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Dividend Policy and Firm Value: The Mediating Role of Financial Performance

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Abstract

In the business world and capital markets, firm value is an important indicator that reflects the company's performance, prospects, and attractiveness in the eyes of investors. One factor that is believed to influence firm value is dividend policy, which is the management's decision to distribute profits to shareholders or retain them for the company's investment needs. In the world of investment and capital markets, dividend policy is one of the important factors that can influence investor perceptions of a company's value. This policy reflects. The method used in this study is secondary data through the financial statements of manufacturing companies that meet the sample criteria of 12 companies in a 5- year observation period. Data processing in the study using the eviews application with the selection of CEM, FEM, and REM models was carried out to determine the method that is appropriate for the research conducted, then the chow test, hausman test, and lagrange multipler test were used. From the results of data processing and analysis of the problems carried out, it can be concluded that the financial performance variable is unable to mediate the effect of dividend policy on firm value, this is because dividend policy acts as an external factor that directly influences firm value, without the need to go through a mechanism to improve financial performance. Dividend policy has a positive and significant effect on firm value. This shows that companies that consistently distribute dividends provide a positive signal to investors regarding financial stability and future profit prospects, while financial performance does not affect the value of the company. The

implication of this finding suggests that in the context of the consumer goods industry, investor perceptions of firm value are more influenced by external signals such as dividend distribution, rather than by internal indicators such as ROA.

Keywords: Financial Performance, Dividend Policy, Firm Value

INTRODUCTION

Firm value is one of the important indicators in the world of finance and investment. This value reflects how the market assesses the performance, prospects, and desires of a company. In the manufacturing sector, firm value is a major concern because this sector plays an important role in the economy of a country, including Indonesia. (Nurhayati et al., 2020). One of the external factors that has quite an influence is dividend policy. Investors often assume that companies that distribute dividends regularly are companies that are stable and financially healthy (Elisa & Riduwan, 2021). Therefore, dividend policy can be a positive signal that increases the value of the company, even though its financial performance is not always high. This shows that investors are more sensitive to market signals than to financial statement figures.

In the world of investment and capital markets, dividend policy is one of the important factors that can influence investor perceptions of a company's value. This policy reflects how company management manages the profits generated, whether to distribute them to shareholders in the form of dividends or reinvest them for company growth (Siladjaja, 2025). For companies listed on the Indonesia Stock Exchange, especially in the consumer goods industry sector, decisions regarding dividend distribution are often a major concern for investors because this sector is known to have relatively stable cash flow and long-term investment appeal (Maulana et al., 2023).

Firm value is a reflection of investors' assessment of the company's future prospects, and can be seen through indicators such as share price and market capitalization (Helianthusonfri, 2022). One way to increase the value of the company is to demonstrate strong financial performance, which includes profitability, operational efficiency, and financial stability (Wati et al., 2023). In this context, financial performance can be a bridging intervening variable. Many public companies listed on the Indonesia Stock Exchange (IDX) play a significant role in the development of the capital market in Indonesia (Ismail et al., 2024). Among the companies, companies engaged in the manufacturing industry sector have a large contribution. This manufacturing sector is very important because it supports the activities of various other industrial sectors, which in turn affect the dynamics of the capital market (Nazariah et al., 2023).

However, the relationship between dividend policy, financial performance, and firm value is still a concern in various financial literature. Some studies state that dividend policy has a positive effect on firm value, while others find no significant effect. This ambiguity encourages the need for further research, especially by considering internal company factors such as financial performance as a variable that can provide a picture of long-term investment. Research result (Ajizah & Perdinusa, 2022); (Cindy & Ardini, 2023); dan (Akbar & Fahmi, 2020) found that dividend policy has an effect on firm value, whereas according to research results (Nurhayati et al., 2020); (Elisa & Riduwan, 2021) shows that dividend policy has no effect on firm value.

