

ISSN : 2580-3220
E-ISSN : 2580-4588

Jurnal MANDIRITM

ILMU PENGETAHUAN, SENI, DAN TEKNOLOGI

www.jurnalmandiri.com

Vol. 9, No. 1, Juni 2025



J. Mandiri.

Vol. 9

No. 1

Hal. 1 - 56

Tangerang Selatan,
Juni 2025

ISSN : 2580-3220
E-ISSN : 2580-4588

Editor's Introduction

Assalamu'alaikum Wr. Wb.

All praise and gratitude we pray to Allah SWT because of His blessings, mercy, taufiq, and guidance, Jurnal MANDIRI: Ilmu Pengetahuan, Seni, dan Teknologi, can be published again. Seventeenth Edition, Vol. 9, No. 1, June 2025, of course it is very proud and happy for us as managers.

Alhamdulillah, based on the Decree of the Director General of Strengthening Research and Development of the Ministry of Research, Technology and Higher Education of the Republic of Indonesia, Number 36/E/Kpt/2019 concerning the Scientific Journal Accreditation Ranking Period VII of 2019 as of December 13, 2019, starting from Vol. 3, No. 1, June 2019, Jurnal MANDIRI Accreditation rose to SINTA 4 rank.

Then based on the Decree of the Directorate General of Higher Education, Research, and Technology of the Ministry of Education, Culture, Research, and Technology of the Republic of Indonesia Number: 230/E/KPT/2022 concerning the Accreditation Ranking of Scientific Journals for Period IV of 2022, dated December 30, 2022, the MANDIRI Journal again received SINTA 4 Ranking Accreditation starting from Volume 6 Number 1 of 2022 to Volume 10 Number 2 of 2026.

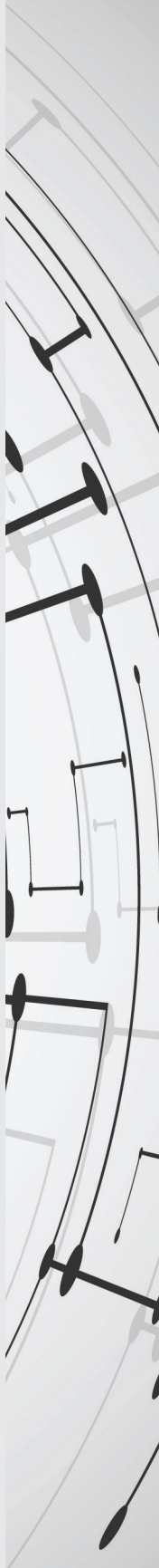
As for the coverage in the Jurnal MANDIRI: Ilmu Pengetahuan, Seni, dan Teknologi, these are ideas or ideas as well as the results of studies and scientific works both originating from research and community service with the aim of advancing science, art, and technology. In addition, the existence of this journal is expected to be a means for improving the competence of lecturers and also as an alternative for the general public in publishing their work.

We realize, in this seventeenth publication, there are still many shortcomings. For this reason, we welcome criticism and suggestions for improvement in the next edition. Criticisms and suggestions can be sent to the editorial address of Jurnal MANDIRI.

In closing, we invite Mr/Mrs/Mr. to be able to fill out this journal. Thanks and happy reading.

Wassalamu'alaikum Wr. Wb.

Editor



Published twice a year in June and December.

Contains writings adopted from the results of research, studies, and scientific works as well as
community service in various fields of science, art, and technology.

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Jurnal MANDIRI: Ilmu Pengetahuan, Seni, dan Teknologi

published by Lembaga Kajian Demokrasi dan Pemberdayaan Masyarakat (LKD-PM), since June 2017.

Published every six months (twice a year).

The person in charge is the Director of LKD-PM.

Publishers accept contributions of writings that have never been published by other media. Articles can be sent in the form of printed and softcopy articles with the format as listed on the back page. The submitted articles will be reviewed for substance by the Editorial Board and edited for uniformity in format, terms, and other procedures.

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Jurnal
MANDIRI[™]
ILMU PENGETAHUAN, SENI, DAN TEKNOLOGI

www.jurnalmandiri.com

ISSN : 2580-3220, E-ISSN : 2580-4588
J. Mandiri., Vol. 9, No. 2, Juni 2025 (1 - 10)
©2017 Lembaga Kajian Demokrasi
dan Pemberdayaan Masyarakat (LKD-PM)
DOI: <https://doi.org/10.33753/mandiri.v9i1.310>

Analysis of Students' Financial Behavior in South Tangerang City

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Abstract

This research investigates the influence of financial experience on students' financial behavior in South Tangerang City, the impact of lifestyle on students' financial behavior, and the joint effect of both financial experience and lifestyle on financial behavior. A quantitative method using a survey design was applied. The study population consisted of students enrolled at Pamulang University in the 2024/2025 academic year. A purposive sampling technique was used to select 100 participants. Data were collected through observations, interviews, and structured questionnaires. The instruments were first tested for validity and reliability. Additionally, classical assumption tests namely normality, multicollinearity, and heteroscedasticity were performed to meet the prerequisites for multiple linear regression analysis. The findings reveal that both financial experience and lifestyle individually have a statistically significant positive effect on financial behavior. Moreover, the combination of these two variables also contributes significantly to shaping students' financial behavior.

Keywords: Financial Experience, Lifestyle, Financial Behavior

INTRODUCTION

The era of globalization continues to unfold, characterized by interconnected relationships among nations worldwide. This wave of globalization is progressing alongside rapid technological advancements. These technological developments greatly benefit human life by offering convenience across various sectors, including education, healthcare, the economy, and business.

Technology has significantly impacted the economic sector, particularly through the emergence of e-commerce, which allows people

to conduct transactions anytime and anywhere. This convenience helps individuals increase their income by maximizing the benefits of technology. As earnings grow, opportunities to save or invest also expand. However, despite the importance of wise financial management for achieving financial well-being, many individuals still struggle to manage their finances effectively.

Indonesia is experiencing a demographic bonus, where the productive-age population (15–64 years) surpasses the non-productive group. According to the Central Statistics Agency, 70.72% of the population falls within

the productive age, while only 9.78% are elderly. This productive segment is largely composed of Gen Z and Millennials, each with distinct traits. Notably, both generations grew up in the digital era, making them more technologically proficient.

While technological advances have made financial transactions easier and more accessible—such as through digital payments and online shopping—they have also contributed to increasingly consumptive behavior, particularly among Gen Z and Millennials. These generations often make purchases not out of necessity but driven by desires, trends, social media influence, and the instant availability of products and services. (Kurniasari, Sumiati, & Ratnawati, 2023) further emphasize that a key reason behind these financial challenges is the lack of basic financial management skills. Many young people have not been taught how to budget, save, or make informed spending decisions.

In line with this, (Kainde, Arsana, & Narung, 2024) found that both financial literacy and lifestyle significantly influence students' financial behavior. Their study revealed that inadequate financial knowledge combined with a hedonistic lifestyle leads to poor financial practices, such as failing to plan expenses, insufficient saving, and spending driven by social trends rather than genuine needs.

This is supported by a study conducted by (Fetesond & Cakranegara, 2022), which involved 443 students from various regions in Indonesia. The results showed that 57.5% of respondents spent their entire monthly allowance without setting aside any savings, highlighting the prevalence of poor financial habits among the younger generation.

One of the main factors contributing to financial instability among the younger generation is the rising cost of higher education, which has escalated significantly over the past few decades.

Many members of Gen Z are entering college without adequate knowledge of managing student loans or understanding the long-term consequences of accumulating large amounts of debt. As a result, the financial burden from student loans can become overwhelming, often leading to a cycle of debt and prolonged financial insecurity (Putri, Jubaedah, Azzahra, & Mulyantini, 2024).

In addition, as noted by (Sada, 2022), millennial adolescents tend to have a strong sense of curiosity and a high desire for social recognition. This often leads them to seek validation by trying to appear attractive or stand out among their peers. Social pressure to maintain a “good-looking” appearance is further reinforced by expectations from educational institutions and employers, who often value appearance as part of a professional image. Consequently, many students feel the need to spend excessively on fashion, beauty products, or lifestyle trends in order to meet these societal standards. This behavior can undermine their ability to manage finances wisely, resulting in poor spending habits and increased consumerism during their academic years.

A person's level of welfare is often seen as the ultimate goal of working and earning income. Generally, the higher a person's income, the greater their potential for achieving prosperity. However, high income alone does not guarantee financial well-being if it is not supported by responsible financial behavior and effective money management (Indriasih, 2021). Furthermore, as noted by (Anisah, 2024), financial behavior is influenced by various external factors, including cultural norms, social expectations, and regional economic conditions. Different cultures have diverse attitudes toward money—such as how people view saving, spending, and borrowing—which can shape not only individual financial decisions but also impact broader patterns in the economy.

Table 1. Percentage of expenditure per capita per month by commodity group in urban areas, Indonesia (2021-2023)

No.	Year	Commodity Group	
		Food	Non-Food
1.	2021	45,81 %	54,19 %
2.	2022	46,54 %	53,46 %
3.	2023	45,47 %	54,53 %

Source: Badan Pusat Statistik, 2024.

Based on the image above, the percentage of urban household expenditures in Indonesia from 2021 to 2023 shows that non-food spending consistently exceeds food-related expenses. This indicates that most urban residents allocate a larger portion of their income to non-food items, such as goods and services, durable goods, clothing, housing, taxes, and insurance. Moreover, data from the Central Statistics Agency over an 11-year period since 2003 reveals a notable trend: the marginal propensity to save (MPS) or the tendency to save additional income has gradually declined. In contrast, the marginal propensity to consume (MPC) or the tendency to spend additional income has increased, suggesting a growing consumer-oriented mindset among the population.

Positive financial behavior is essential for achieving desired financial goals, and this behavior is influenced by various factors. One key factor is financial literacy. According to (Siskawati & Ningtyas, 2022), financial literacy

significantly affects students' financial behavior. Similarly, (Anisah, 2024) found that financial literacy has a positive and significant impact on how individuals manage their finances. These findings underscore the crucial role of financial literacy in shaping responsible financial habits. The higher a person's financial literacy, the more likely they are to exhibit predictable and sound financial behavior.

In 2022, Indonesia's financial literacy rate stood at 49.68%, significantly lower than the financial inclusion rate, which reached 85.1%. This gap indicates that while many Indonesians have access to financial services, a large portion still lacks adequate knowledge, confidence, skills, attitudes, and behaviors needed to understand and use financial products and services effectively. This highlights the urgent need to improve financial literacy so that inclusion is not merely access-based but also accompanied by informed and responsible financial decision-making.

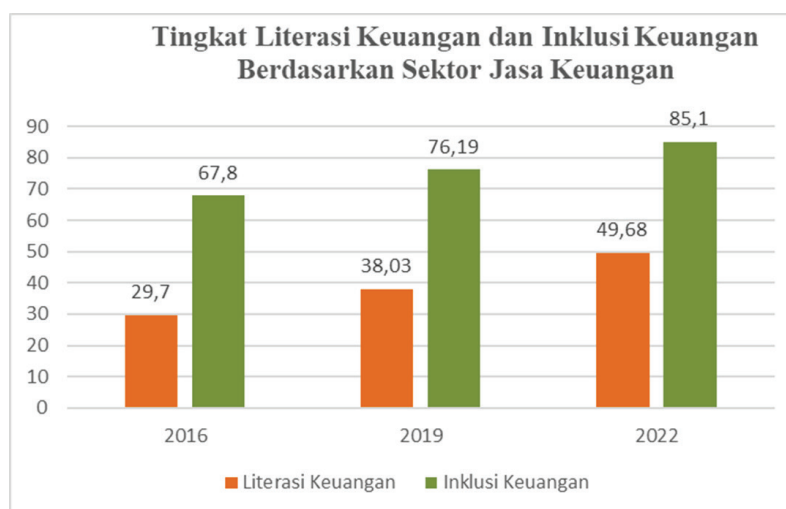


Figure 1. Financial literacy and financial inclusion levels based on financial services sector 2016-2022.

Lifestyle plays a significant role in shaping an individual's financial behavior. According to (Aini, 2021), lifestyle has a positive and significant impact on how people manage and spend their money. In other words, a person's daily habits, preferences, and consumption patterns directly influence their financial decisions. Similarly, (Sufyati HS & Lestari, 2022) found that among millennials in South Jakarta, lifestyle also has a notable and positive effect on financial behavior. This suggests that individuals who adopt a wise and balanced lifestyle prioritizing needs over wants and making thoughtful spending choices are more likely to demonstrate responsible financial behavior. These findings emphasize that lifestyle is not just a reflection of personal taste, but also a determining factor in how effectively someone can manage their finances.

