American Journal of Humanities and Social Sciences Research (AJHSSR)
e-ISSN :2378-703X
Volume-5, Issue-1, pp-204-212
www.ajhssr.com
Research Paper Open Access

THE EFFECT OF LIQUIDITY AND PROFITABILITY ON FIRM VALUE MEDIATED BY DIVIDEND POLICY

Made Olivia Dwi Putri[1], I Gst. Bgs. Wiksuana[2]
Faculty of Economics and Business, Udayana University, Bali, Indonesia

ABSTRACT: The purpose of this study is to examine the effect of liquidity and profitability on firm value which is mediated by dividend policy. The firm value is the selling firm value that is worthy of consideration by investors in order to invest their funds in a company. In a company, increasing firm value is very important, because it can increase the prosperity of shareholders. This research was conducted at banking companies on the IDX for the 2015-2019 period. The number of samples used in this study were 11 companies and the sampling method in this study was using purposive sampling. The analysis technique used in this research is path analysis with the help of SPSS software. The results of this study indicate that liquidity has a significant negative effect on firm value, while profitability has a significant positive effect on firm value and dividend policy is unable to mediate liquidity and profitability on firm value.
Keywords: *Firm value; Liquidity;Profitability;Dividend Policy*

I. INTRODUCTION

A company to increase its firm value is very important, because it can increase the prosperity of its shareholders. High firm value is not only useful for short-term company interests, but also useful for the company's future prospects (Fachrudin, 2018). In an effort to increase firm value, of course there will be problems that occur between company managers and shareholders, which are called agency problems. Where agency theory explains the relationship between shareholders and company management (Fauziah, 2019).

To make an investment, investors must collect some information for consideration in making decisions to invest in the capital market. One indicator that investors usually use as a consideration for making investment decisions is the profitability of a company. Because the higher the profit generated by a company, the higher the return that investors will get (Ayem& Nugroho, 2016).

Profitability is the company's ability to earn a profit while running its operations, the better the company's profitability growth, the better the company's performance will be, so that the company's value will also increase so that it will attract investors to invest their funds in the company (Putra & Lestari, 2016). The profitability of a company can be measured using the ratio of Return on Assets (ROA), Return on Equity (ROE) and Return on Investment (ROI) (Raningsih, 2018). In this study, company profitability is measured using ROA. Where ROA is a ratio that measures the level of efficiency of the company's operations in an effort to generate profits from the use of company assets. The greater the ROA of a company, the more efficient a company is in using its company assets in generating greater net income, which will increase the value of a company. The ROA growth of a company will have a positive impact on the market that the company has a high stock return so that the company is able to provide a high level of welfare to investors through the stock returns provided by the company. That way investors will also increase share demand transactions so that it will have a positive impact in terms of increasing the share price of a company and will also increase the value of a company (Raningsih, 2018).

Liquidity is the company's ability to meet its short-term obligations. The higher the liquidity ratio of the company, the higher the company's ability to fulfill its obligations. Companies that have a high level of liquidity are certainly considered to be good prospects for investors because investors perceive companies to have good performance so that they can increase stock prices, which means that their firm value also increases (Putra & Lestari, 2016). In a banking company, company liquidity can be measured using the Loan to Deposit Ratio (LDR). Where according to Kasmir (2014) Loan to Deposit Ratio (LDR) is a ratio used to calculate the composition of the amount of credit provided by the company compared to the amount of public funds and capital used.

Dividend policy is a financial decision made by a company whether the profits earned will be distributed as dividends to investors or retained as retained earnings (Wiagustini, 2010: 262). If the company's stock price increases, the dividend payment made by the company will decrease and of course it will reduce investors' interest in making an investment. Dividend policy can be measured using the Dividend Payout Ratio (DPR), where the DPR can explain the comparison between dividends per share and earnings per share (Aida, 2020).

A company that has an unstable firm value, the company will be judged to have decreased by investors so that it is difficult for the company to get additional funds because it will lose the trust of other investors so that investors will sell their shares again (Aida Sofiatin, 2020).

Banking companies have a very important role in stabilizing the economic system in Indonesia. The more banks that issue shares on the capital market, the more companies compete in the banking sector in an effort to get sources of funds. Banking companies must compete to gain the trust of the public and investors so that banking activities in the form of collecting and channeling funds can be carried out optimally so as to increase the value of the banking company. One of the factors that can increase the value of a banking company is the dividend policy. Where the aim of investors in investing is to improve the welfare of investors by getting returns in the form of dividends and capital gains. The amount of dividends will affect the stock price. If the dividends paid are higher, the share price of a company will also be higher and this will cause the value of a company to be higher (Sahputri&Arfan, 2019).

Research on the effect of liquidity on firm value conducted by Farooq & Masood (2016) found that liquidity has a positive and significant effect on firm value. Inconsistency research was found, namely the results of research from Salim &Susilowati (2019) which stated that liquidity had a significant negative effect on firm value.