Therefore, it is important to examine how dividend policy affects firm value by considering financial performance as an intervening variable, especially in consumer goods industry sector companies listed on the Indonesia Stock Exchange during the 2019-2023 period. This study is expected to contribute to managerial decision making and be a reference for investors in assessing their prospects. One type of company in the manufacturing industry sector is the Consumer Goods Industry sector. In Indonesia, the number of companies engaged in the Consumer Goods

Industry sector continues to increase along with the high demand for these products. The Consumer Goods Industry sector is a basic human need besides clothing and shelter, so this sector offers promising business opportunities (Irawan & Perindustrian, 2020).

The community's need for the Consumer Goods Industry sector as part of their daily needs ensures that demand for these products remains stable. Therefore, the growth in the number of companies in this sector shows good prospects, which is the reason researchers chose the Consumer Goods Industry sector companies as the focus of the study. The following is a description of the performance of manufacturing companies in the consumer good industry sector:

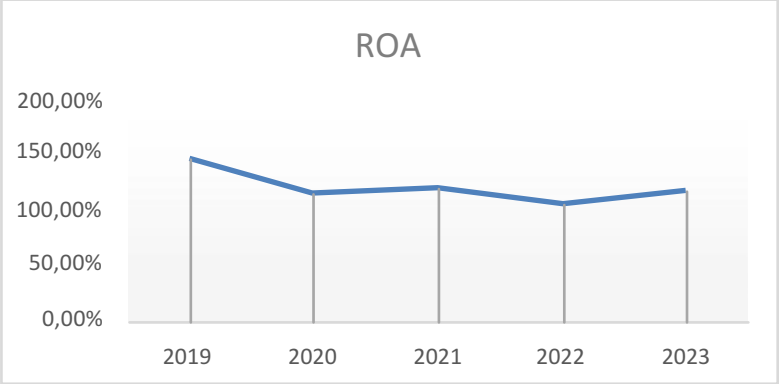

Figure 1. Return on assets from 2019-2023
Source: idx.com.

Based on table 1 shows the development of Return On Asset (ROA) in Manufacturing Companies in the Consumer Goods Industry sector listed on the IDX in the period 2019-2023. The company experiences fluctuations or changes in the increase or decrease of a variable that occurs as a result of market mechanisms every year. In 2019, the ROA value of the company was 144.31%, in 2020 113.80%, then in 2021 the ROA of this company was 118.83% in 2022 the ROA value fell to 104.32% and rose again to 115.60% in 2023. If the higher the return on assets (ROA) owned by the company, the higher the value of the company will be, and vice versa if the return on assets (ROA) owned by the company is relatively low, the value of the company will also be lower. From this phenomenon, the financial performance variable as measured by return on assets (ROA) may be able to influence and have an impact on the rise and fall of the company's value.

Declining profits can affect the company's stock price, which can then cause a decrease in the company's value. Unstable stock price fluctuations can result in instability in the company's value (Sri Handini, 2020). Companies with high values reflect operational success. Conversely, low and fluctuating firm values can be a consideration for investors before investing, firm value in investment decisions, to examine the factors that influence it. Research on firm value is still interesting to study because there is still inconsistency in the results of previous research and the phenomena that occur which influence firm value.

Dividend policy is a company's strategic approach in determining the proportion of net profit distributed to shareholders and the portion retained for internal financing of the company (Yuniarto et al., 2022). This policy not only affects the relationship between the company and investors but canalso have an impact on the value of the company's shares in the market. Dividend policy refers to the decisions made by a company regarding the amount of profits to be distributed to shareholders in the form of dividends and how much of the profits to be reinvested in the company (Kurniasih & Heliantono, 2024). Companies have the option to pay dividends either in cash or in shares, or choose to retain profits for future development.

Firm value is an indicator that shows how a company is valued by the market or investors

(Supriandi & Masela, 2023). This value is usually expressed in the form of market capitalization, which reflects the total value of the company based on the prevailing stock price in the market. In addition to market capitalization, the value of the company can also be evaluated through other methods such as book value, liquidation value, and fair value. The value of the company reflects aspects such as financial performance, growth potential, and risks faced, as well as how the market and investors project the future of the company (Andika & Olii, 2023).