According to (Naufalia, Wilandari, Windasari, & Helmy, 2022), the financial experience of the millennial generation in Bekasi City has a moderate influence on their financial management behavior. This suggests that past financial experiences play a role though not overwhelmingly in shaping how individuals handle their finances. Based on the background outlined above, this study aims to investigate the following research questions: Does financial experience influence the financial behavior of students in South Tangerang City, does lifestyle influence the financial behavior of students in South Tangerang City, Do financial experience and lifestyle together have a simultaneous effect on the financial behavior of students in South Tangerang City? These questions are intended to explore how both individual experiences and lifestyle choices contribute either separately or in combination to students' financial behavior.

METHODS

According to (Sugiyono, 2017) defines research methodology as an organized approach to collecting data aimed at achieving particular goals and research objectives. He highlights four key components that must be considered in any research method: the naturalness of the method, the data collected, the intended goals, and the

practical uses of the research. Furthermore, based on the degree of naturalness in the research setting, methods can be categorized into experimental, survey, and naturalistic approaches.” In conclusion, a research method is a systematic and goal-oriented approach to data collection, designed to achieve specific research objectives and outcomes. According to (Sugiyono, 2017), four key aspects must be considered when selecting or designing a method: the level of naturalness, the type of data collected, the research goals, and the practical usefulness of the results. Based on the naturalness of the setting, research methods are generally classified into experimental, survey, and naturalistic types.

Referring to the theoretical foundation, this research adopts a quantitative method with a survey approach. The survey is conducted in natural, real-life environments rather than in controlled or artificial settings. Even though the setting is natural, the researcher actively participates in the data collection process by using tools such as questionnaires, tests, or structured interviews (Sugiyono, 2017). In conclusion, the study applies a quantitative survey method, allowing researchers to gather structured data from real-world contexts while still maintaining control through direct involvement in the data collection process.

The population in this study includes all students enrolled at Pamulang University during the 2024/2025 academic year, spanning various faculties and study programs. This wide population was deliberately chosen to capture a broad spectrum of financial behaviors, experiences, and decision-making patterns that may vary based on academic background, economic status, and personal responsibilities. By encompassing a diverse group, the researcher aims to obtain findings that are more reflective of the general student population. To select the research participants, the study employed a non-probability sampling technique, specifically purposive sampling.

As defined by (Sugiyono, 2017), purposive sampling is a technique where the sample is chosen based on specific characteristics or criteria that are

closely aligned with the research objectives. In this context, the selected respondents were active students who had prior or ongoing experience in managing personal finances. These experiences include activities such as receiving monthly allowances, working part-time, or handling their own living expenses, which make them relevant subjects for examining financial behavior. The study involved 100 respondents, a number determined with reference to Roscoe's guideline cited in (Sugiyono, 2017), which recommends that an appropriate sample size for behavioral research should range from 30 to 500 participants. A sample of this size is considered adequate for ensuring statistical reliability, facilitating data analysis, and enabling researchers to draw generalizable conclusions about financial behavior among university students.

The selection of an appropriate data collection technique is a crucial step in the research process, as improper methods can result in low-quality data and unreliable findings. In this study, data were gathered using three primary techniques: observation, interviews, and questionnaires. Observation allowed the researcher to directly note participant behavior in a natural setting, interviews particularly structured ones provided deeper insights into individual financial experiences, and questionnaires served as the main instrument for collecting standardized and measurable data from a larger sample. Prior to data analysis, the researcher ensured that the instruments used met the standards of validity and reliability, meaning they accurately measured the intended variables and produced consistent results.

After establishing the quality of the instruments, the researcher tested several statistical assumptions required for conducting Multiple Linear Regression analysis. These included the normality test to ensure the data followed a normal distribution, the multicollinearity test to detect high correlations

between independent variables, and the heteroscedasticity test to confirm that the variance of residuals was constant across observations. Meeting these assumptions ensured that the regression analysis would yield accurate and meaningful results regarding the influence of financial experience and lifestyle on financial behavior.

RESULTS

A total of 100 students participated in this study. For the financial experience variable (X_1), respondents gave scores ranging from 1 to 5, with an average score of 3.35. This indicates a moderate level of financial experience, suggesting that many students have not yet developed sufficient skills in essential financial tasks such as creating financial plans, analyzing financial reports, or gaining broader financial exposure. Overall, the findings reflect a limited engagement with personal financial management among the respondents.

For the lifestyle variable (X_2), scores also ranged from 1 to 5, with a mean value of 3.49. In this context, lifestyle refers to habits and behaviors that support responsible and productive living. The moderate average score suggests that most students do not consistently practice positive lifestyle habits, such as effective time management, prioritizing essential activities, or practicing thoughtful financial decision-making.

Similarly, the financial behavior variable (Y) received response scores between 1 and 5, with a mean of 3.40. Financial behavior includes actions such as budgeting, recording income and expenses, and setting short- and long-term financial goals. The moderate average indicates that students, on the whole, are not yet demonstrating strong or consistent financial behavior. Many may not be engaging in regular financial tracking or goal-setting, which are critical components of sound financial management.

Table 2. Description of research object

Variable	N	Minimum	Maximum	Mean	Standard Deviation
Financial Experience	100	1	5	3.35	0.913
Lifestyle	100	1	5	3.49	1.063
Financial Behavior	100	1	5	3.40	0.994

Source: Primary Data, 2025.

Research instruments that have been tested for validity and reliability, then classical assumption testing was performed.

Normality test

Table 3. Data normality test results

Statistic	Unstandardized Residual
N	100
Mean	0.000
Standard Deviation	4.888
Absolute Maximum Difference	0.086
Positive Difference	0.086
Negative Difference	-0.069
K-S Test Value	0.086
Significance (2-tailed)	0.067

Source: Primary Data, 2025.

Referring to table 3, the results of the normality test indicate that the Asymp. Sig (2-tailed) value stands at 0.067, which is above the conventional threshold of 0.05. This outcome suggests that the residuals are normally distributed, fulfilling one of the key assumptions for conducting regression analysis. Moreover, an additional significance value of 0.200 further supports the conclusion that the dataset does not deviate significantly from normality. Consequently, the data meet the criteria required for parametric testing.

Multicollinearity test

To evaluate multicollinearity, both Tolerance and Variance Inflation Factor (VIF) metrics

were examined. A model is considered free from multicollinearity if the Tolerance value is less than 1 and the VIF is below 10. In contrast, if the Tolerance exceeds 1 and the VIF surpasses the value of 10, it suggests the occurrence of

Table 4. Multicollinearity test results

Independent Variable	Tolerance	VIF
Financial Experience (X ₁)	0.409	2.448
Lifestyle (X ₂)	0.409	2.448

Source: Primary Data, 2025.

multicollinearity, indicating that the independent variables are excessively correlated within the model.

As shown in table 4, the multicollinearity test results indicate that the tolerance values for variables X1 and X2 are both 0.409, exceeding the minimum threshold of 0.10. Additionally, the VIF values for both variables are 2.448, well below the standard maximum of 10.00. According to these criteria, the absence of multicollinearity is confirmed, suggesting that the independent variables do not exhibit strong linear relationships and that the regression model is statistically valid in this aspect.

Heteroscedasticity test

The heteroscedasticity test in this study was conducted by analyzing the scatterplot. A random distribution of data points without any discernible pattern indicates the absence of heteroscedasticity, confirming that the regression model meets this assumption.

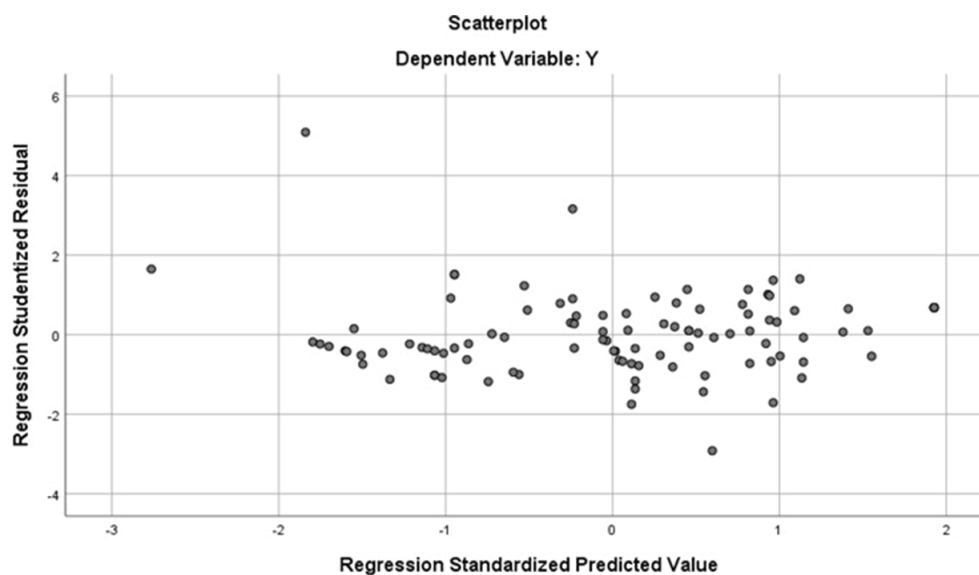


Figure 2. Heteroscedasticity Test Results

Based on figure 2, the scatterplot output shows that: (1) the data points are distributed both above and below the zero line, (2) the points are not concentrated solely on one side, (3) there is no wave-like pattern where the spread narrows and widens repeatedly, and (4) the overall distribution appears random and unpatterned. These observations indicate that the data do not exhibit signs of heteroscedasticity, suggesting that the regression model meets the assumption of homoscedasticity, and therefore, the model can be considered statistically reliable and appropriate for further analysis.

Following the classical assumption tests, a multiple linear regression analysis was conducted, yielding the equation: $Y = 4.286 + 0.332X_1 + 0.763X_2$. This equation can be

interpreted as follows: the constant value of 4.286 indicates that when both financial experience (X_1) and lifestyle (X_2) are zero, the predicted financial behavior (Y) is 4.286. The coefficient for X_1 (0.332) implies that a one-unit increase in financial experience leads to a 0.332 increase in financial behavior, assuming lifestyle remains constant. Likewise, the coefficient for X_2 (0.763) shows that a one-unit increase in lifestyle results in a 0.763 increase in financial behavior, holding financial experience constant. These positive coefficients confirm that both financial experience and lifestyle have a significant and positive effect on students' financial behavior.

Partial test (t-test) is used to test whether an independent variable (X) really contributes to the dependent variable (Y).

Table 5. Summary of t-test results

Variable	Unstandardized Coefficient (B)	Std. Error	Standardized Coefficient (Beta)	t-value	Significance (p-value)
Constant	4.286	2.493	-	1.719	0.089
Financial Experience (X_1)	0.332	0.140	0.211	2.378	0.019
Lifestyle (X_2)	0.763	0.103	0.656	7.381	0.000

Source: Primary Data, 2025.

As shown in table 5, the interpretation of the hypothesis testing results is as follows: (1) The financial experience variable (X_1) yields a t-value of 2.378, which surpasses the critical threshold of 1.984. With a significance probability of 0.019—well below the 0.05 criterion—this result supports the alternative hypothesis, indicating that financial experience significantly influences financial behavior on a partial basis. (2) Similarly, for the lifestyle variable (X_2), the computed t-value is 7.381, exceeding the same benchmark of 1.984. The associated p-value is 0.000, which confirms a statistically significant partial effect of lifestyle on financial behavior, warranting acceptance of the alternative hypothesis.

A simultaneous (F) test assesses whether the regression model, when considering all predictors together, provides a meaningful explanation of the outcome variable. In this study, the results of the F-test indicate that the overall model is statistically significant, suggesting that financial experience and lifestyle jointly contribute to explaining variations in students' financial behavior.

related to budgeting and spending. According to (Siskawati & Ningtyas, 2022), financial behavior involves how individuals make financial decisions that support effective and sustainable personal finance management, particularly for long-term planning. From these perspectives, it can be concluded that financial behavior encompasses an individual's overall approach to managing money in order to achieve specific financial objectives. Positive financial behavior is reflected in responsible financial practices such as saving, investing, planning, and budgeting for the future. In contrast, negative financial behavior is often characterized by uncontrolled spending, lack of savings, poor financial planning, and a general absence of long-term financial goals.

As noted by Indriasih (2021), positive financial behavior is also linked to a high level of financial inclusion within a country. Financial behavior is shaped by several factors, one of which is financial experience. Financial experience refers to an individual's past involvement in managing finances, which can serve as a valuable reference for making more careful and informed

Table 6. Simultaneous F test

Source of Variation	Sum of Squares	df	Mean Square	F-value / Significance
Regression	8975.862	2	4487.931	F = 107.219, p = 0.000
Residual	4060.178	97	41.858	-
Total	13036.040	99	-	-

Source: Primary Data, 2025.