The results of research on the effect of profitability on firm value conducted by Putri &Rachmawati (2018) found that profitability had no influence on firm value. However, research inconsistencies were found, namely the results of research (Gunawan et al, 2018) which stated that profitability had a positive and significant effect on firm value.

Research on the effect of liquidity with dividend policy conducted by Lukita&Ariesta (2019) found that liquidity has a positive and significant effect on dividend policy and the results of research on the effect of profitability with dividend policy conducted by Astuti&Yadnya (2019) found that profitability has an influence positive and significant impact on dividend policy

Based on the controversy that occurred regarding the effect of the effect between liquidity and profitability on firm value, it resulted in a research gap by including dividend policy as a mediating variable. Where this study uses the dividend policy variable as a variable that is able to mediate the influence of the liquidity and profitability variables with the firm value variable which is supported by the results of previous research conducted by Lukita&Ariesta (2019), which results in a positive and significant relationship between liquidity and dividend policy. according to research conducted by Astuti&Yadnya (2019) which states that there is a positive and significant relationship between profitability and dividend policy, and research conducted by Putri &Rachmawati (2018) which states that there is a significant relationship between dividend policy and firm value.

In accordance with research conducted by Gunawan et al (2018), it states that liquidity has a significant positive effect on firm value which means that if the company's liquidity increases, the company's value will certainly increase. Likewise, research conducted by Farooq & Masood (2016), which states that liquidity has a significant positive effect on firm value, where liquidity is used as the basis for financial management in managing the company's working capital. Research conducted by Putra & Lestari (2016) also states that liquidity has a significant positive effect on firm value because if the company's liquidity increases, the company's value will certainly increase, this will also attract investors to companies that have high liquidity. Research conducted by Rahmasari et al (2016) also states that liquidity has a positive and significant effect on firm value. Research conducted by Lukita&Ariesta (2019) also states that liquidity has a significant positive effect on firm value. As well as research conducted by Tahu& Susilo (2017) which also states that liquidity has a significant positive effect on firm value.

H1: Liquidity has a significant positive effect on firm value.

Profitability is the company's ability to earn a profit while running its operations, the better the company's profitability growth, the better the company's performance will be, so that the company's value will also increase so that it will attract investors to invest their funds in the company (Putra & Lestari, 2016). In accordance with research conducted by Gunawan et al (2018) which states that profitability has a significant positive effect on firm value which indicates that increasing the profitability of a company will also increase firm value. Likewise with research conducted by Putra & Lestari (2016) which states that profitability has a positive and significant impact on firm value because if profitability increases, firm value will certainly increase, this will certainly make investors interested in companies that have good profitability. Qomariah (2015) also states that profitability has a significant positive effect on firm value. Research conducted by Salim &Susilowati (2019) also states that profitability has a significant positive effect on firm value. Research conducted by

Mulya&Arisudhana (2019) also states that profitability has a positive influence on firm value. And research conducted by Wijaya &Sedana (2015) states that profitability has a significant positive effect on firm value. This is because companies that experience an increase in profits can reflect that the company has a good performance, so of course it will attract interest from investors so that investors can make stock prices increase, increasing share prices in the market certainly indicates that the company's value will also increase.

H2: Profitability has a significant positive effect on firm value.

Shareholders prefer dividends that have a higher degree of certainty compared to capital gains or reinvestments (Astuti&Yadnya, 2019). Dividend policy is a financial decision made by a company whether the profits earned will be distributed as dividends to investors or retained as retained earnings (Wiagustini, 2010: 262). The dividend distribution made by the company is a positive signal for investors to invest because investors prefer a definite return on their investment. Companies that distribute dividends will attract investors to invest. With so many investors buying shares of a company, the share price of the company will increase so that it can increase the firm value (Putra & Lestari, 2016).

In a study conducted by Putra & Lestari (2016) which states that dividend policy has a positive and significant effect on firm value because if the company's dividend policy increases, the company's value will also increase. Likewise, research conducted by Azhar et al (2018) states that dividend policy has a significant effect on firm value. Research conducted by Fauziah et al (2019) states that dividend policy has a positive effect on firm value because investors assume that companies can allocate profits generated to develop business and as additional capital to face risks, so that profits are not divided in the form of dividends. Research conducted by Putri &Rachmawati (2018) also states that dividend policy has a significant positive effect on firm value. and research conducted by Permana et al (2018) also said that dividend policy has a positive effect on firm value.

H3: Dividend policy has a significant positive effect on firm value.

Companies that have good liquidity will be considered to have good performance by investors. The greater the amount of cash available, the company's liquidity will be considered good, and the greater the company's ability to pay dividends (Sudana, 2015: 195). Liquidity is the ability of a company to meet its short-term obligations. The higher the liquidity ratio of a company, the higher the company's ability to fulfill its obligations. The high liquidity ratio illustrates the availability of funds within the company in carrying out its operations and dividend payments to investors (Putra & Lestari, 2016).