Firm value reflects investors' views on the extent to which managers have succeeded in managing the resources given to them, which is often linked to the company's stock price (Permatasari & Ratnaningsih, 2023). In addition, the value of the company indicates the price that investors are willing to pay to own the company. This price is usually reflected in the stock market value. Increasing the value of the company is a long-term goal that is ideally reflected in the stock market price. Financial performance is a measure used to assess how well a company is generating profits, maintaining solvency, and ensuring liquidity in various economic conditions (Helianthusonfri, 2022).

Financial performance refers to the evaluation of the financial results of an entity, such as a company, over a period of time. This evaluation is usually done by utilizing financial statements that include the balance sheet, income statement, and cash flow statement. Financial performance provides information about the entity's ability to generate profits, manage assets and liabilities, and create sufficient cash flow to support the company's operations and growth. Financial performance also reflects the company's financial condition in a certain period, including aspects of fund collection and distribution, which are usually measured using indicators such as capital adequacy, liquidity, and profitability (Pratama et al., 2021:93). The following is the research framework and hypothesis in this study:

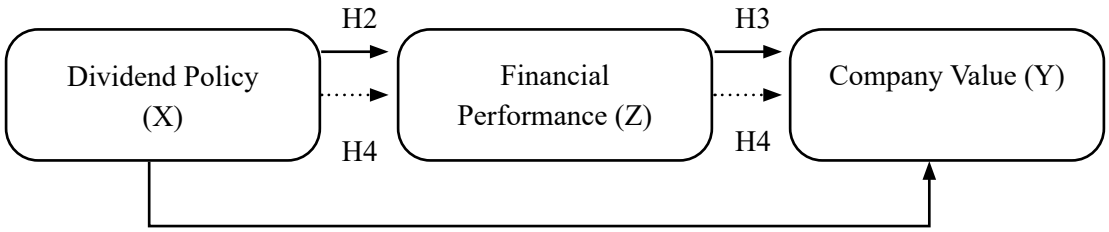

Figure 2. Framework

Based on previous theories and research, the framework of thought formed for the proposed hypothesis is as follows:
H1: Dividend policy has a positive and significant effect on firm value in manufacturing
H2: Dividend policy has a positive and significant effect on financial performance in manufacturing. H3: Financial performance has a positive and significant effect on company value in manufacturing. H4: Dividend policy has a positive and significant effect on firm value through financial performance in manufacturing.

METHODS

This research uses the quantitative research method and uses secondary data in the form of documentation of the Company's financial statements. The data objects in this study are manufacturing companies listed on the IDX during the 2019-2023 period. The population in this study amounted to 147 manufacturing companies in the consumer goods industry sector listed on the IDX. This study uses purposive sampling, so the number of samples that meet the requirements in this study is 12 companies, which are able to publish their financial reports sequentially and Consumer Goods Industry Sector Companies that have complete data related to the variables used in the study.

Data processing is carried out using the Eviews application, where this study is a study with cross-section and time series data. Using a cross-section and time series approach in panel data analysis with Eviews provides more accurate and in-depth results. The data analysis technique used in this study is a descriptive analysis technique, panel data regression model, classical assumption test, hypothesis testing by selecting a test model, namely the chow test, hausman test and LM test.

RESULTS

The selection of CEM, FEM, and REM models is carried out to determine the appropriate method for the research conducted, then the Chow test, Hausman test, and Lagrange multipler test are used.

Based on table 1. the results of the Chow test on the effect of dividend policy on firm value with financial performance as an intervening variable in the first structure show that the probability value in Cross-section F and Cross-section Chi-square is 0.0000. In the Chow test, if the p-value or probability is smaller than the significance level of 0.05, then the null hypothesis (H_0) is rejected and the alternative hypothesis (H_a) is accepted. Thus, based on the results of the Chow test, the estimation model used is the Fixed Effect Model.

Table 1. Chow test (Structure I)

Effects Test	Statistic	d.f.	Prob.
Cross-section F	10.206094	(11,47)	0.0000
Cross-section Chi-square	73.226080	11	0.0000

Source: Output Eviews 13.

Table 2. Chow test (Structure II)

Effects Test	Statistic	d.f.	Prob.
Cross-section F	37.483812	(11,46)	0.0000
Cross-section Chi-square	137.935827	11	0.0000

Source: Output Eviews 13.