Based on table 6, the results of the F test show that the calculated F value is 107.219, which is greater than the F table value of 2.70, with a significance level of 0.000, which is less than 0.05. Therefore, H_{03} is rejected and H_{a3} is accepted, indicating that financial experience and lifestyle simultaneously have a significant effect on financial behavior.

DISCUSSION

According to (Kurniasari, Sumiati, & Ratnawati, 2023), financial behavior refers to how individuals manage their financial resources to fulfill daily needs, including various actions

financial decisions in the future to avoid potential financial difficulties. According to (Sampoerno & Haryono, 2021), factors such as financial literacy, income, lifestyle, self-control, and risk tolerance significantly influence how millennials in Surabaya manage their finances, indicating that both cognitive and behavioral aspects of personal finance play crucial roles in shaping financial behavior.

However, (Kurniasari, Sumiati, & Ratnawati, 2023) note that many young people, especially students, still struggle with money management due to a lack of practical financial skills. This supports the view that students often lack

the ability to handle their personal finances effectively. (Subaida & Hakiki, 2021) outline that financial experience can be assessed through several indicators: (1) preparing a personal income and expenditure plan, (2) conducting financial analysis, and (3) compiling reports on income and expenses. These components reflect the extent to which individuals have developed the ability to manage their financial responsibilities.

Besides financial experience, another factor that influences financial behavior is lifestyle. Lifestyle refers to a person's way of living, shaped by their thoughts, values, beliefs, and social norms, all of which influence daily decision-making, including financial choices. (Dewi, et al., 2022) suggest that a person's lifestyle is demonstrated through how they manage their time, engage with personal interests, and develop viewpoints on issues they deem significant in their surroundings. Since people differ in their routines, preferences, and income levels, each individual naturally develops a unique lifestyle. These lifestyle differences significantly impact financial behavior, as they affect priorities in spending, saving, and consumption patterns.

According to (Aini, 2021), lifestyle significantly influences consumption behavior, as it is closely tied to individuals' daily activities. In a modern and rapidly evolving era, where global trends are easily accessible, people with high lifestyle demands often experience significant changes in consumption patterns. In such contexts, purchasing decisions are not solely driven by needs but are also shaped by lifestyle preferences. Supporting this, (Wahyuni & Setiawati, 2022) emphasize that lifestyle, along with financial literacy, plays a crucial role in shaping financial behavior, particularly among Generation Z. Their study highlights how individuals with a more hedonic lifestyle tend to exhibit consumption patterns that prioritize wants over needs, thereby affecting overall financial management. Demographic factors include measurable aspects such as education level, age, income, and gender, while psychographic factors are more complex and relate to the psychological and behavioral

characteristics of consumers, such as personality, values, interests, and attitudes. These two dimensions together influence how individuals make financial and consumption decisions.

According to (Dewi, et al., 2022), lifestyle can be measured using the AIO framework, which stands for Activities, Interests, and Opinions. These three dimensions reflect how individuals express their lifestyles. First, activities refer to how a person spends their time, including routines such as work, hobbies, social events, vacations, entertainment, club participation, shopping, and sports. Second, interests represent what individuals find meaningful or important, such as their preferences related to family, home, career, recreation, fashion, food, media, and personal achievements. Lastly, opinions encompass a person's views about themselves and the world around them, including perspectives on social issues, politics, education, business, products, the economy, and cultural matters. Together, these dimensions provide a comprehensive understanding of how lifestyle influences individual behavior, including financial decision-making.

CONCLUSION

Financial experience has a statistically significant impact on students' financial behavior, as indicated by the rejection of H_{01} and acceptance of H_{a1} in the t-test. Lifestyle also exerts a significant partial influence on financial behavior, supported by the t-test findings that lead to the rejection of H_{02} and acceptance of H_{a2} .

Furthermore, the F-test results confirm that both financial experience and lifestyle jointly influence financial behavior in a meaningful way, as evidenced by an F-value exceeding the critical threshold and a significance level below 0.05. These findings suggest that improvements in students' financial experience and lifestyle choices are likely to positively enhance their financial behavior. Therefore, educational institutions may consider integrating practical financial education and promoting healthy lifestyle habits as part of student development programs.

ACKNOWLEDGMENTS

This research was independently funded. The success of this research would not have been possible without the support and encouragement from various parties. Therefore, the research team would like to express sincere gratitude and highest appreciation to the honorable Chairman of the Sasmita Jaya Foundation, the Rector of Pamulang University, the Dean of the Faculty of Teacher Training and Education, the Head of the Economic Education Study Program, and the Institute for Research and Community Service (LPPM) of Pamulang University, whose guidance, facilitation, and support have greatly contributed to the smooth implementation and completion of this study.

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www.jurnalmandiri.com

ISSN : 2580-3220, E-ISSN : 2580-4588
J. Mandiri., Vol. 9, No. 2, Juni 2025 (11 - 26)
©2017 Lembaga Kajian Demokrasi
dan Pemberdayaan Masyarakat (LKD-PM)
DOI: <https://doi.org/10.33753/mandiri.v9i1.303>



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 multiplier 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:

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.

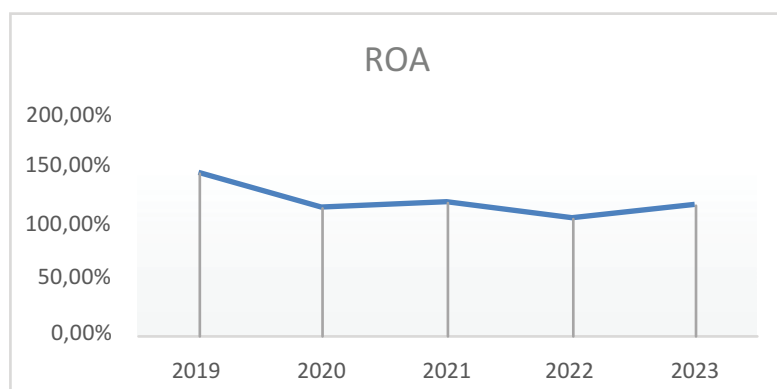


Figure 1. Return on assets from 2019-2023

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)

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 can also 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 & Oliy, 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:

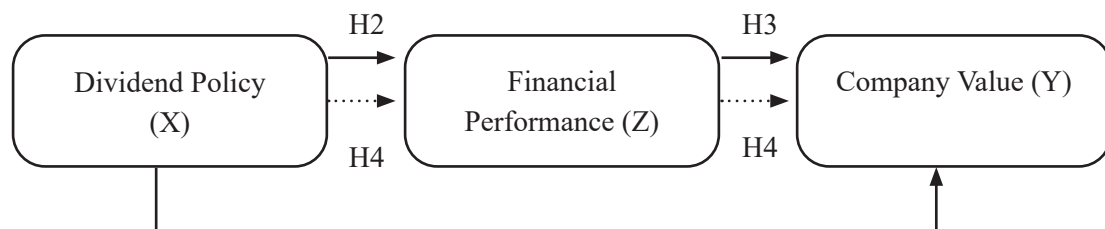


Figure 2. Framework

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 multiplier 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_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 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_0) 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_0 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, H_1 is rejected and H_0 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 H_1 is rejected and accepts H_0 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 (0.0000)	2.186303 (0.1392)	29.42516 (0.0000)

Source: Output Eviews 13.

Table 5. LM test (Structure II)

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

Hypotesis

Parsial test (t test)

Based on table 9. The value of the probability X is $0.4264 > 0.05$, so H_a is rejected and H_0 is accepted. In the first structure, the dependent variable tested is Z (financial performance), with the independent variable entered being X

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.

(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_0 .

2. Thus, H_0 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 H_a is accepted and H_0 is rejected, the value of prob. Z is 0.2161 > 0.05, so H_0 is accepted and H_a is rejected. 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_0 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_0 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_0 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_0 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 H_0 is rejected and H_a 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_0 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 H_a is accepted. In the second structure, the Prob (F-statistic) value is also 0.000000, which is much smaller than 0.05. Therefore, H₀ 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

$$\begin{aligned}
 &= \frac{-0.007 \cdot 10.444}{\sqrt{(10.444^2 \cdot 0.009^2) + (-0.007^2 \cdot 8.327^2)}} \\
 &= \frac{0.0731}{\sqrt{(109.08 \cdot 0.000081) + (0.000049 \cdot 69.339)}} \\
 &= \frac{0.0731}{\sqrt{0.0088 + 0.0034}} \\
 &= \frac{0.0731}{\sqrt{0.012}} \\
 &= \frac{0.0731}{0.109}
 \end{aligned}$$

$t = 0.67$

$t \text{ table} = 2.00$

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_0 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.

ACKNOWLEDGMENTS

The author would like to thank the lecturers and students in the field of economics and business management. This research received support from the Institute for Research and Community Service (LPPM) of Jabal Ghafur University. The source of funding for this research is non-institutional funding.

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www.jurnalmandiri.com

ISSN : 2580-3220, E-ISSN : 2580-4588
J. Mandiri., Vol. 9, No. 2, Juni 2025 (27 - 40)
©2017 Lembaga Kajian Demokrasi
dan Pemberdayaan Masyarakat (LKD-PM)
DOI: <https://doi.org/10.33753/mandiri.v9i1.321>

How Existing Conditions in Madrasah Tsanawiyah (MTs) Al Mursyidiyyah, South Tangerang City? Investigations with Using SWOT Analysis

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Abstract

This study aims to determine the current conditions at Madrasah Tsanawiyah (MTs) Al Mursyidiyyah, South Tangerang City. The method used in this study is descriptive qualitative. While the data analysis techniques use SWOT Analysis, IFE Matrix Analysis, EFE Matrix Analysis, IE Matrix Analysis, SWOT Matrix, and SWOT Analysis Diagram. The results of the study show that the IFE Matrix has a score of 3.29 for strengths and weaknesses. Then, in the EFE Matrix, opportunities and threats have a score of 3.24. Based on the IE Matrix, the company's position in cell I shows that the appropriate strategy is to grow and develop (growth and build), which means this strategy is adjusted to the strengths of the company's internal side to take advantage of the right opportunities to gain benefits for the company. While in the SWOT Matrix using the SO, WO, ST, and WT formulas, twelve strategies are obtained. The results of the SWOT Analysis Diagram show that the company is in quadrant I, namely carrying out and supporting an aggressive strategy.

Keywords: SWOT Analysis, IFE, EFE, IE Matrix SWOT Matrix

INTRODUCTION

Education is one of the pillars of a nation's progress. If education is good, the nation will also progress. This is because education is truly intended to enlighten a nation's life. This can be seen in how developed countries are characterized by good and advanced education.

Education is a process of learning, developing self-potential, and shaping individual character. It is carried out not only in the form of formal education (schools) but also in non-formal education (family and community). Therefore, it can be said that education aims to increase

knowledge, skills, and attitudes that enable individuals to contribute positively to themselves and their environment. The same is true with Islamic Religious Education (PAI).

Various references and literature state that Islamic Religious Education is a conscious effort to instill Islamic values in individuals through teaching, guidance, and care, with the goal of helping them understand, internalize, and practice Islamic teachings in their daily lives. PAI aims to shape Muslim personalities who are faithful, pious, possess noble morals, and are able to contribute positively to society.

Furthermore, madrasah education is a formal education system in Indonesia managed by the Ministry of Religious Affairs. Madrasahs have a curriculum that adheres to the national curriculum, but with a more extensive Islamic religious content than public schools. There are three levels of madrasah education: Madrasah Ibtidaiyah (MI), equivalent to elementary school (SD), Madrasah Tsanawiyah (MTs), equivalent to junior high school (SMP), and Madrasah Aliyah (MA), equivalent to senior high school (SMA).

Meanwhile, Madrasah Tsanawiyah (MTs) is a formal Islamic educational institution in Indonesia, equivalent to junior high school (SMP). MTs takes three years, from grades 7 to 9, and is under the auspices of the Ministry of Religious Affairs. In addition to the general curriculum taught in junior high schools, MTs also includes Islamic religious studies.

One school that implements a religious-based education is Madrasah Tsanawiyah (MTs) Al Mursyidiyyah, located in South Tangerang City. This private religious school, which was founded in 1991, aims to improve intelligence, knowledge, personality, and noble morals and skills so that students can live independently and competitively and continue their education at a higher level.

The vision of MTs Al Mursyidiyyah, South Tangerang City, is to develop students who are knowledgeable, excel in achievement, and have noble character. Meanwhile, its mission is to implement active, creative, innovative, and enjoyable learning. To foster spiritual, intellectual, and emotional intelligence through intracurricular and extracurricular activities. To explore potential, talents, and interests in science, technology, the arts, and sports. To instill the values of faith and Islam through the practice of congregational prayer, Quran recitation, and religious activities.