Lukita&Ariesta (2019) said in their research that statistically liquidity has a significant positive effect onin his research that statistically liquidity has a significant positive effect on dividend policy. According to research by Rahmasari et al (2019), liquidity has a significant positive effect on dividend policy. According to research conducted by Akbar & Fahmi (2020), liquidity has a positive effect on dividend policy because the higher the company's liquidity, the higher the dividend payout ratio paid by the company to shareholders. According to research conducted by Jariah (2016), liquidity has a positive effect on dividend policy.

H4: Liquidity has a significant positive effect on dividend policy.

The higher the profitability of a company, the higher the company's ability to generate company profits (Akbar & Fahmi, 2020). Companies that have high profits are certainly able to pay higher dividends to investors (Brigham, 2001: 24). Fama and French (2001) found that larger, more profitable firms pay more dividends than smaller, more profitable firms because dividends are paid out of after-tax profit.

Where in research conducted by Astuti&Yadnya (2019) said that profitability has a significant positive effect on dividend policy. Likewise, research conducted by Lukita&Ariesta (2019) states that profitability has a significant positive effect on dividend policy. Research conducted by Wijaya &Sedana (2015) also states that profitability has a positive and significant effect on dividend policy. This is because the higher the profit generated by the company, the higher the chance for the company to pay dividends. According to research conducted by Ramadhani et al (2018) also said that profitability has a significant positive effect on dividend policy because if the company's profitability increases, the proportion of dividend payments to investors will also increase. According to research conducted by Azhar et al (2018), profitability has a significant positive effect on dividend policy.

H5: Profitability has a significant positive effect on dividend policy.

Companies that have a high liquidity ratio can certainly pay higher dividends without having a big risk. The company's high dividend payout ratio will certainly give a positive signal to shareholders regarding the company's future profits and prospects (Astuti&Yadnya, 2019). In research conducted by Kristianti&Foeh (2020), dividend policy is able to mediate between liquidity and firm value. Likewise with research conducted by Taslim (2016) which states that dividend policy is able to mediate liquidity with firm value. according to research conducted by Jariah (2016), dividend policy is able to mediate the effect of liquidity on firm value.

H6: Dividend policy is able to mediate the effect of liquidity on firm value.

The higher the profit generated by the company, the higher the dividend payment ratio made by the company. Regular and increasing dividend payments will certainly give investors an idea of the company's financial condition and future prospects which will also increase the firm value (Astuti&Yadnya, 2019). In a

study conducted by Novryanius et al (2019), dividend policy is able to mediate profitability with firm value because the better profitability and followed by a good dividend policy will also increase firm value. Research conducted by Iswara&Setyabudi (2020) also said in their research that profitability has a positive effect on firm value mediated by dividend policy. Likewise in research conducted by Permana et al (2018) which states that dividend policy is able to mediate profitability with firm value. according to research conducted by Wijaya &Sedana (2015) also states that dividend policy is able to mediate profitability with firm value. Research conducted by Taslim (2016) states that dividend policy is able to mediate the effect of profitability on firm value.
H7: Dividend policy is able to mediate the effect of profitability on firm value.

II. METHODS

This research was conducted at banking companies on the Indonesia Stock Exchange which can be accessed through www.idx.co.id. The data obtained is historical data related to the data needed in this study. The population used in this study is 43 banking companies in the Indonesia Stock Exchange. This study uses a sample of all banking companies listed on the Indonesia Stock Exchange by using a purposive sampling method, where purposive sampling is used to obtain a representative sample according to the criteria desired by the researcher. The sampling criteria in this study were banking companies that distributed dividends regularly for five consecutive years, namely 2015-2019. In accordance with these criteria, the sample companies in this study were 11 banking companies.

The data collection method used in this study is the non-participant observation method which is an observation of an object that does not involve the researcher in data collection on the activities observed in this study. Path analysis techniques (path analysis) serves to explain the causal relationship between the independent and dependent variables by explaining the direct effect and the indirect effect.

III. RESULTS AND DISCUSSION

Descriptive statistical analysis provides information about the minimum value, maximum value, average value, and standard deviation value of each of the variables studied, in this case the firm value (PBV), dividend policy (DPR), liquidity (LDR), and profitability (ROA). The results of descriptive statistical analysis in this study can be seen in table 1.

Table 1. Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
N Valid	55				
Firm Value	55	0,46	4,79	1,8347	0,90494
Liquidity	55	55,35	145,26	87,2745	15,17818
Profitability	55	0,32	3,11	1,8325	0,64629
Dividend Policy	55	12,33	72,42	34,4111	14,35855

Secondary Data, 2020

In table 1, it can be seen that the number of observations (N) in this study is 55. The numbers in the minimum column indicate the lowest value of the research variable data, the numbers in the maximum column indicate the highest value of the variable data under study. The mean column shows the average of each variable and the standard deviation column shows the standard deviation.