Based on table 2, the Chow test on the effect of dividend policy on firm value with financial performance as an intervening variable in the second structure shows that the probability value in Cross- section F and Cross-section Chi-square is 0.0000. In the Chow test, if the p-value or probability is smaller than the significance level of 0.05, then the null hypothesis (H_o) is rejected and the alternative hypothesis (H_a) is accepted. Thus, based on the results of the Chow test, the estimation model used is Fixed Effect Model.

Hausman test

The Hausman test is used to determine whether the Random Effect model is more appropriate to use compared to the Fixed Effect model. If the Chi-Square probability value is less than 0.05, then the null hypothesis (H_o) is rejected and the alternative hypothesis (H_a) is accepted, so that the appropriate estimation model is Fixed Effect. Conversely, if the Chi-Square probability value exceeds 0.05, then H_o is accepted and H_a is rejected, so that the more appropriate estimation model to use is Random Effect.

In table 3. Hausman Test (Structure I) the results of the Hausman test on the first structure are shown with a random cross-section probability value of 0.0000. The conclusion that can be drawn because the probability value is smaller than the significance level of 0.05 is to reject H_0 and accept H_a, which means determining the Fixed Effect Model as the best model to use.

In table 4, the results of the Hausman test on the second structure are shown with a random cross-section probability value of 0.0000. The conclusion that can be drawn because the probability value is smaller than the significance level of 0.05 rejects H_0 and accepts H_a, which means determining the Fixed Effect Model as the best model to use. From the Chow and Hausman tests of both structures, it shows that both tests produce the best model, namely the Fixed Effect Model. To further ensure the selection of the test, the last test will be carried out.

Table 3. Hausman test (Structure I)

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section Chi-square	13.633674	1	0.0002

Source: Output Eviews 13.

Table 4. Hausman test (Structure II)

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section Chi-square	26.649174	2	0.0000

Source: Output Eviews 13.

Lagrange multiplier test

The Lagrange Multiplier test is performed by referring to the p-value. If the p-value is less than 0.05, then the null hypothesis (H_0) is rejected and the alternative hypothesis (H_1) is accepted, which means that the appropriate estimation model to use is the Random Effect Model. Conversely, if the p- value is more than 0.05, then H_0 is accepted and H_1 is rejected, so the appropriate model to use is the Common Effect Model

Table 5 shows the results of the Lagrange Multiplier test on the first structure with a probability value of 0.000. The conclusion that can be drawn is that because the probability value is less than 0.05, H1 is rejected and H0 is accepted, which means that the Random effect model is the best model to use.

In table 6. the results of the Lagrange Multiplier test on the second structure are shown with a probability value of 0.000. The conclusion that can be drawn because the probability value is less than 0.05 then H1 is rejected and accepts H0 which means determining the Random effect model as the best model to use. From the Chow, Hausman and Lagrange Multiplier tests it can be concluded that in the three tests 2 times produced the Fixed Effect Model model, and from the Lagrange Multiplier Test produced the Random effect model model from both structures got the same results so that to estimate this study using the Fixed Effect Model as the best model based on the results of the Chow and Hausman tests.

Table 5. LM test (Structure I)

	Test Hypothesis		
	Cross-section	**Time**	**Both**
Breusch-Pagan	27.23886	2.186303	29.42516
	(0.0000)	(0.1392)	(0.0000)

Source: Output Eviews 13.

Table 5. LM test (Structure II)

	Test Hypothesis		
	Cross-section	**Time**	**Both**
Breusch-Pagan	38.10832	1.198786	39.30711
	(0.0000)	(0.2736)	(0.0000)

Source: Output Eviews 13.

Panel data regression analysis

The results of the previous model specification test, then the model should use an estimate with a fixed effect model. In the previous test, the model has passed the classical assumption test, so that the estimation results are consistent and unbiased. The results of the panel data regression model estimation are processed using Eviews 13, namely the effect of dividend policy on firm value with financial performance as an intervening variable in general as follows:

Structure I

$Z = 0{,}096 - 0{,}007 * X + [CX = F]$

Based on the estimation results using the panel data regression approach (fixed effect model), it is obtained that the dividend policy (X) has a regression coefficient of -0.007383 with a probability value of 0.2417. This shows that statistically, the dividend policy variable does not have a significant effect on financial performance (Z) at a significance level of 5%. The negative regression coefficient indicates that an increase in dividend policy tends to decrease financial performance, but because the probability value exceeds 0.05, the effect is not statistically significant.