The students of MTs Al Mursyidiyyah, South Tangerang City, have also achieved various achievements. No less than dozens of achievements have been achieved, including 1st place in the MTQ for KKM MTs Tangsel, 2nd place in the KSM Mathematics for South Tangerang City, 3rd place in the Purwa LBB for SMP-MTS for

all of Java, Winner of the National Book Writing Competition for Media Guru Indonesia, and 1st place in the National Pencak Silat Competition for the National Police Chief Cup.

Furthermore, to find out the current condition of the school and what strategies should be carried out in the future, one way that the management of Al Mursyidiyyah Middle School (MTs), South Tangerang City can do this is by using an approach through SWOT Analysis. With the SWOT Analysis technique and method, the management of Al Mursyidiyyah Middle School (MTs), South Tangerang City can find out the current situation and condition of the school. After knowing the current condition, they will be able to take the right steps and strategies in managing the school. SWOT analysis itself was first introduced by Albert S. Humphrey. He used this technique in the 1960s. At that time, he initiated a research project conducted at the Stanford Research Institute.

SWOT analysis is a strategic planning analysis method used to monitor and evaluate a company's external and internal environment for a specific business objective. SWOT is an acronym for strengths, weaknesses, opportunities, and threats in a project or business venture. These four factors form the acronym SWOT.

SWOT ANALYSIS



Figure 1. SWOT analysis framework

A SWOT analysis is a systematic analysis process used to develop effective and appropriate organizational strategies. The primary focus of a SWOT analysis is to optimize an organization's strengths and opportunities while simultaneously minimizing the weaknesses and threats it faces (Freddy Rangkuti, 2018).

One aspect of a SWOT analysis is the Internal Factor Evaluation (IFE) Matrix and the External Factor Evaluation (EFE) Matrix. The IFE Matrix is a strategy formulation tool that summarizes and evaluates key strengths and weaknesses within a business's functional areas and provides a basis for identifying and evaluating the relationships between these areas. This matrix is designed to determine the company's internal performance, based on its strengths and weaknesses. The EFE Matrix helps strategists identify and evaluate external factors that impact company performance. This matrix is designed to determine how well a company responds to the opportunities and threats it faces. This matrix will be used together with the Internal Factors Evaluation Matrix (IFE Matrix) in compiling the internal external matrix (David, 2016).

In a study entitled: Improving the Quality of Education Through SWOT Analysis at MTs Al-Amiriyah Blokagung. The results of the study show that the efforts made to improve the quality of education at MTs Al-Amiriyah are: Understanding the strengths and weaknesses of the madrasah, SO (Strength, Opportunity) strategy Developing Islamic boarding school-based schools according to community needs by utilizing technology in the teaching and learning process, WO (Strength, Weakness) Utilizing technology for marketing institutions, ST (Strength Threat) increasing the number of qualified graduates in the fields of religion and academics so that the community believes in the quality of the institution, WT (Weakness, Threat) Improving the managerial capabilities of the principal so that the school is able to face competition with other schools/madrasahs. (Nuraini, I. A., 2023)

Another study entitled: Strategic Planning in Improving the Quality of Madrasah Education Through SWOT Analysis. The results of the

study show that first, the SWOT analysis of the internal environment of MAN 2 Lebong has more advantages (Strengths) than disadvantages (Weaknesses). Second, the possibilities (Opportunities) are greater than the risks (Threats) in the SWOT analysis of the external environment. Third, by using SWOT analysis, strategic planning can improve the quality of madrasah services and the quality of madrasah education at MAN 2 Lebong. The SWOT matrix can also help determine the position of madrasahs in improving the quality of education. (Zulkarnain, Z., Warlizasusi, J., Apriani, E., Karolina, A., & Sihombing, S. W., 2024)

Next, the research entitled: SWOT Analysis and Organizational Goals in Improving the Quality of Education in the Digital Era at MTS Nahdlatul Athfal. The results show that madrasahs have strengths in their Islamic curriculum, competent teaching staff, and a conducive academic culture. However, there are weaknesses such as limited digital infrastructure and minimal technology training for teachers. Opportunities in the form of government policy support and access to digital learning resources provide great potential in developing learning. On the other hand, threats such as the digital divide and changes in individualistic learning patterns need to be anticipated. Suggested strategies include improving teachers' digital literacy, strengthening technology-based learning systems, and developing adaptive curricula. The implications of this research demonstrate the importance of collaboration between educational institutions, the government, and the community in facing the challenges of education in the digital era. (Hakim, M., 2025)

Meanwhile, in the research entitled: SWOT Analysis as a Strategy for Madrasah Principals in Realizing Academic Madrasah. The results of the study show that the principal of MAN 2 Bogor City has implemented his strategic management very well in realizing an Academic Madrasah. This is indicated by the success of the madrasah target achievement programs created by the madrasah principal. In addition, it can also be seen from the SWOT analysis diagram through internal

and external factors depicted in the IFE and EFE matrices. Through this matrix, it was found that MAN 2 Bogor City is in quadrant I, meaning that the principal of MAN 2 Bogor City is advised to use a progressive strategy by utilizing the madrasah's internal strengths to take advantage of the madrasah's external opportunities to achieve the goal of becoming an Academic Madrasah. (Norman, E., Paramansyah, A., Utami, W., & Aminah, S., 2022)

In the research entitled: Strategic Management Based on SWOT Analysis in Improving the Quality of Education at MTSN 3 Tulungagung. The results of the research that can be concluded: are (1) the results of the SWOT analysis of MTSN 3 Tulungagung show that the influence of strengths and opportunities have a large role, so that the results of the strategy are found to be in the quadrant position (1) Strengths Opportunities (SO) by supporting an aggressive strategy to improve the quality of education, this position is very profitable, the institution has the power to take advantage of existing opportunities. (2) then, from the results of the strategy analysis carried out at the MTSN 3 Tulungagung educational institution, it was found that one of the strategies used was an intensive strategy. (Vitri et al., 2023)

Meanwhile, the research is entitled: Strategy for Improving Madrasah Quality Through the Preparation of Vision and Mission at Batang State Islamic Junior High School. The results of the study indicate that the effectiveness of improving madrasah quality can be seen from the strategy for improving madrasah quality through the preparation of vision and mission at MTSN Batang. The school's vision and mission are oriented to the future, for a long period of time. After analyzing the SWOT on the vision and mission at MTS Negeri Batang, it can be seen in each weight between the existing strengths and weaknesses, so it can be concluded that the strengths and weaknesses of MTS Negeri Batang are balanced. This can be a lesson for the school, that the existing strengths are not maximized enough to minimize the existing weaknesses. (Wahab, 2022)

Another study entitled: SWOT Analysis of

8 SNPs for Improving Madrasah Quality at MTs Khaudlul Ulum Penajung. The results of the study are: (a) the principal makes decisions about planning facilities and infrastructure at MTs Khaudlul Ulum. (b) MTs Khaudlul Ulum has limited facilities and infrastructure so that the implementation of the 8 national education standards is not optimal in each indicator. (c) evaluation of allocating several rooms to be used as classrooms. (d) the principal's efforts in taking action, namely planning the RAB for the next year. (Afifatun Nahriyah, Akhmad Dwi Riyanto, Hertri Pertiwi Palupi, Kharisatur Rokhmah, 2022)

In this research, the author will use the SWOT (Strength, Weakness, Opportunity, and Threats) analysis technique. This technique will determine the position of MTs (Al Mursyidiyyah). Furthermore, the SWOT analysis will reveal the company's strategies for continued growth, development, and advancement.

METHODS

According to (Sugiyono, 2020), a population is a generalized area consisting of objects or subjects possessing certain qualities and characteristics determined by researchers to be studied and then conclusions drawn. Populations include not only humans but also objects and other natural objects.

Meanwhile, according to (Sugiyono, 2020), a sample is a portion of the population's population and its characteristics. Sampling is a step to determine the sample size taken in conducting research on an object. Determining sample size can be done statistically or based on research estimates. This sampling must be carried out in such a way as to obtain a true sample, in other words, it must be representative.

In this study, the entire population served as a sample. All 25 informants were sampled, consisting of 5 leaders, 15 teachers, 2 administrative staff, 2 librarians, and 1 technician.

In this study, data collection began after the researcher obtained permission from the principal of the Al Mursyidiyyah Islamic Junior High School (MTs) in South Tangerang City to conduct the research. A questionnaire was then provided to informants to complete.

The data processing method consisted of three stages: data collection, analysis, and strategy determination. The analytical tools used to formulate the school's strategy were the IFE Matrix, the EFE Matrix, the IE Matrix, the SWOT Matrix, and the SWOT Analysis Diagram.

RESULTS

SWOT Analysis

Interviews were conducted with the principal of the Al Mursyidiyyah Islamic Junior High School (MTs) in South Tangerang City. Based on the opinions and assessments provided, data was obtained indicating the current state of the organization. The interview results were then grouped into internal and external factors within the organization.

The internal factors within the organization are as follows: Strength factors include:

1. A very clear school vision and mission.
2. A curriculum that has been approved and aligned with standards.
3. Committed and competent teachers.
4. Adequate facilities and infrastructure to support the teaching and learning process.
5. The existence of flagship programs based on religion and national values and relevant to student needs.
6. A clear and standardized assessment system.

Weakness factors include:

1. Limited use of technology in learning and lack of innovation in learning.
2. Lack of community interest in schools.
3. Limited development of student potential.

4. Limited budget availability.
5. Unequal distribution of educator quality.
6. Inadequate facilities and infrastructure.

Meanwhile, external factors within the organization are as follows:

Opportunity factors include:

1. Improving the quality of education in line with government programs.
2. Potential development of Islamic boarding school-based schools in line with community needs and increasing public awareness of the importance of religious education.
3. Improving the quality of graduates to compete with other schools.
4. Collaboration with various parties for school development.
5. Technological developments that can be integrated into learning.
6. Improving teacher quality and academic and non-academic achievements.

Threat factors include:

1. Competition with other schools, both public and private.
2. Technological developments that require schools to continuously innovate.
3. Changes in government policy that impact schools.
4. Lack of public interest in religious education.
5. Unsupportive socioeconomic conditions.
6. The growth of radical ideologies that threaten educational values.

The internal and external factors described above are then grouped as in Table 1.

Table 1. SWOT Analysis

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. A very clear school vision and mission. 2. A curriculum that has been approved and aligned with standards. 3. Committed and competent teachers. 4. Adequate facilities and infrastructure to support the teaching and learning process. 5. The existence of flagship programs based on religion and national values and relevant to student needs. 6. A clear and standardized assessment system. 	<ol style="list-style-type: none"> 1. Limited use of technology in learning and lack of innovation in learning. 2. Lack of community interest in schools. 3. Limited development of student potential. 4. Limited budget availability. 5. Unequal distribution of educator quality. 6. Inadequate facilities and infrastructure.
Opportunities	Threats
<ol style="list-style-type: none"> 1. Improving the quality of education in line with government programs. 2. Potential development of Islamic boarding school-based schools in line with community needs and increasing public awareness of the importance of religious education. 3. Improving the quality of graduates to compete with other schools. 4. Collaboration with various parties for school development. 5. Technological developments that can be integrated into learning. 6. Improving teacher quality and academic and non-academic achievements. 	<ol style="list-style-type: none"> 1. Competition with other schools, both public and private. 2. Technological developments that require schools to continuously innovate. 3. Changes in government policy that impact schools. 4. Lack of public interest in religious education. 5. Unsupportive socioeconomic conditions. 6. The growth of radical ideologies that threaten educational values.

Internal Factor Evaluation (IFE) Matrix

Based on the SWOT analysis in Table 1 above, all the strengths and weaknesses of Al Mursyidiyyah Islamic Junior High School (MTs)

in South Tangerang City are identified. Next, an Internal Factor Evaluation (IFE) analysis was conducted, providing assessments and ratings, as shown in Table 2.

Table 2. Determination of IFE matrix analysis score

No.	Internal Factor	Rating	Weight	Score
Strengths				
1.	A very clear school vision and mission.	3,8	0,09	0,34
2.	A curriculum that has been approved and aligned with standards.	3,7	0,08	0,29
3.	Committed and competent teachers.	3,8	0,09	0,34
4.	Adequate facilities and infrastructure to support the teaching and learning process.	3,8	0,09	0,34
5.	The existence of flagship programs based on religion and national values and relevant to student needs.	3,8	0,08	0,30
6.	A clear and standardized assessment system.	3,8	0,08	0,30
Sub Total			0,51	1,91
Weaknesses				
1.	Limited use of technology in learning and lack of innovation in learning.	2,8	0,08	0,22
2.	Lack of community interest in schools.	2,8	0,08	0,22
3.	Limited development of student potential.	2,8	0,08	0,22
4.	Limited budget availability.	3,0	0,10	0,30
5.	Unequal distribution of educator quality.	2,7	0,07	0,20
6.	Inadequate facilities and infrastructure.	2,8	0,08	0,22
Sub Total			0,49	1,38
Total number			1	3,29

External Factor Evaluation (EFE) Matrix

The same thing was also done after all the opportunities and threats at the Al Mursyidiyyah Junior High School (MTs), South Tangerang City were known, which

was based on a SWOT Analysis according to table 1. Next, an EFE (External Factor Evaluation) Analysis was carried out by providing an assessment and rating as shown in Table 3.