The firm value variable (PBV) has a value range of 0.46 to 4.79. The lowest value was owned by PT Bank Bumi Arta Tbk in 2018 with a value of 0.46. The highest value was owned by PT Bank Central Asia Tbk in 2019 with a value of 4.79. The average PBV value of all companies is 1.8347.

The liquidity variable (LDR) has a value range of 55.35 to 145.26. The lowest score was owned by PT Bank Mega Tbk in 2016 with a value of 55.35. The highest value is owned by PT Bank Woori Saudara Indonesia Tbk with a value of 145.26. The average value of the LDR of all companies is 87.2745.

The profitability variable (ROA) has a value range of 0.32 to 3.11. The lowest value is owned by PT Bank AgroniagaTbk in 2019 with a value of 0.32. The highest value was owned by PT Bank Central Asia Tbk in 2017 and 2019 with a value of 3.11. The average ROA value of all companies is 1.8325.

The dividend policy variable (DPR) has a value range of 12.33 to 72.42. The lowest score was owned by PT Bank Woori SaudaraTbk Indonesia in 2017 with a value of 12.33. The highest value was owned by PT Bank Pembangunan Daerah Jawa Timur Tbk in 2015 with a value of 72.42. The average value of the DPR for all companies is 34.4111.

The regression equation for structure I is as follows:

$Y = -0{,}186X_1 + 0{,}581X_2 - 0{,}84M + 0{,}577$

$e_1 = \sqrt{1 - R^2} = \sqrt{1 - 0{,}423} = 0{,}577$

The regression equation for structure II is as follows:
$M = \beta_4X_1 + \beta_5X_2 + e_2$
$M = -0{,}371X_1 - 0{,}166X_2 + e_2$
$e_2 = \sqrt{1 - R^2} = \sqrt{1 - 0{,}139} = 0{,}861$

Table 2. Result of F Structure Test I

Model	Sum of Square	df	Mean Square	F	Sig.
1 Regression	18.693	3	6.231	12.448	0.000[a]
Residual	25.528	51	0.501		
Total	44.222	54			

Secondary Data, 2020

Table 3. Result of F Structure Test II

Model	Sum of Square	df	Mean Square	F	Sig.
1 Regression	1548.697	2	774.349	4.021	0.020[a]
Residual	9584.373	52	184.315		
Total	11133.071	54			

Secondary Data, 2020

Based on the results obtained in tables 2 and 3, the first equation has a significance value of 0.000, which is less than 0.05 (0.000 <0.05). Thus, it can be concluded that the first regression structure is worthy of further investigation. The second equation has a significance value of 0.020 which is less than 0.05 (0.020 <0.05). Thus, it can be concluded that the second regression structure is worthy of further investigation.

Table 4. Structural Partial Test Results I

Model	Standard Coeficient		
	Beta	t	Sig.
1 (constant)		1.731	0.089
Liquidity	-0.186	-1.590	0.118
Profitability	0.581	5.256	0.000
Dividend Policy	-0.084	-0.732	0.467

Secondary Data, 2020

$$Y = \beta_1X_1 + \beta_2X_2 + \beta_3M + e_1$$

The liquidity variable has a significance value of 0.118, which is greater than 0.05 (sig. = 0.118> 0.05) and has a beta value in the standardize coefficients column of -0.186. This means that liquidity has an insignificant negative effect on firm value.

The profitability variable has a significance value of 0,000, which is smaller than 0.05 (sig. = 0,000 <0.05) and has a beta value in the standardize coefficients column of 0.581. This means that profitability has a significant positive effect on firm value.

The dividend policy variable has a significance value of 0.467, which is greater than 0.05 (sig. = 0.467> 0.05) and has a beta value in the standardize coefficients column of -0.084. This means that the dividend policy has a negative and insignificant effect on firm value.

The liquidity variable has a significance value of 0.118, which is greater than 0.05 (sig. = 0.118> 0.05) and has a beta value in the standardize coefficients column of -0.186. This means that liquidity has an insignificant negative effect on firm value.

The profitability variable has a significance value of 0,000, which is smaller than 0.05 (sig. = 0,000 <0.05) and has a beta value in the standardize coefficients column of 0.581. This means that profitability has a significant positive effect on firm value.

The dividend policy variable has a significance value of 0.467, which is greater than 0.05 (sig. = 0.467> 0.05) and has a beta value in the standardize coefficients column of -0.084. This means that the dividend policy has a negative and insignificant effect on firm value.

Table5. Structural Partial Test Results II

Model	Standard Coeficient		
	Beta	t	Sig.
1 (constant)		5.429	0.000

Liquidity	-0.371	-2.818	0.007
Profitability	0.166	-1.260	0.213

Secondary Data, 2020

The liquidity variable has a significance value of 0.007, which is smaller than 0.05 (sig. = 0.007 <0.05) and has a beta value in the standardize coefficients column of -0.371. This means that liquidity has a significant negative effect on dividend policy.