Structure II

$Y = 3{,}844 - 2{,}191 * X + 10{,}444 * Z + [CX]$

In the second equation, the estimation results show that:

1. The dividend policy variable (X) has a regression coefficient of -2.191337 with a probability value of 0.0924, which means it is not statistically significant at the 5% significance level, but is close to being significant at the 10% level. The direction of the influence is negative, which means that an increase in dividend policy tends to decrease the company's value.
2. The financial performance variable (Z) has a regression coefficient of 10.444232 with a probability value of 0.0173, which shows that this variable has a positive and significant effect on the company's value.

Thus, it can be concluded that financial performance (Z) has an important role as an intervening variable in the relationship between dividend policy and firm value. Although dividend policy does not have a significant direct effect on firm value, through financial performance, its indirect effect becomes significant.

Classical assumptions

Heteroskedastisitas test

The heteroscedasticity test aims to identify the presence or absence of heteroscedasticity in a regression model (Amado et al., 2025). This test is carried out to ensure that the residuals have constant variance (homoscedasticity), in accordance with the basic assumptions of classical linear regression. The test criteria state that if all probability values are greater than the significance level of 0.05, then it can be concluded that there is no heteroscedasticity in the model, or in other words, the residuals do not show a particular relationship pattern. The results of this test are presented as follows:

Table 7. Heteroskedastisitas test (Structure I)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.027417	0.005158	5.314975	0.0000
X	-0.002440	0.005871	-0.415534	0.6796

Source: Output Eviews 13.

From the table, it can be seen that the results of the heteroscedasticity test on the first structure produce a probability of 0.6796, this probability is greater than the significance level of 0.05, which means that the regression model has met the homoscedasticity assumption and passed the heteroscedasticity test.

Table 8. Heteroskedastisitas test (Structure II)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.607447	0.464563	3.460127	0.0012
X	0.354153	0.264713	1.337878	0.1875
Z	0.154000	4.167491	0.036953	0.9707

Source: Output Eviews 13.

From the table, it can be seen that the results of the heteroscedasticity test on the second structure produce a probability of 0.1875 on the X variable and 0.9707 on the Z variable, this probability is greater than the significance level of 0.05, which means that both probabilities of the variables have met the homoscedasticity assumption and passed the heteroscedasticity test.

Multicollinearity test

Multicollinearity is a problem that indicates a linear relationship between independent variables, in this study there is only one independent variable so it does not meet the requirements for conducting a multicollinearity test.

Hypotesis

Parsial test (t test)

Based on table 9. The value of the probability X is 0.4264 > 0.05, so Ha is rejected and H0 is accepted. In the first structure, the dependent variable tested is Z (financial performance), with the independent variable entered being X (dividend policy). The results of the t-test show:

1. The probability value for variable X is 0.4264. Since this value is greater than the significance limit of 0.05, there is insufficient evidence to reject H_o.
2. Thus, H_o is accepted and it is concluded that the dividend policy variable does not have a significant effect on financial performance.

Simply put, although the direction of the negative coefficient indicates that an increase in dividend policy tends to decrease the value of financial performance, the t-test indicates that the difference is statistically insignificant because the p-value is greater than 0.05.

Table 9. Parsial test (t test) Structure I

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.096713	0.008086	11.96107	0.0000
X	-0.007383	0.009202	-0.802267	0.4264

Source: Output Eviews 13.

Table 10. Parsial test (t test) Structure II

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.844328	0.928346	4.141050	0.0001
X	-2.191337	0.528981	-4.142562	0.0001
Z	10.44423	8.327987	1.254112	0.2161

Source: Output Eviews 13.

Based on table 10, the value of prob. X is 0.0001 <0.05, so Ha is accepted and H0 is rejected, the value of prob. Z is 0.2161 > 0.05, so H0 is accepted and Ha is accepted. In the second structure, the dependent variable analyzed is Y (firm value) with two independent variables, namely X (dividend policy) and Z (financial performance).

