281>
- Puspitaningtyas, Z., Prakoso, A., & Masruroh, A. (2019). Pengaruh Profitabilitas Terhadap

- Kebijakan Dividen Dengan Likuiditas Sebagai Pemoderasi. *Jurnal Administrasi Bisnis*, 9(3), 1. <https://doi.org/10.35797/jab.9.3.2019.25120.1-17>
- Putranto, P., Maulidhika, I., & Budhy Scorita, K. (2022). Dampak Good Corporate Governane dan Profitabilitas terhadap Nilai Perusahaan. *Jurnal Online Insan Akuntan*, 7(1), 61–74.
- Rahmawati, C. H. T. (2020). Struktur Kepemilikan, Profitabilitas, dan Nilai Perusahaan: Mediasi Kebijakan Deviden. *Jurnal Inspirasi Bisnis Dan Manajemen*, 4(1), 1. <https://doi.org/10.33603/jibm.v4i1.3362>
- Ramdhonah, Z., Solikin, I., & Sari, M. (2019). Pengaruh Struktur Modal, Ukuran Perusahaan dan Profitabilitas terhadap Nilai Perusahaan (Studi Empiris pada Sektor Pertambangan yang Terdaftar di Bursa Efek Indonesia periode 2013-2017). *Indonesian Journal of Strategic Management*, 2(1), 67–82. <https://doi.org/10.25134/ijsm.v2i1.1859>
- Rohmatulloh, A. (2023). Pengaruh likuiditas, leverage, ukuran perusahaan, dan profitabilitas melalui kebijakan dividen terhadap nilai perusahaan pada perusahaan sektor infrastruktur, utilitas, dan transportasi. *Jurnal Ilmu Manajemen*, 11(2017), 753–769. <https://journal.unesa.ac.id/index.php/jim/article/view/25804>
- Rosida, fatimah nur, & Sundari, S. (2021). Pengaruh Good Corporate Governance Dan Profitabilitas Terhadap Nilai Perusahaan Melalui Kebijakan Dividen. *Prosiding Enapan*, 1(1), 223–232.
- Rosmawati, W. (2020). Pengaruh Leverage Dan Good Coorporate Governance Terhadap Nilai Perusahaan Melalui Kebijakan Dividen. *Gorontalo Accounting Journal*, 3(2), 158. <https://doi.org/10.32662/gaj.v3i2.1121>
- Rossa, P. A. E., Susandya, A. A. P. G. B. A., & Suryandari, N. N. A. (2023). Pengaruh Likuiditas, Profitabilitas, Pertumbuhan Perusahaan, Ukuran Perusahaan dan Struktur Modal terhadap Nilai Perusahaan Perusahaan Perbankan di BEI 2019-2021. *Kumpulan Hasil Riset Mahasiswa Akuntansi (KHARISMA)*, 5(1), 88–99.
- Sahputra, R. B., Innayah, M. N., Purwidiyanti, W., & Utami, R. F. (2022). Pengaruh Modal Intelektual, Kinerja Keuangan, Struktur Modal, Kebijakan Dividen Dan Kepemilikan Institusional Terhadap Nilai Perusahaan (Studi Pada Perusahaan Perbankan yang Terdaftardi Bursa Efek Indonesia Periode Tahun 2013-2020). *Master: Jurnal Manajemen Dan Bisnis Terapan*, 2(1), 85. <https://doi.org/10.30595/jmbt.v2i1.14091>
- Salama, M., Rate, P. Van, & Untu, V. N. (2019). Pengaruh keputusan investasi, keputusan pendanaan dan kebijakan dividen terhadap nilai perusahaan pada industri perbankan yang terdaftar di BEI periode 2014-2017. *Jurnal Emba, Vol.7 No.3*(3), 2651–2660.
- Sari, E. P., Ilham, R. N., Putri, D. E., & Syahputri, A. (2022). Kebijakan Dividen Sebagai Pemediasi Pengaruh Antara Leverage Dan Profitabilitas Terhadap Nilai Perusahaan Pada Perusahaan Indeks Lq 45. *Jurnal Akuntansi Dan Pajak*, 22(2), 676. <https://doi.org/10.29040/jap.v22i2.3902>
- Setiawati, L. P. E., & Putri, Y. K. W. (2024). Analisis Faktor-Faktor Yang Mempengaruhi Nilai Perusahaan Pada Perusahaan Transportasi Yang Terdaftar Di Bursa Efek Indonesia. *Jurnal Economica*, 3(3), 36–55.