The profitability variable has a significance value of 0.213, which is greater than 0.05 (sig. = 0.213> 0.05) and has a beta value in the standardize coefficients column of -0.166. This means that profitability has an insignificant negative effect on dividend policy.

In this study, the indicator used to test the validity of the data is the total coefficient of determination (R2m) which is calculated using the following formula:

$R^2{}_m = 1 – ((e_1)^2 \text{ x } (e_2)^2)$

$R^2{}_m = 1 – ((0,577)^2 \text{ x } (0,861)^2)$

$R^2{}_m = 1 – (0,332 \text{ x } 0,741)$

$R^2{}_m = 1 - 0,246$

$R^2{}_m = 0,75$

The result of the calculation of the coefficient of determination (R2m) in this study is 0.75 which means that 75 percent of the firm value variables can be explained by the model in this study, while 25 percent is explained by other variables outside the research model.

Based on the test results using path analysis techniques, the direct effect, indirect effect and total effect can be calculated. The indirect effect can be calculated by multiplying the coefficient of direct effect of each independent variable (liquidity and profitability) on the mediating variable (dividend policy) with the coefficient of direct effect of the dividend policy variable on firm value. the indirect effect can be calculated as follows:

LDR to PBV: -0.371 x -0.084 = 0.031

ROA to PBV: -0.166 x -0.084 = 0.013

The total effect can be calculated by adding up the coefficients of the direct effect of the independent variables on the dependent variable with the following indirect effects:

LDR to PBV: -0.186 + 0.031 = -0.155

ROA to PBV : 0,581 + 0,013 = 0,594

Table 6. Direct Effect, Indirect Effect, and Total Effect

Variable	Direct	Indirect	Total
LDR ⟶ PBV	-0,186		
ROA ⟶ PBV	0,581		
DPR ⟶ PBV	-0,084	0,031	-0,155
LDR ⟶ DPR	-0,371	0,013	0,594
ROA ⟶ DPR	-0,166		

Secondary Data, 2020

The sobel test is conducted to determine the ability of the mediating variable, namely dividend policy, to mediate the effect of liquidity and profitability on firm value. the sobel test can be calculated using the following formula:

$$Z = \frac{ab}{\sqrt{b^2 s_a^2 + a^2 s_b^2 + s_a^2 s_b^2}}$$

The role of dividend policy in mediating the effect of liquidity on firm value can be explained as follows:

$$Z = \frac{-0,351\ x -0,005}{\sqrt{(-0,005)^2(0,125)^2 + (-0,351)^2(0,007)^2 + (0,125)^2(0,007)^2}}$$

$$Z = \frac{0,002}{\sqrt{0,016+0,123+0,016}}$$

$$Z = \frac{0,002}{\sqrt{0,155}} = \frac{0,002}{0,394}$$

Z = 0,005

The Z value is 0.005 which is less than 1.96 (Z = 0.005 <1.96). So it can be concluded that the dividend policy (M) is not able to mediate the effect of liquidity (X1) on firm value (Y).

The role of dividend policy mediates the effect of profitability on firm value as follows:

$$Z = \frac{-3,685\ x -0,005}{\sqrt{(-0,005)^2(2,925)^2 + (-3,685)^2(0,007)^2 + (2,925)^2(0,007)^2}}$$

$$Z = \frac{0,018}{\sqrt{0,000+0,001+0,000}}$$

$$Z = \frac{0{,}018}{\sqrt{0{,}001}} = \frac{0{,}018}{0{,}032}$$

Z = 0,563

The Z value is 0.563 which is less than 1.96 (Z = 0.563 <1.96). So it can be concluded that the dividend policy (M) is not able to mediate the effect of profitability (X2) on firm value (Y).

The results of the analysis obtained in this study show the significance value of liquidity as proxied by LDR, which is 0.007 (less than 0.05) with a β value of -0.371. Thus it can be seen that liquidity has a significant negative effect on firm value. Based on these results, the first hypothesis which states that there is a positive effect of liquidity on firm value is rejected.

Liquidity is a bank's ability to fulfill its short-term obligations, be able to repay all of its depositors, and can fulfill credit requests submitted by debtors without any delay. Liquidity standards are not absolute, because it is necessary to pay attention to the characteristics of the company and also cash management. So, the level of liquidity cannot be a factor that significantly affects the level of firm value. The results of this study are consistent with research conducted by Salim & Susilowati (2019) and Akbar & Fahmi (2020).

The results of the analysis obtained in this study show that the significance value of profitability as proxied by ROA is 0.000 (less than 0.05) with a β value of 0.581. Thus it can be seen that profitability has a significant positive effect on firm value. Based on these results, the second hypothesis which states that there is a positive effect of profitability on firm value is accepted.