1.For variable X (dividend policy):
   a. The probability value of 0.0001 indicates that the effect of variable X on Y is significant at a significance level of 0.05.
   b. Therefore, H_o is rejected and H_a is accepted, which means that dividend policy has a significant negative effect on firm value. This means that an increase in dividend policy is associated with a decrease in firm value.

2.For variable Z (financial performance):
   a. The probability value is 0.2161, which is greater than 0.05. This indicates that there is no statistically significant effect of financial performance on firm value in this model.
   b. Thus, for this variable, H_o is accepted (there is no significant effect.

Overall, the results of the partial test on the second structure revealed that only dividend policy (X) significantly influenced firm value, while the financial performance variable (Z) did not show a significant influence on firm value based on the t-test conducted.

Simultaneous test (F-test)

Simultaneous test or F test is used to test whether all independent variables in the regression model together (simultaneously) have a significant effect on the dependent variable. This test is important to see whether the regression model that is built as a whole is feasible or not to be used to explain the dependent variable. The decision-making criteria in the F test are as follows:

1.If the probability value (Prob. F-statistic) < 0.05, then H_o is rejected and H_a is accepted, which means that all independent variables simultaneously have a significant effect on the dependent variable.
2.If the probability value > 0.05, then H_o is accepted and H_a is rejected, meaning that the independent variables do not have a simultaneous effect.

Based on table 11, the prob value is 0.000000 <0.05, so H0 is rejected and Ha is accepted. From these results, it is known that the Prob (F-statistic) value is 0.000000, which is smaller than the significance level of 0.05. Thus, H_o is rejected and H_a is accepted, so it can be concluded that dividend policy simultaneously has a significant effect on financial performance. The R-squared value of 0.767434 indicates that around 76.74% of the variation in changes in financial performance (Z) can be explained by dividend policy (X). While the rest, 23.26%, is explained by other factors outside the model.

Table 11. Simultaneous test (F-test) Structure I

R-squared	0.767434
Adjusted R-squared	0.708056
S.E. of regression	0.050184
Sum squared resid	0.118365
Log likelihood	101.7136
F-statistic	12.92445
Prob(F-statistic)	0.000000

Source: Output Eviews 13.

Table 12. F-structure test II

R-squared	0.962500
Adjusted R-squared	0.951902
S.E. of regression	2.865173
Sum squared resid	377.6241
Log likelihood	-140.3229
F-statistic	90.82108
Prob(F-statistic)	0.000000

Source: Output Eviews 13.

Based on table 12, the prob value is 0.000000 <0.05, so H0 is rejected and Ha is accepted. In the second structure, the Prob (F-statistic) value is also 0.000000, which is much smaller than 0.05. Therefore, H_o is rejected and H_a is accepted, which means that dividend policy and financial performance simultaneously have a significant effect on firm value. In addition, the R-squared value of 0.962500 indicates that 96.25% of the variation in changes in firm value (Y) can be explained jointly by dividend policy (X) and financial performance (Z), while the remaining 3.75% is influenced by other variables not included in the model.

R square test

The coefficient of determination (R-squared) test is used to measure how much the regression model is able to explain the variation of the dependent variable that is influenced by the independent variables in the model (Amado et al., 2025). The higher the R-squared value, the better the model is in explaining the relationship between variables. The R-squared value is in the range between 0 and 1, where a value approaching 1 indicates a very good level of explanation.

Based on these results, the Adjusted R-squared value of 0.708056 indicates that the regression model used is able to explain the variation in the financial performance variable (Z) of 70.81%, which is influenced by dividend policy (X). While the remaining 29.19% is explained by other factors not included in this model. This high determination coefficient value indicates that although partially the dividend policy is not significant, the model is generally quite good at explaining variations in financial performance.

Table 13. R square test structure I

R-squared	0.767434
Adjusted R-squared	0.708056
S.E. of regression	0.050184
Sum squared resid	0.118365
Log likelihood	101.7136
F-statistic	12.92445
Prob(F-statistic)	0.000000

Source: Output Eviews 13.