<https://doi.org/10.58192/ebismen.v3i3.2468>

- Setyaningrum, P. E., & Fidiana. (2022). Pengaruh Tata Kelola Perusahaan Terhadap Nilai Perusahaan Dengan Profitabilitas Sebagai Variabel Moderating. *Jurnal Ilmu Dan Riset Akuntansi*, 11(10), 1–13. <http://ejournal-s1.undip.ac.id/index.php/accounting>
- Sindhu, M. I., Hashmi, S. H., & Ul Haq, E. (2019). Impact of ownership structure on dividend payout in Pakistani non-financial sector. *European Online Journal of Natural and Social Sciences*, 3(1), 679–686. <https://doi.org/10.1080/23311975.2016.1272815>
- Somantri, I., & Sukardi, H. A. (2019). Pengaruh keputusan investasi, kebijakan hutang dan kebijakan dividen terhadap nilai perusahaan. *Jurnal Ekonomi Manajemen Perbankan*, 1(November 2018), 1–10.
- Soniami, P., Gama, A. W. S., & Astiti, N. putu yeni. (2021). Analisis Pengaruh Good Corporate Governance, Corporate Social Responsibility, Dan Return on Asset Terhadap Nilai Perusahaan. *Jurnal Emas*, 2(1), 71–81.
- Sudaryono, R. yuda et all. (2024). The effect of corporate governance and company growth levels on dividend policy (empirical study of listed manufacturing companies on the indonesian stock exchange 2018-2022). *COSTING : Journal of Economic , Business and Accounting*, 7, 9673–9683.
- Suleiman, R. S., & Permatasari, M. (2022). Pengaruh Profitabilitas, Collateralizable Assets, Investment Opportunity Set, Dan Lagged Dividend Terhadap Kebijakan Dividen. *PAPATUNG: Jurnal Ilmu Administrasi Publik, Pemerintahan Dan Politik*, 5(1), 46–59. <https://doi.org/10.54783/japp.v5i1.508>
- Suryandari, N. N. A., & Mongan, F. F. A. (2020). Nilai Perusahaan Ditinjau Dari Tanggung Jawab Sosial, Tata Kelola, Dan Kesempatan Investasi Perusahaan. *Accounting Profession Journal*, 2(2), 94–103. <https://doi.org/10.35593/apaji.v2i2.17>
- Wahyuni, I., & Mayliza, R. (2022). *Peran Kebijakan Dividen Dalam Memediasi Pengaruh Profitabilitas Dan Leverage Terhadap Nilai Perusahaan Pada Perusahaan*
- Wati, A. S., & Hwihanus. (2023). Pengaruh Kebijakan Dividen, Profitabilitas, Dan Efisiensi Operasional Terhadap Nilai Perusahaan Dengan Struktur Modal Sebagai Variabel Intervening Pada Industri Perbankan Yang Terdaftar Di Bursa Efek Indonesia. *Neraca Manajemen, Ekonomi*, 3(4).
- Widiantari, K. S., & Merta Wiguna, I. G. N. (2023). Pengaruh Profitabilitas dan Kepemilikan Manajerial terhadap Kebijakan Dividen dengan Ukuran Perusahaan sebagai Variabel Moderasi. *Mbia*, 22(1), 38–52. <https://doi.org/10.33557/mbia.v22i1.2134>
- Wulandari, C. D., Damayanti, Bangun, T. A. A., & Anggraini, A. R. (2022). Pengaruh Tingkat Profitabilitas, Leverage, dan Kebijakan Hutang Terhadap Nilai Perusahaan Dengan Kebijakan Dividen sebagai Variabel Intervening (Studi pada Industri Barang Konsumsi Makanan & Minuman Yang Terdaftar Di BEI Periode 2015 - 2019). *Jurnal Ekonomi Dan Bisnis*, 11(3), 301–310.
- Yuni, L. W. (2022). Pengaruh profitabilitas terhadap nilai perusahaan dengan kebijakan

dividen sebagai mediasi. *Jurnal Cendekia Keuangan*, 1(1), 1. <https://doi.org/10.32503/jck.v1i1.2192>

Zulkifli, Z., & Latifah, L. (2021). Pengaruh Corporate Governance, Ukuran Perusahaan, Profitabilitas Dan Pertumbuhan Perusahaan Terhadap Kebijakan Dividen. *Jurnal Riset Manajemen Sekolah Tinggi Ilmu Ekonomi Widya Wiwaha Program Magister Manajemen*, 8(1), 17–27. <https://doi.org/10.32477/jrm.v8i1.244>