In accordance with the signaling theory, the information provided by the company in the form of an increase in profits will provide a signal to investors about the company's future prospects. Profitability is a measure of the effectiveness of company management by management. The results of this study are consistent with research conducted by Gunawan et al (2018), Putra & Lestari (2016), and Mulya & Arisudhana (2019).

The analysis results obtained in this study indicate the significance value of the dividend policy as proxied by the DPR, which is 0.467 (greater than 0.05) with a β value of -0.084. Thus it can be seen that the dividend policy has a negative and insignificant effect on firm value. Based on these results, the third hypothesis which states that there is a positive effect of dividend policy on firm value is rejected.

Dividend policy is a policy in determining the amount of profit to be paid to investors as dividends and the amount of profit that must be reinvested as retained earnings. The distribution of dividends made by a company is a factor that investors will consider investing their capital. If the dividend decreases, the firm value will increase, because low dividends will strengthen the company's internal funds because the company's retained earnings will increase, so that the company's performance will certainly increase which results in an increase in the company's value. The results of this study are in accordance with research conducted by Rahmasari et al (2019).

The results of the analysis obtained in this study indicate the significance value of liquidity as proxied by LDR, which is 0.007 (greater than 0.05) with a β value of -0.371. Thus it can be seen that liquidity has a significant negative effect on dividend policy. Based on these results, the fourth hypothesis which states that there is a positive effect of liquidity on dividend policy is rejected.

At a certain point, too high liquidity can reduce the company's profits because there are too many idle funds because when the company's profits decline due to non-optimal turnover of funds, the company will decrease its dividend payout ratio. The results of this study are consistent with research conducted by Sahputri et al (2016) and Astuti & Yadnya (2019).

The results of the analysis obtained in this study show that the significance value of profitability as proxied by ROA is 0.213 (greater than 0.05) with a β value of -0.166. Thus it can be seen that profitability has a negative and insignificant effect on dividend policy. Based on these results, the fifth hypothesis which states that there is a positive effect of profitability on dividend policy is rejected.

Profitability is not a determining factor for dividend policy in the company because companies that are committed to paying dividends regularly are not influenced by the size of the profits they earn. The results of this study are in accordance with research conducted by Hardi & Andestiana (2018) and Christine & Suyono (2017).

Based on the sobel test results, the Z value is 0.005 (less than 1.96), it can be concluded that dividend policy is not able to mediate the effect of liquidity on firm value. Thus, the sixth hypothesis which states that dividend policy is able to mediate the effect of liquidity on firm value is rejected. Changes in the level of dividend payments at the banking company on the IDX which respectively do not cause an increase or decrease in the effect of liquidity on firm value. The results of this study are in accordance with the research conducted by Astuti & Yadnya (2019).

Based on the sobel test results, the Z value is 0.563 (less than 1.96), it can be concluded that dividend policy is not able to mediate the effect of profitability on firm value. Thus, the seventh hypothesis which states that dividend policy is able to mediate the effect of profitability on firm value is rejected. Changes in the level of dividend payments at the banking companies on the IDX which respectively do not cause an increase or decrease in the effect of profitability on firm value. The results of this study are in accordance with research conducted by Fitriani et al (2017).

IV. CONCLUSION

The results of this study indicate a significant effect of liquidity and profitability as well as dividend policy on firm value with a determination coefficient of 0.75, thus the research model can explain the variable firm value by 75 percent and 25 percent of which is explained by other factors outside the model.

Liquidity standards are not absolute to be used as a determinant in measuring the level of firm value, because it is necessary to pay attention to company characteristics and also cash management. So, the level of liquidity cannot be one of the factors that significantly influence the level of firm value, while profitability is a measure of the effectiveness of company management by management so that the level of profitability of a company can certainly affect the level of firm value. The distribution of dividends made by a company is a factor that investors will consider investing their capital. If the dividend decreases, the firm value will increase, because low dividends will strengthen the company's internal funds because the company's retained earnings will increase, so that the company's performance will certainly increase which results in an increase in the company's value. Data processing carried out in this study is to use path analysis using several tests used to determine the relationship between variables that have been previously determined based on the theory that has been used. This research is expected to be useful as a reference for further research related to liquidity, profitability, dividend policy and firm value.

REFERENCES

[1] Aida Sofiatin, D. (2020). Pengaruh Profitabilitas, Leverage, Likuidiitas, Ukuran Perusahaan, Kebijakan Dividen Terhadap Nilai Perusahaan (Studi Empiris pada Perusahaan Manufaktur subsektor Industri dan Kimia yang terdaftar di BEI periode 2014-2018). *Prisma (Platform Riset Mahasiswa Akuntansi)*, *1*(1), 47–58. https://ojs.stiesa.ac.id/index.php/prisma

[2] Akbar, F., & Fahmi, I. (2020). Pengaruh Ukuran Perusahaan, Profitabilitas Dan Likuiditas Terhadap Kebijakan Dividen Dan Nilai Perusahaan Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia. *Jurnal Ilmiah Mahasiswa Ekonomi Manajemen*, *5*(1), 62–81.