Table 14. R square test structure II

R-squared	0.962500
Adjusted R-squared	0.951902
S.E. of regression	2.865173
Sum squared resid	377.6241
Log likelihood	-140.3229
F-statistic	90.82108
Prob(F-statistic)	0.000000

Source: Output Eviews 13.

Based on table 14, it can be explained that variables x and z are able to explain variable y by 0.95 or 95% while the remaining 5% is explained by other variables. The test results show that the Adjusted R-squared value is 0.951902, which means that the regression model in this second structure is able to explain the variation of the company's value (Y) by 95.19%, which is simultaneously influenced by dividend policy (X) and financial performance (Z). The remaining 4.81% is influenced by other variables outside the model. The very high Adjusted R-squared value indicates that this regression model is very strong and good at explaining the influence of independent variables on firm value.

Sobel test

$$= \frac{}{\sqrt{(\quad^2 \quad\quad ^2)+(\quad^2 \quad\quad ^2)}}$$

$$= \frac{-0.007 \quad 10.444}{\sqrt{(10.444^2 \quad 0.009^2)+(-0.007^2 \quad 8.327^2)}}$$

$$= \frac{0.0731}{\sqrt{(109.08 \quad 0.000081)+(0.000049 \quad 69.339)}}$$

$$= \frac{0.0731}{\sqrt{0.0088+0.0034}}$$

$$= \frac{0.0731}{\sqrt{0.012}}$$

$$= \frac{0.0731}{0.109}$$

$t = 0.67$

t table = 2.00

Based on these calculations, the calculated t value is -0.67. Meanwhile, the t table value at a significance level of 5% is 2.00. Because the value of |t count| < t table (0.67 < 2.00), it can be concluded that H_o is accepted and H_a is rejected, which means that there is no significant mediating effect of the intervening variable (financial performance) in the relationship between the independent variable (dividend policy) and the dependent variable (firm value). Thus, financial performance does not significantly mediate the effect of dividend policy on firm value in Consumer Goods Industry sector companies listed on the Indonesia Stock Exchange for the 2019–2023 period.

DISCUSSION

The influence of dividend policy on firm value in the consumer goods industry sector listed on the Indonesian Stock Exchange for the 2019-2023 period

Based on the research results, it can be concluded that dividend policy has a positive and significant effect on company value. The implications of these results indicate that companies that consistently distribute dividends provide a positive signal to investors regarding financial stability and future profit prospects. This increases market confidence which ultimately has an impact on increasing the company's value in the eyes of investors. Dividend policy has a significant effect on firm value, because dividends reflect management optimism about cash flow and future performance, consistent dividend distribution can be a management communication tool to the market that the company is in a healthy and stable condition. These results are in line with research conducted by (Ajizah & Perdinusa, 2022); (Cindy & Ardini, 2023); dan (Akbar & Fahmi, 2020).

The influence of dividend policy on financial performance in the consumer goods industry sector listed on the Indonesian Stock Exchange for the 2019-2023 period

Based on the tests that have been carried out, it can be concluded that Dividend Policy does not have a significant effect on Financial Performance. The implications of this finding indicate that dividend distribution is more a reflection of management strategy in conveying signals to the market, and is not the main determinant in increasing profitability ratios such as ROA. This can happen because dividends are often paid from the accumulation of profits from previous years, not only from short-term financial performance. These results are consistent with research conducted by (Reysa et al., 2022); (Nurzaeni et al., 2023); dan (Deska, 2022). In practice, companies tend to continue to distribute dividends even though the profitability ratio does not increase significantly, in order to maintain their reputation and investor loyalty.

The influence of financial performance on firm value in the consumer goods industry sector listed on the Indonesian Stock Exchange for the 2019-2023 period

Based on the tests that have been conducted, it can be concluded that financial performance does not affect the company's value. The implications of this finding indicate that in the context of the consumer goods industry, investor perceptions of company value are more influenced by external signals such as dividend distribution, rather than by internal indicators such as ROA.. This can happen because investors focus more on the stability and predictability of profits than on short-term fluctuations in financial performance. The results of this study are in line with the results of research (Setiawati et al., 2023); (Hidayat et al., 2021); dan (Mumtazah & Purwanto, 2020). Financial performance (ROA) does not always reflect the market's perception of the company's value. In addition, research by Nurlaela et al. (2021) also shows that the ROA variable does not have a significant effect on firm value, especially in industrial sectors with relatively stable market structures such as consumer goods.