Table 3. Determination of EFE matrix analysis score

No.	External Factor	Rating	Weight	Score
Opportunities				
1.	Improving the quality of education in line with government programs.	3,6	0,09	0,32
2.	Potential development of Islamic boarding school-based schools in line with community needs and increasing public awareness of the importance of religious education.	3,5	0,08	0,28
3.	Improving the quality of graduates to compete with other schools.	3,6	0,09	0,32
4.	Collaboration with various parties for school development.	3,4	0,08	0,27
5.	Technological developments that can be integrated into learning.	3,5	0,08	0,28
6.	Improving teacher quality and academic and non- academic achievements.	3,6	0,09	0,32
Sub Total			0,51	1,79
Threats				
1.	Competition with other schools, both public and private.	3,0	0,08	0,24
2.	Technological developments that require schools to continuously innovate.	3,2	0,09	0,29
3.	Changes in government policy that impact schools.	3,1	0,08	0,25
4.	Lack of public interest in religious education.	2,9	0,08	0,23
5.	Unsupportive socioeconomic conditions.	2,8	0,08	0,22
6.	The growth of radical ideologies that threaten educational values.	2,8	0,08	0,22
Sub Total			0,49	1,45
Total number			1	3,24

Internal External (IE) Matrix

The IE Matrix is a graphical representation of the results of the IFE and EFE Matrix scores at Al Mursyidiyyah Junior High School (MTs) in

South Tangerang City. The calculation yielded an IFE Matrix score of 3.29 and an EFE Matrix score of 3.24. These results are placed in the IE matrix cells as shown in Figure 2

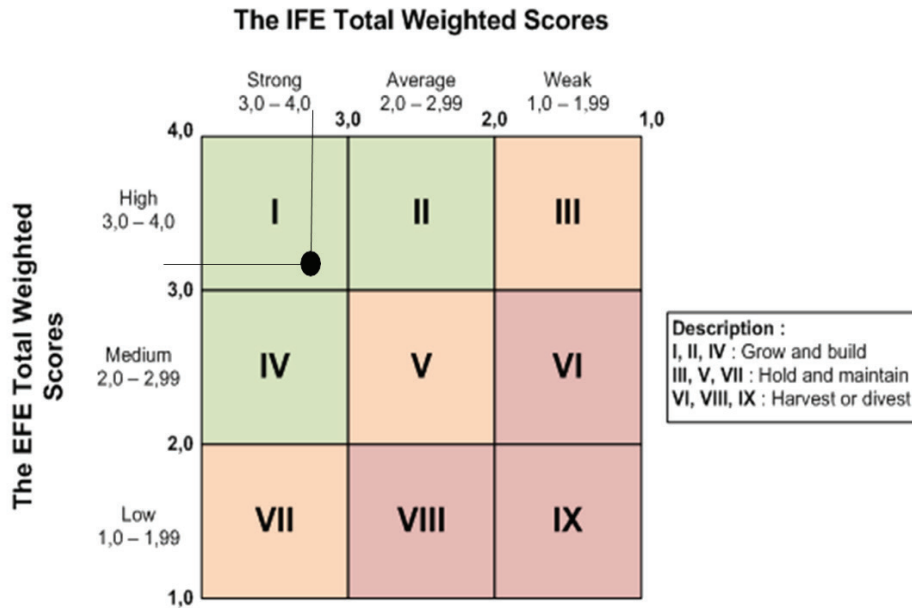


Figure 2. Determination of IE matrix analysis
 Madrasah Tsanawiyah (MTs) Al Mursyidiyyah, South
 Tangerang City

SWOT Matrix

Based on strengths and weaknesses, opportunities and threats, the SWOT Matrix can clearly describe the company's appropriate situation, according to its strengths and weaknesses, to respond to opportunities and

threats. This matrix produces four types of strategies that can be implemented: SO, WO, ST, and WT strategies. The SWOT Matrix at Al Mursyidiyyah Islamic Junior High School (MTs) in South Tangerang City can be seen in Table 4.

Tabel 4. Matriks SWOT

IFE	<i>Strengths (S)</i>	<i>Weaknesses (W)</i>
<div style="display: flex; align-items: center;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg); margin-right: 10px;">EFE</div> <div style="border-left: 1px solid black; border-bottom: 1px solid black; width: 200px; height: 200px; margin-left: 10px;"></div> </div>	<ol style="list-style-type: none"> 1. A very clear school vision and mission. 2. A curriculum that has been approved and aligned with standards. 3. Committed and competent teachers. 4. Adequate facilities and infrastructure to support the teaching and learning process. 5. The existence of flagship programs based on religion and national values and relevant to student needs. 6. A clear and standardized assessment system. 	<ol style="list-style-type: none"> 1. Limited use of technology in learning and lack of innovation in learning. 2. Lack of community interest in schools. 3. Limited development of student potential. 4. Limited budget availability. 5. Unequal distribution of educator quality. 6. Inadequate facilities and infrastructure.

Opportunities (O)	SO	WO
1. Improving the quality of education in line with government programs.	1. Improve the quality of educators to attract student interest.	1. Increase collaboration with other parties to support school development.
2. Potential development of Islamic boarding school- based schools in line with community needs and increasing public awareness of the importance of religious education.	2. Develop more extensive collaboration with external parties.	2. Conduct extensive education and outreach on the importance of modern, religious-based schools.
3. Improving the quality of graduates to compete with other schools.	3. Prepare facilities, infrastructure, and technology to support graduate quality.	3. Provide adequate facilities and infrastructure and continuously improve the quality of educators and graduates.
4. Collaboration with various parties for school development.		
5. Technological developments that can be integrated into learning.		
6. Improving teacher quality and academic and no-academic achievements.		
Threats (T)	ST	WT
7. Competition with other schools, both public and private.	1. Adding flagship programs that can attract public interest in studying at faith-based schools.	1. Improve the quality of education comprehensively.
8. Technological developments that require schools to continuously innovate.	2. Continuously innovating to keep pace with increasingly advanced educational developments.	2. Collaborate with other parties to obtain fresh funding to support school development.
9. Changes in government policy that impact schools.	3. Anticipating policies and conditions that are less supportive of the management of faith-based schools.	3. Conduct outreach and education on the importance of faith-based schools.
10. Lack of public interest in religious education.		
11. Unsupportive socioeconomic conditions.		
12. The growth of radical ideologies that threaten educational values.		

SWOT Analysis Diagram

From the calculation results of internal and external factors, the total score of each factor can be detailed in the next section. In the internal factor, where the strength is 1.91 and the weakness is 1.38. While in the external factor, the opportunity is 1.79 and the threat is 1.45. Thus, it can be seen that the difference in the total score of the strength and weakness factors is (+) 0.53, while the difference in the total score of the opportunity and threat factors is (+) 0.34. The results of the SWOT Analysis Diagram at the Al Mursyidiyyah Islamic Junior High School (MTs), South Tangerang City, are as shown in Figure 3.

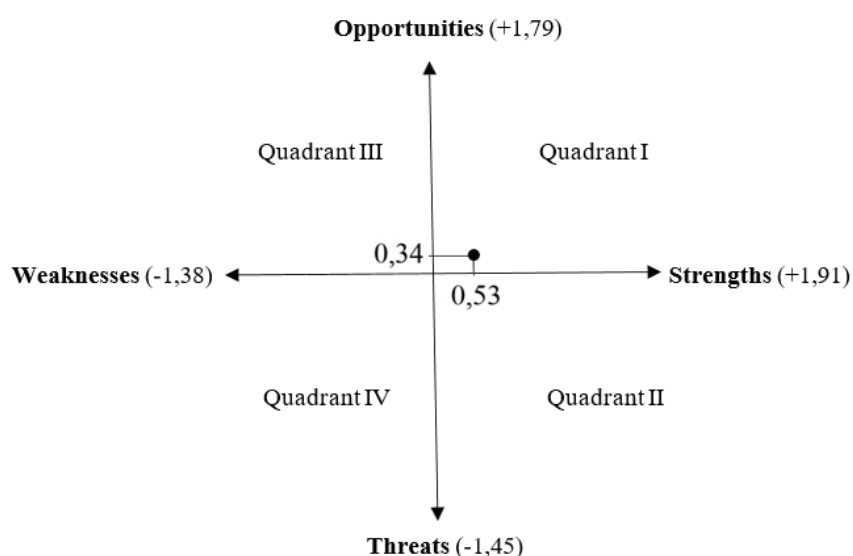


Figure 3. SWOT analysis diagram

DISCUSSION

Based on the research results, the IFE Matrix showed a strengths score of 1.91, while the weaknesses score was 1.38. Therefore, the total weighted score obtained was 3.29. Optimizing these strengths and weaknesses will address various existing weaknesses. This is indicated by the total score on the IFE Matrix of $1.91 \geq 1.38$, indicating that internal conditions have the strength to overcome the situation.

The EFE Matrix yielded a score of 1.79 for opportunities, while the score for threats was 1.45. Therefore, the weighted score for the EFE Matrix is 3.24. Optimal utilization of all available opportunity variables or factors would

demonstrate a total EFE score of $1.79 \geq 1.45$, indicating the system's inability to respond to external situations.

The IE Matrix shows the position of Madrasah Tsanawiyah (MTs) Al Mursyidiyyah, South Tangerang City, in the Matrix Cell in Box I, which is growth. The scores obtained are 3.29 for internal factors and 3.24 for external factors. This cell represents the growth phase, where the method used is a concentration strategy through vertical integration.

After formulating all existing strengths, weaknesses, opportunities, and threats, business strategy factors are then compiled using a

SWOT Matrix. The SWOT Matrix structure involves combining the company's strengths with opportunities (S-O), weaknesses with opportunities (W-O), strengths with threats (S-T), and weaknesses with threats (W-T).

The results of the SWOT Matrix indicate that the company leverages its business strengths to create business opportunities. It minimizes weaknesses to maximize opportunities. Furthermore, it leverages strengths to address existing threats. The final strategy involves minimizing weaknesses and avoiding threats.

The S-O strategy consists of 1) Improve the quality of educators to attract student interest. 2) Develop more extensive collaboration

with external parties. 3) Prepare facilities, infrastructure, and technology to support graduate quality.

The W-O strategy consists of 1) Increase collaboration with other parties to support school development. 2) Conduct extensive education and outreach on the importance of modern, religious-based schools. 3) Provide adequate facilities and infrastructure and continuously improve the quality of educators and graduates.

The S-T strategy consists of 1) Adding flagship programs that can attract public interest in studying at faith-based schools. 2) Continuously innovating to keep pace with increasingly advanced educational developments. 3) Anticipating policies and conditions that are less supportive of the management of faith-based schools.

The W-T strategy consists of 1) Improve the quality of education comprehensively. 2) Collaborate with other parties to obtain fresh funding to support school development. 3) Conduct outreach and education on the importance of faith-based schools.

The SWOT analysis diagram shows that the Al Mursyidiyyah Islamic Junior High School (MTs) business in South Tangerang City is in quadrant I, a favorable situation. Although the company faces threats, its strengths are still able to anticipate existing threats and exploit existing potential. The strategy implemented in quadrant I is expansion by supporting an aggressive growth policy so that the company can continue to develop well. This is in accordance with the SWOT Matrix Analysis shown in both internal and external factors.

CONCLUSION

The IFE Matrix shows that the strengths and weaknesses factors have a total score of 3.29, because the total IFE score is above 2.5. This indicates that its internal position is strong, where Madrasah Tsanawiyah (MTs) Al Mursyidiyyah, South Tangerang City, has strengths in terms of products, facilities, infrastructure, and services. Furthermore, the EFE Matrix shows that the opportunities and threats factors have a total score of 3.24. This indicates that Madrasah Tsanawiyah

(MTs) Al Mursyidiyyah, South Tangerang City, responds to existing opportunities and avoids existing threats.

The IE Matrix shows the results of the IFE and EFE Matrix scores. The IFE Matrix score is 3.29 and the EFE Matrix score is 3.24. This places the company in cell I, indicating that the appropriate strategy is growth and development, meaning this strategy is tailored to the company's internal strengths to capitalize on appropriate opportunities to gain profits for the company.