[3] Astuti, N. K. B., & Yadnya, I. P. (2019). Pengaruh Profitabilitas, Likuiditas, Dan Ukuran Perusahaan Terhadap Nilai Perusahaan Melalui Kebijakan Dividen. *E-Jurnal Manajemen Universitas Udayana*, *8*(5), 3275. https://doi.org/10.24843/ejmunud.2019.v08.i05.p25

[4] Ayem, S., & Nugroho, R. (2016). Pengaruh Profitabilitas, Struktur Modal, Kebijakan Dividen, dan Keputusan Investasi Terhadap Nilai Perusahaan (Studi Kasus Perusahaan Manufaktur Yang Go Publik di Bursa Efek Indonesia) Periode 2010 - 2014. *Jurnal Akuntansi*, *4*(1), 31–39. https://doi.org/10.24964/ja.v4i1.125

[5] Azhar, Z. A., Ngatno, & Wijayanto, A. (2018). Pengaruh Profitabilitas Terhadap Nilai Perusahaan Melalui Kebijakan Dividen Sebagai Variabel Intervening (Studi pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia Periode 2012-2016). *Jurnal Ilmu Administrasi Bisnis*, *7*(4), 1–10.

[6] Brigham, Eugene F. Dan Joul F Houston. 2001. Manajemen Keuangan. Jakarta: Erlangga.

[7] Fachrudin, K. A., Silalahi, A. S., & Anggeriani. (2018). The Effect of Dividend Policy , Firm Size and Capital Structure on Firm Value with Corporate Social Responsibility as a Moderation Variable in Open Mining Companies in Indonesia Stock Exchange. *IOSR Journal of Business and Management (IOSR-JBM)*, *20*(11), 70–82. https://doi.org/10.9790/487X-2011037082

[8] Fama, E. F., & French, K. R. (2001). Disappearing dividends: Changing firm characteristics or lower propensity to pay. Journal of Financial economics, Vol. 60(1), 3–43.

[9] Farooq, M. A., & Masood, A. (2016). Impact of Financial Leverage on Value of Firm : Evidence from Cement Sector of Pakistan. *Research Journal Of Finance And Accounting*, *7*(9), 73–77.

[10] Fauziah, F., Iskandar, R., Paminto, A., & Ulfah, Y. (2019). Bank Health , the Dividend Policy and Firm Value in Indonesia Banking Sector. *International Journal of Humanities and Social Science Invention*, *8*(2), 41–49. http://ijhssi.org/

[11] Gunawan, I. M. A., Pituringsih, E., & Widyastuti, E. (2018). the Effect of Capital Structure, Dividend Policy, Company Size, Profitability and Liquidity on Company Value (Study At Manufacturing Companies Listed on Indonesia Stock Exchange 2014-2016). *International Journal of Economics, Commerce and Management United Kingdom*, *VI*(2017), 107–117. http://ijecm.co.uk/

[12] Hardi, S., & Andestiana, R. (2018). Pengaruh Profitabilitas, Kebijakan Hutang dan Pertumbuhan Aset Terhadap Kebijakan Dividen (Pada Perusahaan Food And Beverage Yang Terdaftar Di Bursa Efek Indonesia Periode 2013-2017). *Dinamika Umt*, *II*(2), 44–58.

[13] Iswara, Ulfah Setia ; Setyabudi, T. G. (2020). *The Influence of Profitability and Structure of Ownership on company value with dividend policy as an intervening variable*. *7*(February 2019), 1–13. http://dx.doi.org/10.30656/jak.v7i1.1400

[14] Jariah, Ainun. (2016). Likuiditas, Leverage, Profitabilitas Pengaruhnya Terhadap Nilai Perusahaan Manufaktur Di Indonesia Melalui Kebijakan Dividen. Riset Akuntansi dan Keuangan Indonesia.

[15] Kasmir . 2013. Bank dan Lembaga Keuangan Lainnya. Ed rev 2008. Jakarta: Raja Grafindo Press.

[16] Kasmir. (2014). Analisis Laporan Keuangan (1 Ed.). Jakarta: Pt Raja Grafindo Persada.