Indirect effect of dividend policy on firm value through financial performance in the consumer goods industry sector listed on the Indonesia Stock Exchange for the 2019-2023 period

Based on path analysis, the indirect effect of Dividend Policy on firm value through Financial Performance also shows no significant effect. This is due to the insignificant relationship between dividend policy and financial performance, as well as between financial performance and firm value (Mumtazah & Purwanto, 2020). The implications of these findings confirm that in the context of this study, dividend policy acts as an external factor that directly affects the value of the company, without the need to go through a mechanism to improve financial performance. Therefore, companies are advised to consider dividend policy as one of the strategic instruments in building positive market perceptions, regardless of short-term profitability results. These results are in line with the results of the study (Sultan & Supri, 2021). This is because the company's value is more influenced by investor expectations than actual financial results.

CONCLUSION

This study analyzes the effect of dividend policy on firm value with financial performance as an intervening variable in the consumer goods industry sector listed on the Indonesia Stock Exchange during the 2019–2023 period. Of the 35 listed companies, only 12 companies have complete data according to the variables studied, so that the total data analyzed is 60 observations. The results of the analysis using the Fixed Effect Model (FEM) show that dividend policy (DPR) has a positive and significant effect on firm value (PBV). This means that the higher the dividends distributed, the higher the value of the company in the eyes of investors, because dividends are seen as a positive signal regarding the company's financial prospects.

However, dividend policy does not have a significant effect on financial performance (ROA). This shows that dividend distribution does not directly increase the company's profitability, but is more influenced by long-term financial strategy and market perception. Furthermore, financial performance also does not have a significant effect on firm value. In the context of the consumer goods sector, investors appear to be more responsive to external signals such as dividend distribution than to internal indicators such as ROA. In addition, the results of the analysis also show that there is no indirect effect of dividend policy on firm value through financial performance. Thus, the influence of dividend policy on company value is direct and not mediated by financial performance.

The results of this study provide several important implications for financial practitioners, corporate management, and investors: a) The finding that dividend policy has a positive and significant effect on company value indicates that dividend distribution policy can be a strategic tool to increase investor confidence and stock value. Therefore, management needs to consider a consistent and attractive dividend policy as part of a strategy to increase corporate

value. b) Investors can use dividend distribution information as a signal in making investment decisions. Because the market responds positively to dividends, investors can use dividend policy as a primary indicator in assessing a company's long-term prospects, especially in the consumer goods sector. c) These results also indicate the importance of transparency and openness of information regarding a company's dividend policy. Therefore, capital market authorities need to encourage companies to convey dividend policies clearly and routinely, in order to increase market efficiency.

Although it has been conducted systematically, this study has several limitations: a) Of the total 35 companies, only 12 companies have complete data for the period 2019–2023. This limits the generalization of the research results to all companies in the consumer goods sector and other sectors. b) The study only focuses on the consumer goods industry sector. The results may not be generally applicable to other sectors that have different financial and market characteristics. c) This study only uses Return on Assets (ROA) as an indicator of financial performance. In fact, financial performance can also be measured by other variables such as Return on Equity (ROE), Net Profit Margin (NPM), or Earnings per Share (EPS) which may provide different results. d) This study has not included external factors such as macroeconomic conditions (inflation, interest rates, the COVID-19 pandemic, etc.) which also have the potential to affect firm value.

Based on the existing limitations, several suggestions can be given for future research: a) Further research should expand the scope of the sample both from the number of companies and other industrial sectors so that the results are more general and representative. b) Further researchers are advised to use more than one financial performance indicator in order to capture a more comprehensive picture of the mediation relationship between dividend policy and company value. c) To increase the validity of the model, relevant external variables such as economic growth, inflation, and interest rates that affect capital market behavior should also be included.

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