SWOT Matrix analysis includes Strengths-Opportunities (S-O), Weaknesses-Opportunities (W-O), Strengths-Threats (S-T), and Weaknesses-Threats (W-T) strategies. The Strengths-Opportunities strategy is where the company utilizes business strengths to open up business opportunities. The Weaknesses-Opportunities strategy is where the company minimizes weaknesses in order to maximize opportunities. The Strengths-Threats strategy is where the company utilizes strengths to overcome existing threats. The Weaknesses-Threats strategy is where the company minimizes weaknesses and avoids threats.

The SWOT Analysis Diagram has a diagram intersection point located on the X, Y axis (0.53:0.34) which is where the position on the diagram is in quadrant I, which supports an aggressive growth strategy. Madrasah Tsanawiyah (MTs) Al Mursyidiyyah, South Tangerang City is in a very advantageous situation, because it has strong strengths and opportunities even though there are threats. The strategy that can be implemented in this quadrant I is to support policies to carry out aggressive growth so that the company can continue to develop well.

Furthermore, the author suggests that future research should focus more on exploring the opportunities that can still be explored by Madrasah Tsanawiyah (MTs) Al Mursyidiyyah in South Tangerang City. Furthermore, it should also examine any potential threats to the management of Madrasah Tsanawiyah (MTs) Al Mursyidiyyah in South Tangerang City. If opportunities can be maximized and threats minimized, it is possible that Madrasah Tsanawiyah (MTs) Al

Mursyidiyyah in South Tangerang City will continue to develop and grow even more rapidly in the future.

ACKNOWLEDGMENTS

This research was independently funded. We would like to express our gratitude to the management of Madrasah Tsanawiyah (MTs) Al Mursyidiyyah in South Tangerang City. We also wish to express our gratitude to all those who contributed to supporting this research, enabling it to be published in a Sinta-indexed journal.

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Jurnal
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ILMU PENGETAHUAN, SENI, DAN TEKNOLOGI

www.jurnalmandiri.com

ISSN : 2580-3220, E-ISSN : 2580-4588
J. Mandiri., Vol. 9, No. 2, Juni 2025 (41 - 47)
©2017 Lembaga Kajian Demokrasi
dan Pemberdayaan Masyarakat (LKD-PM)
DOI: <https://doi.org/10.33753/mandiri.v9i1.316>

The Effects of Tunneling Incentive, Bonus Mechanism, and Firm Size on Transfer Pricing

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Abstract

This research is conducted to examine how tunneling incentive, bonus mechanism, and firm size influence transfer pricing among banking companies listed on the Indonesia Stock Exchange (IDX) throughout 2022–2024. The study employs a purposive sampling technique, selecting data from annual reports of banks that meet predetermined criteria, yielding a total of 102 firm-year observations. The analysis utilizes panel data regression to test the hypotheses. Findings reveal that both tunneling incentive and bonus mechanism positively affect transfer pricing, indicating that the personal motives of majority shareholders and performance-based managerial rewards may stimulate transfer pricing behavior. Conversely, firm size shows a negative relationship with transfer pricing, suggesting that larger institutions tend to limit such activities due to greater oversight from regulators. The outcomes of this research offer meaningful implications for policymakers, investors, and corporate leaders in comprehending the determinants of transfer pricing practices within the banking industry.

Keywords: Tunneling Incentive, Bonus Mechanism, Firm Size, Transfer Pricing

INTRODUCTION

In the era of globalization, business operations have expanded significantly across borders. Advances in technology and information exchange have reduced many barriers to the flow of goods, services, capital, and resources. As a result, multinational corporations (MNCs) are increasingly involved in cross-border transactions involving goods, services, and equity (Stevanni and Herijawati 2024).

According to the OECD, over 70% of global trade involves intra-group transactions ((Merle, Al-Gamrh, and Ahsan 2019)), which often occur

between affiliated entities within MNCs. Due to their complexity, determining appropriate transfer prices can be challenging. Transfer pricing refers to the pricing of goods, services, or intangible assets exchanged between related parties—domestically or internationally—based on the arm's length principle (Cledy and Amin 2020).

Although transfer pricing serves as a tool for internal performance evaluation, it is also used as a means of shifting profits to low-tax jurisdictions. This practice is not limited to manufacturing or trading sectors it is also found in banking, where business structures and intercompany

relationships are often complex (Sitanggang and Firmansyah 2021).

Several factors may influence transfer pricing decisions. This study examines three key factors: tunneling incentive, bonus mechanism, and firm size. Tunneling incentive refers to the transfer of company resources by controlling shareholders for personal benefit, often at the expense of minority shareholders an issue relevant in countries with concentrated ownership like Indonesia (Herlina and Murniati 2023).

Bonus mechanisms are performance-based compensation schemes that may encourage managers to manipulate profits through transfer pricing (Ginting, Hantono, and Susanto 2023). Meanwhile, firm size may influence transfer pricing both positively and negatively. Larger firms are subject to greater scrutiny, but their scale and complexity may enable more sophisticated tax planning (Susilawati, Nizarudin, and Yunita 2024).

Previous studies show that the factors influencing transfer pricing have produced varied results. Safira, Abduh and Putri (2021) found that tunneling incentive and bonus mechanism positively affect transfer pricing, while Stevanni and Herijawati (2024) reported no significant effect of tunneling incentive. Similarly, Herlina and Murniati (2023) found that the bonus mechanism does not influence transfer pricing decisions. For firm size, Cledy and Amin (2020) revealed a negative effect, whereas Susilawati, Nizarudin, and Yunita (2024) found a positive one. These mixed findings suggest that the impact of tunneling incentive, bonus mechanism, and firm size on transfer pricing remains inconclusive, encouraging further investigation in the banking sector.

Although prior research has addressed these variables in various industries, limited studies have focused on the banking sector. Given the high volume of affiliated transactions and the complex ownership structures in banks, this study aims to analyze the influence of tunneling incentive, bonus mechanism, and firm size on transfer pricing practices in banking companies listed on the Indonesia Stock Exchange during

2022–2024. Based on previous theories and research, the framework of thought formed for the proposed hypothesis is as follows : H1: Tunneling incentive has a positive effect on transfer pricing, H2: Bonus mechanism has a positive effect on transfer pricing, and H3: Firm size has a positive effect on transfer pricing.

METHODS

The research focuses on banking companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 period. The sample was selected using a purposive sampling method, which is a non-probability sampling technique based on specific criteria aligned with the objectives of the study. This study uses secondary data obtained from annual financial reports downloaded from the official IDX website (www.idx.co.id). This method was chosen to ensure that the selected sample aligns with the characteristics of companies relevant to transfer pricing issues in the banking sector.

Table 1. Operational definition of variables

Variables	Measurement
Transfer Pricing	Related Party Receivables / Total Receivables
Tunneling Incentive	Largest Shareholder Ownership / Total Outstanding Shares
Mechanism	Bonus Net Income (Year t) / Net Income (Year t-1)
Firm Size	Firm Size = Ln (Total Assets)

Transfer pricing is measured using the ratio of related party receivables to total receivables. In the banking context, this proxy is relevant as intercompany loans or receivables between affiliated entities are common and can be used to shift profits. A higher proportion of related party receivables indicates a greater potential for transfer pricing practices, especially if interest rates applied deviate from the arm's length principle (Ginting, Hantono, and Susanto 2023).

Tunneling incentive is measured by the

proportion of shares owned by the largest shareholder to the total outstanding shares. A higher percentage indicates greater control by the majority shareholder, which may be used to facilitate transactions that benefit them at the expense of minority shareholders (Wijaya and Amalia 2020).

The bonus mechagintinism is measured using the ratio of current year net income to the previous year's net income. This ratio reflects the incentive structure in which performance-based rewards are linked to profit growth. A higher ratio may indicate stronger motivation for earnings manipulation through transfer pricing (Kamalia and Ratnawati 2024)

Firm size is measured using the natural logarithm of total assets. This approach is used to normalize asset values and minimize scale distortion while still reflecting the true economic size of the company. Total assets are considered a stable and comprehensive indicator compared to revenue or equity (Hadmoko and Irawan 2022).

Descriptive statistics

Table 2. Descriptive statistic research

	TP	TI	MB	UP
Mean	0,0504	0,5798	1,4147	0,0504
Median	0,0109	0,5494	1,1816	0,0109
Max	0,7686	0,9340	8,1013	0,7686
Min	0,0001	0,2140	0,3427	0,0001
Std. Dev	0,1273	0,2909	0,9989	0,1273
Obs.	102	102	102	102

Source: E-views 12 (2025).

RESULTS

In this study, the sample was selected using the purposive sampling method, which involves selecting samples based on specific characteristics determined by the researcher to obtain relevant information. The study utilizes secondary data in the form of annual financial reports. The purpose of this method is to obtain a sample that meets the established criteria and data availability.

The criteria used for sample selection are as follows: 1) Banking companies listed on the Indonesia Stock Exchange (IDX) during

the period 2022–2024. 2) Companies that published annual financial reports on the IDX consecutively from 2022 to 2024. 3) Banking companies that presented their annual financial reports in Indonesian Rupiah during 2022–2024. 4) Companies that did not report losses during the 2022–2024 period. 5) Banking companies that recorded related party receivables in their financial statements during 2022–2024.

Based on the results of the descriptive statistics test in Table 4.2, each variable has a total of 102 observations. The interpretation is as follows: 1) The dependent variable in this study is variable Y, which is a proxy for transfer pricing. The minimum value is 0.0001 and the maximum value is 0.7686. The average (mean) is 0.0504, while the median is 0.0109, indicating that more than half of the data falls below the mean.

The standard deviation is 0.1273, suggesting that the data variation between companies is

relatively low. 2) The independent variable TI (tunneling incentive) has a minimum value of 0.2140 and a maximum value of 0.9340. The mean is 0.5798, and the median is 0.5494, indicating a slightly right-skewed distribution. The standard deviation is 0.2909, showing a moderate level of variation. 3) The independent variable MB (bonus mechanism) has a minimum value of 0.3427 and a maximum value of 8.1013.

The mean is 1.4147 and the median is 1.1816, indicating a slightly right-skewed distribution. The standard deviation is 0.9899, which reflects

a relatively high variation. 4)The independent variable UP (firm size) has a minimum value of 12.5203 and a maximum of 15.3851. The mean is 13.9334 and the median is 14.0965. The standard deviation is 0.7235, indicating a moderate spread of the data.

Panel data regression estimation

Table 3. Conclusion of estimation model

No.	Test	Model	Prob. Value	Result
1.	Chow	CEM vs FEM	0,0071	FEM
2.	Hausman	REM vs FEM	0,0701	REM
3.	Lagrange Multiplier	CEM vs REM	0,4710	CEM

Source: E-views 12 (2025).

The results indicate that the Common Effect Model (CEM) is the most appropriate panel data regression model used in this research.

Classic assumption test

Normality test

Table 4. Normality test

Jarque-Bera	1,5580
Probability	0,4588

Source: E-views 12 (2025).

Based on the results of the normality test using the Jarque-Bera method, the probability value obtained is 0.458856. Since this value is greater than 0.05, it can be concluded that the residuals are normally distributed, indicating that the classical assumption of normality is fulfilled.

Autocorrelation test

Table 5. Normality test

Breusch-Godfrey LM Test

Obs*R-squared	2,2149	Prob. Chi-Square	0,1367
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Source: E-views 12 (2025).

Multicollinearity test

Table 6. Multicollinearity test result

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
Constanta	2,4863	14016,51	N/A
TI	0,0051	92,7979	1,0218
MB	0,0330	3016,652	1,0466
UP	0,2122	13706,28	1,0568

Source: E-views 12 (2025).

Based on the multicollinearity test using the Variance Inflation Factor (VIF), all independent variables have VIF values below 10, ranging from 1.02 to 1.05. This indicates that the regression model does not suffer from multicollinearity, meaning there is no strong linear relationship among the independent variables in the model.

Table 7. Heteroscedasticity test result

Heteroskedasticity Test: Arch

	Prob
F-Statistic	0,1394
Obs*R-squared	0,1367

Source: E-views 12 (2025).

Based on the results of the heteroskedasticity test using the ARCH method, the probability value of the F-statistic is 0.1394, and the probability value of Obs*R-squared is 0.1367. Since both values are greater than 0.05, it can be concluded that there is no indication of heteroskedasticity in the regression model. This indicates that the data meet the assumption of homoskedasticity, and the model is appropriate for further analysis.

F test result

Table 8. F test result

F-statistic	20,1634
Prob (F-statistic)	0,0000
R-squared	0,3816
Adjusted	0,3627
R-Squared	

Source: E-views 12 (2025).

Based on the table above, the Prob. F-statistic value is 0.00000, which is less than 0.05. Therefore, the alternative hypothesis (H_a) is accepted and the null hypothesis (H_0) is rejected, indicating that tunneling incentive, bonus mechanism, and firm size simultaneously have a significant effect on transfer pricing.