[17] Lukita, R., & Ariesta, M. (2019). Pengaruh Profitabilitas dan Tingkat Likuiditas Terhadap Nilai Perusahaan dengan Kebijakan Deviden Sebagai Variabel Intervening (Studi Kasus pada Perusahaan Manufaktur di Bursa Efek Indonesia periode 2013 – 2017). *Equilibrium Journal*, *5*(5), 1–15. https://doi.org/2502-7697

[18] Martha, L., Sogiroh, N. U., Magdalena, M., Susanti, F., & Syafitri, Y. (2018). Profitabilitas Dan Kebijakan Dividen Terhadap Nilai Perusahaan. *Jurnal Benefita*, *3*(2), 227. https://doi.org/10.22216/jbe.v3i2.3493

[19] Mulya, A. A., & Arisudhana, D. (2019). *The Analysis of Determinant Factor of Company Value on Manufacture Company Listed on Indonesia Stock Exchange*. *12*(1), 2270–2278. https://doi.org/10.4108/eai.20-1-2018.2281876

[20] Novryanius, Rendy ; Hasan, A. ; Gusnardi. (2019). Pengaruh Profitabilitas dan Investment opportunity Set Terhadap Nilai Perusahaan dengan Kebijakan Dividen Sebagai Variabel Intervening (Studi Pada Perusahaan Manufaktur di Bursa Efek Indonesia Tahun 2013-2017). *Jurnal Manajemen Bisnis Krisnadwipayana*, *11*(3). http://ojs.ekonomi-unkris.ac.id/index.php/JMBK/article/view/143

[21] Permana, Indra Surya ; Sedjati, Retina Sri ; Hendra, Romi. (2018). Pengaruh Profitabilitas, Leverage, dan Kepemilikan Manajerial Terhadap Nilai Perusahaan Melalui Kebijakan Dividen. 2654-3184.

[22] Putra, A.A Ngurah Dharma Adi ; Lestari, P. V. (2016). *Pengaruh Kebijakan Dividen, Likuiditas, Profitabilitas dan Ukuran Perusahaan Terhadap Nilai Perusahaan*. *5*(7), 4044–4070.

[23] Putri, V. R., & Rachmawati, A. (2018). The Effect of Profitability, Dividend Policy, Debt Policy, and Firm Age on Firm Value in The Non-Bank Financial Industry. *Jurnal Ilmu Manajemen & Ekonomika*, *10*(1), 14. https://doi.org/10.35384/jime.v10i1.59

[24] Qomariah, N. (2015). The Effect of Corporate Social Responsibility, Size, and Profitability Toward On the Value of Corporate. *Journal of Business and Management*, *17*(2), 25–30. https://doi.org/10.9790/487X-17212530

[25] Rahmasari, Dewi ; Suryani, Embun ; Oktaryani, S. (2016). *Pengaruh Leverage dan Likuiditas Terhadap Nilai Perusahaan dengan Kebijakan Dividen Sebagai Variabel Intervening*. *5*, 66–83.

[26] Ramadhani, R., Akhmadi, & Kuswantoro, M. (2018). Pengaruh Leverage Dan Profitabilitas Terhadap Nilai Perusahaan Dengan Kebijakan Dividen Sebagai Variabel Intervening. *Jurnal Riset Bisnis Dan Manajemen Tirtayasa*, *2*(1), 21–42.

[27] Sahputri, Y., & Arfan, M. (2019). Pengaruh Profitabilitas, Likuiditas, dan Free Cash Flow Terhadap Dividen Tunai dan Dampaknya Terhadap Nilai Perusahaan (Studi Pada Perusahaan Perbankan yang Terdaftar di Bursa Efek Indonesia). *Jurnal Telaah Dan Riset Akuntansi*, *9*(1), 11–18.

[28] Salim, M. N., & Susilowati, R. (2019). The Effect of Internal Factors On Capital Structure And Its impact on Firm Value: Empirical Evidence From the Food and Beverages Industry Listed on Indonesian Stock Exchange 2013-2017. *International Journal of Engineering Technologies and Management Research*, *6*(July), 173–191. https://doi.org/10.5281/zenodo.3359550

[29] Sudana, I Made. (2015). Manajemen Keuangan Perusahaan Teori dan Praktik Edisi 2. Jakarta: Penerbit Erlangga.

[30] Tahu, G. P., & Susilo, D. D. B. (2017). Effect of Liquidity , Leverage and Profitability to The Firm Value (Dividend Policy as Moderating Variable) in Manufacturing Company of Indonesia Stock Exchange. *Research Journal of Finance and Accounting*, *8*(18), 89–98.

[31] Taslim, F. A. (2016). Pengaruh Rasio Likuiditas, Aktivitas, dam Profitabilitas Terhadap Nilai Perusahaan Dengan kebijakan Dividen Sebagai variabel Intervning (Pada Perusahaan Manufaktur yang Terdaftar Di BII Periode 2010-2014). *Jurnal Equilibrium*, *x*(1), 1829-5517.

[32] Wiagustini, N.L.P. 2010. Dasar-dasar Manajemen Keuangan. Denpasar: Udayana Press.

[33] Wijaya, Bayu Irfandi & Sedana I.B. Panji. (2015). Prngaruh Profitabilitas Terhadap Nilai Perusahaan (Kebijakan Deviden dan Kesempatan Investasi Sebagai Variabel Mediasi). E-jurnal Manajemen 4(12), 4477-4500