Adjusted R_2 result

Table 9. Adjusted R_2 result

F-statistic	20,1634
Prob (F-statistic)	0,0000
R-squared	0,3816
Adjusted	0,3627
R-Squared	

Source: E-views 12 (2025).

Based on the table above, the adjusted R-squared value is 0.3627 or 36.27%. This value indicates that the independent variables—tunneling incentive, bonus mechanism, and firm size—are able to explain 36.27% of the variation in the transfer pricing variable. The remaining 63.73% (100% – adjusted R-squared) is explained by other variables not included in this research model.

T test result

Table 10. T test result

	Coefficient	t-statistic	Prob
Constanta	-7,1650	-4,5056	0,0000
TI	0,9798	6,2575	0,0000
MB	1,1137	2,4016	0,0182
UP	-0,2129	-2,9128	0,0044

Source: E-views 12 (2025).

The partial effect of each independent variable on the dependent variable is as follows : 1) The probability value for the tunneling incentive variable is 0.0000 (< 0.05), with a positive β coefficient of 0.9798. Therefore, H_1 is accepted, indicating that tunneling incentive has a significant positive effect on transfer pricing. 2) The probability value for the bonus mechanism variable is 0.0182 (< 0.05), with a positive β coefficient of 1.1137. Thus, H_2 is accepted, meaning that the bonus mechanism has a significant positive effect on transfer pricing. 3) The probability value for the firm size variable is 0.0044 (< 0.05), with a negative β coefficient of -0.2129 . Therefore, H_3 is rejected, indicating that firm size has a significant effect in a negative direction on transfer pricing.

DISCUSSION

Based on the empirical results Table 10, the first hypothesis is accepted: tunneling incentive has a positive effect on transfer pricing ($p = 0.0000$; $\beta = 1.196623$). In line with agency theory, concentrated ownership enables controlling shareholders to influence managerial decisions in ways that maximize private benefits. When tunneling incentives are high, related-party transactions—implemented via transfer pricing—become an effective channel to shift profits across group entities. This finding is consistent with Safira, Abduh and Putri (2021) and Tarmidi and Novitasari (2022), which document a significant positive association between tunneling incentives and transfer pricing.

The second hypothesis is also accepted: the bonus mechanism positively affects transfer

pricing ($p = 0.0402$; $\beta = 0.958131$). Consistent with positive accounting theory specifically the bonus plan hypothesis managers have incentives to take actions that increase reported earnings in order to meet performance targets and secure higher compensation. Transfer pricing with related parties can be used to manage reported profits toward bonus thresholds. These results align with Yaramah et al. (2025), which show that profit-based bonus schemes can encourage earnings management through intercompany pricing.

By contrast, the third hypothesis is not supported: firm size exhibits a significant negative effect on transfer pricing ($p = 0.0042$; $\beta = -0.211356$), whereas H_3 predicted a positive effect. A plausible explanation is that larger firms face greater scrutiny from investors, the public, and tax authorities, and therefore choose more conservative reporting to protect reputation and compliance—consistent with signaling theory. This result is in line with Wulandari and Fitrianti (2024). (2021) and Cledy and Amin (2020), which suggest that large firms tend to avoid risky transfer pricing practices, while smaller firms may be relatively more aggressive.

CONCLUSION

Based on the results of the analysis and discussion regarding the effects of tunneling incentive, bonus mechanism, and firm size on transfer pricing in banking companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 period, the following conclusions can be drawn: 1) Tunneling incentive has a positive effect on transfer pricing. 2) Bonus mechanism has a positive effect on transfer pricing. 3) Firm size has a negative effect on transfer pricing.

Future studies are recommended to expand the research scope by examining sectors other than banking, such as manufacturing, mining, or property, to obtain broader comparative results. Researchers may also consider using alternative or additional indicators for the independent and dependent variables to capture transfer pricing practices from different perspectives. In addition, extending the research period to a longer time

frame could provide a more comprehensive and stable understanding of transfer pricing behavior.

ACKNOWLEDGMENTS

This research was conducted independently without funding from any institution or organization. The author sincerely appreciates the support and contributions of all parties who helped make the publication of this study in a SINTA.

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www.jurnalmandiri.com

ISSN : 2580-3220, E-ISSN : 2580-4588
J. Mandiri., Vol. 9, No. 2, Juni 2025 (48 - 56)
©2017 Lembaga Kajian Demokrasi
dan Pemberdayaan Masyarakat (LKD-PM)
DOI: <https://doi.org/10.33753/mandiri.v9i1.318>



The Effect of Profitability, Leverage, Firm Size, and Sales Growth on Firm Value

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Abstract

Research purposes this study aims to analyze the effect of profitability, leverage, firm size, and sales growth on firm value in Food and Beverage sector companies listed on the Indonesia Stock Exchange (IDX) during 2021–2023. Method/Approach The research sample consisted of 37 companies with a total of 111 observations. Data were analyzed using panel data regression with the Random Effect Model (REM) approach, selected based on the results of the Chow, Hausman, and Lagrange Multiplier tests. Research Results The results indicate that profitability (ROA) has a significant positive effect on firm value, leverage (DER) has a significant negative effect on firm value, while firm size and sales growth also have significant positive effects on firm value. Conclusion this study implies the importance for companies to manage leverage prudently and to enhance profitability, business scale, and sales growth in order to increase firm value.

Keywords: Profitability, Leverage, Firm Size, Sales Growth

INTRODUCTION

The dynamic development of the global economy has significantly increased the relevance of firm value, especially among publicly listed companies in Indonesia. Firm value, commonly measured using the Price to Book Value (PBV) ratio, represents investor and stakeholder perceptions regarding a firm's long-term prospects and financial stability (Oktaviani et al., 2024). Data from the Indonesia Stock Exchange (IDX) indicate that in the manufacturing sector specifically the food and beverage sub-sector factors such as capital structure, profitability,

and firm size simultaneously affect firm value. However, partial analyses show mixed results: only capital structure and profitability have a significant impact, while firm size does not (Tarigan & Akbar, 2022).

According to Agency Theory introduced by Jensen and Meckling (1976), the relationship between shareholders as principals and managers as agents often leads to agency conflicts and information asymmetry, which can influence corporate decision-making and ultimately affect firm value. This theory remains highly relevant in recent studies; for instance, (Hardi et

al., 2025) emphasize that effective governance mechanisms such as independent commissioners, audit committees, and managerial ownership can mitigate agency problems and enhance firm performance in the food and beverage sector.

Similarly, Signaling Theory developed by Spence (1973) explains that companies convey information to investors through financial reports, profitability performance, or dividend policies, which serve as signals of the firm's condition. Contemporary research supports this view, with (Komara et al., 2020) finding that positive signals such as higher profitability and firm growth tend to increase investor confidence and contribute to higher firm value.

Firm value is a key indicator for investors, reflecting not only current performance but also expectations for future growth. Sectors like transportation and logistics showed a 9.56% growth in Q2 of 2024, contributing 6.24% to national GDP. Meanwhile, other sectors such as food and beverage experienced stagnation due to rising costs and intense market competition (Oktaviani et al., 2024). These fluctuations emphasize the need to examine the financial determinants of firm value, such as profitability, leverage, firm size, and sales growth, all of which have been previously linked to firm value in various empirical studies.

Profitability, as defined by (Edeline et al., 2024), reflects a company's ability to generate earnings and is a crucial determinant of firm value and strategic decision-making. The use of Return on Assets (ROA) as a profitability indicator provides insight into how efficiently a firm utilizes its assets to produce profit (Kusuma, 2021). High profitability is perceived as a positive signal that boosts investor confidence, supporting the view that profitable companies are better positioned for sustainable growth (Inayah, 2022).

Leverage, meanwhile, measures a firm's reliance on external financing through debt. Although it can enhance returns and fuel expansion, excessive leverage introduces financial risk and can reduce firm value if not managed properly (Zoraya et al., 2023). Signaling Theory also plays a role here strong financial performance and

healthy debt management send positive signals to investors (Pramudya, 2025).

Firm size is another important consideration. Large firms are generally perceived to be more stable, capable of accessing funding more easily, and better positioned to exploit economies of scale (Fakhrul Fakhruddin, 2025; Faldiansyah et al., 2020). However, several studies found mixed results while some found a positive and significant influence of firm size on firm value (Damayanti & Darmayanti, 2022), others revealed a negative or non-significant relationship, particularly when other variables such as profitability and leverage were not well-managed (Purwanti, 2021).

Sales growth also plays a role in reflecting business success and market competitiveness. Increasing sales are seen as a positive performance signal that may enhance firm value (Putri, 2020). However, not all studies agree; some findings suggest that high sales growth does not necessarily translate into increased firm value if operational efficiency and cost control are lacking (Herwinna & Iswara, 2024).

In light of these varying findings, this study aims to provide deeper insight into the influence of profitability, leverage, firm size, and sales growth on firm value, particularly within the Food and Beverage sector listed on the IDX between 2021 and 2023. The integration of Agency Theory and Signaling Theory in this analysis provides a robust theoretical basis for interpreting the financial indicators that drive firm value.

Previous studies have examined various determinants of firm value, including profitability, leverage, firm size, liquidity, and sales growth, yielding diverse results. Junaeni (2022) found that profitability, leverage, firm size, liquidity, and firm growth positively influence firm value. Similarly, Damayanti and Darmayanti (2022) concluded that profitability, liquidity, firm size, and capital structure have a significant positive impact on firm value. Keni and Pangkey (2022) reported that profitability and firm size positively affect firm value.

Conversely, Hananing Romadhoni (2022) found that sales growth has a negative and significant partial effect on firm value, while firm

growth and size show no significant effect, although together they influence firm value significantly. In contrast, Putri and Iswara (2024) discovered that sales growth does not affect firm value, firm size has a negative effect, and capital structure has a positive and significant impact, with the three variables collectively explaining 53.2% of firm value variation. These mixed findings suggest that while profitability and leverage consistently exhibit a positive relationship with firm value, the effects of firm size and sales growth may vary depending on company conditions, capital structure, and industry characteristics.

Ultimately, this study is expected to contribute theoretically by reaffirming and expanding empirical evidence on firm value determinants and practically by guiding managerial decision-making and investor evaluations in the Indonesian capital market context.

METHODS

This study adopts a quantitative approach to examine the impact of profitability, leverage, firm size, and sales growth on firm value in Food and Beverage sector companies listed on the Indonesia Stock Exchange (IDX) for the period of 2021 to 2023. The use of a quantitative method is considered appropriate as it allows the researcher to measure relationships between variables statistically and produce generalizable findings. This aligns with the argument of (Sugiyono, 2020), who explains that quantitative research is effective for investigating cause-and-effect relationships using numerical data and statistical testing.

The dependent variable in this study is firm value, which reflects stakeholder confidence in a company's performance and future prospects. It is measured using Tobin's Q ratio, a financial metric that considers both tangible and intangible assets. Tobin's Q is calculated using the following formula:

$$NP = \frac{MVE + \text{Total Debt}}{TA}$$

Where *MVE* represents the market value of equity, calculated by multiplying the closing stock price by the number of shares outstanding, *Total Debt* is the company's total liabilities, and *Total Assets* refers to the overall value of assets owned by the company. If Tobin's Q is greater than 1, the firm is considered overvalued, whereas a value below 1 indicates undervaluation.

The independent variables include profitability, leverage, firm size, and sales growth. Profitability is assessed using the Return on Assets (ROA) ratio, which evaluates how effectively a company utilizes its assets to generate net income. The formula for ROA is as follows:

$$ROA = \frac{\text{Net Income}}{\text{Total Asset}}$$

This ratio is an important indicator of operational efficiency and is widely used in financial performance analysis. Leverage is measured using the Debt to Equity Ratio (DER), which reveals the proportion of a company's funding that comes from debt compared to equity. The formula used to calculate leverage is:

$$DER = \frac{\text{Total Debt}}{\text{Total Equity}}$$

Firm size, which serves as a proxy for company scale, is measured by the natural logarithm of total assets. This transformation is used to normalize data and reduce heteroscedasticity. The formula is:

$$SIZE = \text{Ln}(\text{Total Asset})$$

Sales growth is used to evaluate a company's ability to expand its market and increase its revenue over time. It is calculated as the percentage change in sales from one period to the next using the formula:

$$SG = \frac{\text{Current Period} - \text{Previous Period}}{\text{Previous Period}} \times 100\%$$

The population of this study includes all companies in the Food and Beverage sector listed on the IDX from 2021 to 2023. The sample was

selected using purposive sampling, with inclusion criteria consisting of companies that were consistently listed throughout the study period, did not report losses, and published complete audited annual reports for each year. Based on these criteria, 37 companies were selected, resulting in 111 firm-year observations.

Data for the study were obtained from secondary sources, specifically audited annual financial reports published on the official IDX website (www.idx.co.id). This ensured data accuracy, completeness, and credibility. Data analysis in this study involved several stages. First, descriptive statistics were applied to summarize and describe the distribution characteristics of each variable, including mean, median, minimum, maximum, and standard deviation. Next, panel data regression analysis was conducted to evaluate the influence of the independent variables on firm value. Panel data analysis combines cross-sectional and time-series data, offering greater efficiency and control for individual heterogeneity. The model used is expressed as:

$$NP = \alpha + \beta_1 PROF + \beta_2 LEV + \beta_3 SIZE + \beta_4 SG + \varepsilon$$

In this equation, NP represents firm value, α is the intercept, β_1 – β_4 are the regression coefficients, $PROF$ is profitability, LEV is leverage, $SIZE$ is firm size, SG is sales growth, and ε is the error term. To determine the most suitable regression model, three estimation methods were considered: the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). Model selection was based on three specification tests. The Chow test was used to compare CEM and FEM. If the p-value from the Chow test was less than 0.05, FEM was preferred; otherwise, CEM was used. The Hausman test determined whether FEM or REM was more appropriate. If the p-value was greater than or equal to 0.05, REM was chosen; otherwise, FEM was applied. Finally, the Lagrange Multiplier test was used to decide between CEM and REM. A p-value less than or equal to 0.05 indicated the use of REM.

Before proceeding with regression estimation, classical assumption tests were performed

to ensure the validity of the model. These included multicollinearity, autocorrelation, and heteroscedasticity tests. Multicollinearity was assessed using the Variance Inflation Factor (VIF), where values below 10 indicated no serious multicollinearity. Autocorrelation was examined using the Durbin-Watson (DW) statistic. A DW value between the upper and lower bounds indicated the absence of autocorrelation. Heteroscedasticity was tested using the Glejser method, with a p-value greater than 0.05 signifying homoscedasticity.

To evaluate the explanatory power of the model, the coefficient of determination (R^2) and the adjusted R^2 were reported. The F-test was used to determine whether all independent variables collectively had a significant effect on the dependent variable, with a p-value less than 0.05 indicating significance. Additionally, t-tests were conducted to assess the individual impact of each independent variable on firm value. A p-value below 0.05 signified a statistically significant partial effect.

This methodological framework ensures that the findings of this study are statistically robust, reliable, and provide meaningful insights into the financial determinants of firm value in the Indonesian Food and Beverage industry.

RESULTS

This study was conducted to analyze the effect of profitability, leverage, firm size, and sales growth on firm value in Food and Beverage sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2021–2023. The study employed a quantitative approach using secondary data obtained from the companies' annual reports. The sampling technique applied was purposive sampling, based on specific criteria to ensure relevant data. The selection process began with 59 companies in the Food and Beverage sector. After excluding 17 companies that experienced losses during the observation period and 5 companies that did not publish annual reports for all three years, a total of 37 companies were included in the final sample, producing 111 firm-year observations.

Table 1. Simple selection results

No	Description	Number of Companies
1	Food and Beverage sector companies listed on the IDX during 2021–2023	59
2	Companies that experienced losses during 2021–2023	(17)
3	Companies without complete annual reports for 2021–2023	(5)
	Final Sample	37
Total Firm-Year Observations (37 x 3)		111

Source: Processed data (2025).

Descriptive analysis was performed using EViews 12 to present the mean, standard deviation, minimum, and maximum values for each variable. The results are presented in the following table:

Next, the Hausman test was conducted to determine whether FEM or the Random Effect Model (REM) was more suitable. The p-value was 0.4384, greater than 0.05, indicating that

Table 2. Descriptive statistics

Variable	Mean	Median	Max	Min	Std. Dev	Obs.
NP	1.950901	1.220000	19.19000	0.440000	2.356627	111
PROF	0.088739	0.070000	0.340000	0.000000	0.065784	111
LEV	0.883243	0.770000	4.940000	0.060000	0.745652	111
SIZE	29.33694	29.16000	32.86000	25.56000	1.536188	111
SG	0.161171	0.110000	1.160000	-0.250000	0.229385	111

Source: Processed data (2025).

The variable of firm value (Tobin’s Q) recorded the highest value of 19.19 by Sekar Laut Tbk in 2021 and the lowest value of 0.44 by Salim Ivomas Pratama Tbk in 2023. Profitability showed a maximum of 0.34 and a minimum of 0.00. Leverage had the widest range from 0.06 to 4.94. Firm size ranged from 25.56 to 32.86, and sales growth varied between -0.25 and 1.16.

The Chow test was conducted to determine whether the Fixed Effect Model (FEM) or Common Effect Model (CEM) was more appropriate. The test results indicated a Chi-square statistic of 144.2649 with a p-value of 0.000, which is below 0.05, suggesting that FEM is preferable to CEM.

Table 3. Chow test results

Effect Test	Statistic	d.f.	Prob.
Cross-section F	5.188046	(36,70)	0.000
Cross-section Chi-square	144.264934	36	0.000

Source: Processed data (2025).

REM is more appropriate.

Table 4. Hausman test results

Test Summary	Chi-square Statistic	Chi-sq d.f.	Prob.
Cross-section F	5.188046	(36,70)	0.000

Source: Processed data (2025).

The Lagrange Multiplier test further confirmed that REM was the best fit for the data, with a p-value of 0.0000.

Table 5. Lagrange multiplier test results

Hypothesis	Cross-section	Time	Both
Breusch-Pagan	34.94291 (0.0000)	1.290883 (0.2559)	36.23380 (0.0000)

Source: Processed data (2025).

Based on these three tests, the Random Effect Model (REM) was selected for regression analysis.

Since there is more than one independent variable, a multicollinearity test was conducted.

The multicollinearity test using the Variance Inflation Factor (VIF) showed that all variables had VIF values below 10, indicating no multicollinearity.

The remaining 69.19% is influenced by factors outside this model.

The F-test result, with a p-value of 0.0000, shows that all independent variables collectively have a significant effect on firm value.

The t-test results confirm the partial influence

Table 6. Multicollinearity test results

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
Constant	0.001805	12.19141	NA
PROF	0.001193	12.51383	1.239570
LEV	0.000669	3.954015	1.211922
SIZE	0.003505	2.134683	1.041488
SG	0.003206	2.421938	1.417043

Source: Processed data (2025).

The regression analysis was carried out using the REM. The resulting model is as follows:

Table 7. Regression results

Effect Test	Statistic	d.f.
C	0.536916	0.0000
PROF	0.122295	0.0001
LEV	-0.080313	0.0001
SIZE	0.136284	0.0016
SG	0.104652	0.0147
Adjusted R-squared	0.308117	
F-statistic	13.24658	
Prob(F-statistic)	0.000000	

Source: Processed data (2025).

The constant term of 0.5369 indicates the expected firm value when all independent variables are zero. A one-unit increase in profitability (PROF), with all other variables held constant, results in a 0.1223 increase in firm value. Leverage (LEV) has a negative impact, where a one-unit increase reduces firm value by 0.0803. Firm size (SIZE) has a positive effect, increasing firm value by 0.1363 per unit increase, and sales growth (SG) positively influences firm value by 0.1047 per unit increase.

The coefficient of determination (Adjusted R²) is 0.3081, indicating that 30.81% of the variation in firm value is explained by the model.

of each independent variable. Profitability significantly and positively affects firm value (p = 0.0001), as does firm size (p = 0.0016) and sales growth (p = 0.0147). Leverage has a significant negative effect on firm value (p = 0.0001).

Table 8. T-test results

Variable	Coefficient	t-statistic	Prob.
Constant	0.536916	12.79066	0.0000
PROF	0.122295	3.759727	0.0001
LEV	-0.080313	-3.919558	0.0001
SIZE	0.136284	3.011756	0.0016
SG	0.104652	2.206294	0.0147

Source: Processed data (2025).

In summary, all four independent variables—profitability, leverage, firm size, and sales growth— have significant effects on firm value among companies in the Food and Beverage sector during the period 2021–2023.

DISCUSSION

The findings of this study provide important insights into the factors influencing firm value in the Food and Beverage sector listed on the Indonesia Stock Exchange during the period 2021–2023. The results of the first hypothesis test show that profitability has a positive and significant effect on firm value, thus H1 is accepted. In this study, financial performance is measured using

Return on Assets (ROA), which reflects the extent to which a company can utilize its total assets to generate profits from its operational activities. A high level of profitability indicates that management is capable of managing assets effectively and efficiently, thereby contributing to an increase in firm value.

This finding supports the signaling theory, which suggests that increased profits send positive signals to investors and stakeholders, implying favorable prospects for future performance. Greater transparency from management regarding the company's condition strengthens this signal and builds trust among shareholders. This result aligns with previous research conducted by (Damayanti & Darmayanti, 2022), who found that profitability positively and significantly affects firm value.

The results of the second hypothesis test reveal that leverage has a negative and significant effect on firm value, leading to the acceptance of H2. This suggests that companies with lower levels of debt and stronger capital structures are more likely to gain investor confidence. Firms that rely more on equity than debt demonstrate greater financial stability, which reduces risk from the investor's perspective. In accordance with the signaling theory, firms that maintain low leverage and prioritize shareholder returns, such as through dividend payments, send strong signals of financial health and sound management. These results are in line with the studies conducted by (Arifin et al., 2022), (Aryani & Laksmiwati, 2021), which also concluded that leverage negatively affects firm value.

The third hypothesis test demonstrates that firm size has a positive and significant effect on firm value, thus H3 is accepted. Firm size is an important consideration in assessing the value of a company. Larger firms, which typically have greater total assets, tend to attract more investor trust due to their perceived financial stability and operational capacity. Investors are more likely to have access to information on larger firms, which supports investment decision-making and builds credibility. From an agency theory perspective, firm size is also crucial, as it reflects the firm's

ability to manage resources and implies lower risk. Larger firms are generally more diversified and resilient to external shocks.

This finding is supported by the research of (Damayanti & Darmayanti, 2022), who also reported a significant positive influence of firm size on firm value. The final hypothesis test indicates that sales growth has a positive and significant effect on firm value, leading to the acceptance of H4. This means that continuous sales growth enhances firm value. Rising sales signal that the company has effective marketing and operational strategies, which contribute to its sustainable expansion. It also demonstrates that the company is able to meet market demand and maintain a competitive advantage.

In line with the signaling theory, consistent sales growth sends a positive message to investors about the company's long-term prospects and effective management. This enhances investor confidence, which may lead to increased demand for the firm's stock and, consequently, an increase in firm value. These results are in agreement with findings from (Fajriah et al., 2022), who concluded that sales growth positively and significantly influences firm value.

CONCLUSION

This study was conducted to examine the effect of profitability, leverage, firm size, and sales growth on firm value in companies within the Food and Beverage sector listed on the Indonesia Stock Exchange during the 2021–2023 period. The findings reveal that profitability, firm size, and sales growth each have a positive and significant effect on firm value, indicating that companies generating higher returns, operating on a larger scale, and showing consistent growth in sales tend to achieve greater valuation. Conversely, leverage has a negative and significant effect on firm value, implying that a high debt ratio can lower investor confidence and reduce firm valuation due to increased financial risk.

However, this study is not without limitations. One of the primary challenges faced was the incomplete or inaccessible annual reports of several companies during the observed period,

which reduced the number of eligible samples and may have affected the generalizability of the findings. This constraint should be taken into account in future research to ensure more comprehensive and accurate analysis.

Despite this limitation, the results of this study offer practical implications for both companies and investors. For companies, the findings emphasize the importance of maintaining strong profitability, managing debt wisely, expanding operational scale, and sustaining sales growth to enhance firm value. For investors, the study serves as a guide in evaluating company performance through these financial indicators to make better-informed investment decisions.

To build upon this research, future studies are encouraged to explore different industry sectors such as manufacturing, mining, or property, to allow for broader and more contextual comparisons. Moreover, the inclusion of additional variables, particularly moderating or mediating variables, is recommended to deepen the analysis and potentially uncover more nuanced relationships that influence firm value.

Based on the review of previous studies, it is evident that there are still inconsistencies in the findings regarding the effects of profitability, leverage, firm size, and sales growth on firm value. Therefore, future research is recommended to expand the scope of analysis by including moderating or mediating variables such as corporate governance, dividend policy, or macroeconomic factors to better explain the variations in firm value. Researchers are also encouraged to examine different industrial sectors and extend the observation period to capture more comprehensive trends and reduce sectoral bias. Moreover, applying advanced analytical methods such as dynamic panel models or structural equation modeling (SEM) could provide deeper insights into the causal relationships among financial performance indicators and firm value.

ACKNOWLEDGMENTS

This research was made possible with the support and resources provided by the Faculty of Economics and Business, Trisakti University. I

am also grateful to the faculty members and staff for their assistance, as well as to my colleagues and peers whose support and contributions greatly facilitated the completion of this research.

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