

The Impact of Liquidity, Profitability, and Leverage on Firm Value with Dividend Policy as a Moderating Variable: Evidence from Manufacturing Companies Listed on the Indonesia Stock Exchange (2020–2024)

Vandwuis Yang¹⁾

vandwuis160101@gmail.com

Juan Barus Gultom²⁾

juanbarusgultom@gmail.com

¹⁾²⁾University Buddhi Dharma

ABSTRACT

The performance of Indonesia's manufacturing sector in the first half of 2024 experienced a slowdown, as reflected by a three-consecutive-month decline in the Purchasing Managers' Index (PMI), reaching 50.7 in June 2024. This downturn affected the industrial and consumer goods sector indices and weakened the financial performance of several major listed companies, such as PT Astra International Tbk (ASII). The decline in demand, higher production costs, and global economic uncertainty have contributed to reduced investor confidence, which in turn influences fluctuations in firm value across the sector. This situation has encouraged companies to carefully manage financial indicators to maintain their competitiveness and attractiveness in the capital market. This study aims to examine the effect of liquidity, profitability, and leverage on firm value, with dividend policy as a moderating variable, focusing on manufacturing companies listed on the Indonesia Stock Exchange during the 2020–2024 period. Purposive sampling was applied, resulting in 22 companies (110 observations), and the data were analyzed using SPSS version 25 with normality, multicollinearity, and heteroscedasticity tests, Moderated Regression Analysis (MRA), coefficient of determination (R^2), and t-tests. Furthermore, this research period includes the post-pandemic recovery phase, where many companies are adjusting their financial strategies to stabilize operations. The findings indicate that liquidity, profitability, and leverage significantly affect firm value. Companies with strong liquidity and healthy profitability levels tend to gain more investor trust, while excessive leverage may increase financial risk. Dividend policy moderates the effect of liquidity on firm value but does not moderate the effects of profitability and leverage on firm value. This suggests that dividend decisions can strengthen investor perceptions when liquidity is high, yet may not be influential when profitability or leverage factors dominate managerial considerations.

Keywords: Dividend Policy, Firm Value, Leverage, Liquidity, Profitability

INTRODUCTION

In today's modern business environment, competition is becoming increasingly intense in line with economic improvements. Every industry strives to achieve short-term objectives such as maximizing profits and long-term goals such as enhancing firm value through optimal stock prices. To accomplish these goals, businesses must formulate effective and efficient strategies to increase firm value. Rapid technological developments have also driven business growth and encouraged more companies to utilize the capital market as a means of obtaining funding. The capital market has become an important instrument for companies to raise capital and for investors to invest in order to gain returns. Firm value is a crucial indicator analyzed by investors before making investment decisions, even though evaluating company performance often faces challenges such as intangible assets and future uncertainties.

The performance of Indonesia's manufacturing sector in the first half of 2024 showed a slowdown, marked by a three-consecutive-month decline in the Purchasing Managers' Index (PMI) to 50.7 in June 2024. This condition impacted the industrial and consumer goods sector indices, with the industrial sector recording a performance of -15.08% and the primary and non-primary consumer goods sectors -4.43% and -12.68%, respectively. One affected subsector was the automotive industry, where PT Astra International Tbk (ASII) posted a 2% decrease in net revenue to IDR 81.2 trillion and a 14% drop in net profit in the first quarter of 2024. The heavy equipment, mining, construction, and energy division also experienced a 15% decline in net profit due to reduced contributions from the mining and construction machinery businesses. A similar situation occurred in the textile and garment subsector, such as PT Argo Pantas Tbk (ARGO), which saw a 36.4% decrease in net profit as of September 2024.

Firm value reflects the price to be paid to acquire or take over a company and is closely related to stock price. The higher the stock price, the higher the firm value; thus, companies need to improve their financial indicators to enhance firm value. Based on Signaling Theory, movements in firm value provide investors with signals regarding management's success in running the company. Therefore, financial performance becomes one of the key indicators reflecting a company's health.

Financial ratios such as liquidity, profitability, and leverage are important parameters in assessing a company's financial performance. Liquidity shows the company's ability to meet its short-term obligations, profitability reflects its ability to generate profit from its assets, and leverage measures the extent to which the company uses debt to finance its assets. These three indicators affect firm value and are of interest to investors before making investment decisions.

Furthermore, dividend policy plays an important role in influencing investor perceptions. A consistent dividend policy can send a positive signal regarding a company's future prospects. Investors tend to favor companies capable of distributing dividends steadily, as these are considered to have healthy cash flows and promising business prospects. Therefore, dividend policy is often considered a factor that can moderate the relationship between liquidity, profitability, leverage, and firm value.

Research Objectives

Based on the problem formulation above, the objectives of this study are as follows:

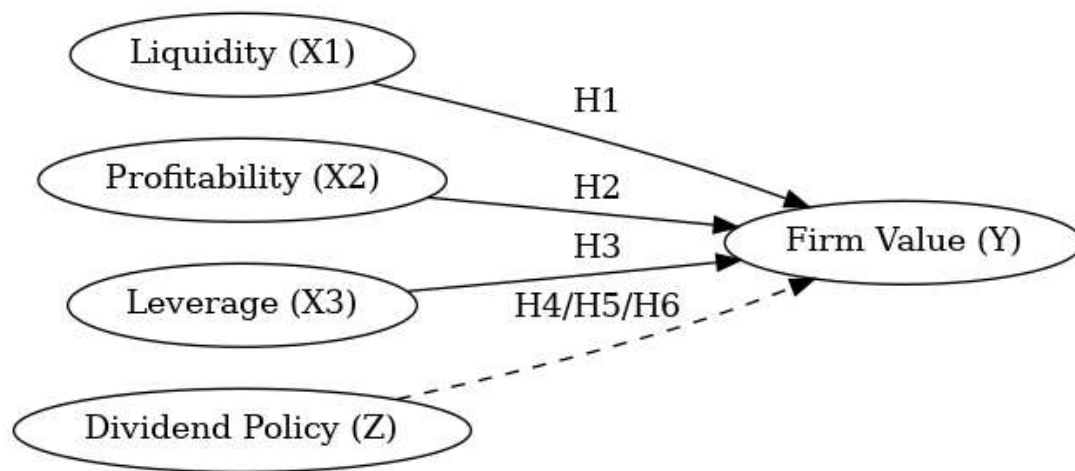
1. To analyze the effect of Liquidity on Firm Value.
2. To analyze the effect of Profitability on Firm Value.
3. To analyze the effect of Leverage on Firm Value.

4. To analyze the extent to which Dividend Policy moderates the effect of Liquidity on Firm Value.
5. To analyze the extent to which Dividend Policy moderates the effect of Profitability on Firm Value.
6. To analyze the extent to which Dividend Policy moderates the effect of Leverage on Firm Value.

Conceptual Framework

The conceptual framework of this study illustrates the relationship between the independent variables, the moderating variable, and the dependent variable. The independent variables consist of Liquidity (X1), Profitability (X2), and Leverage (X3). The moderating variable is Dividend Policy (Z), while the dependent variable is Firm Value (Y).

Figure 1. Conceptual Framework of the Research



Hypotheses

1. H1: The Effect of Liquidity on Firm Value
Liquidity plays an important role in demonstrating a company's ability to meet its short-term obligations. High liquidity can increase investor confidence and positively affect firm value.
2. H2: The Effect of Profitability on Firm Value
Profitability reflects a company's ability to generate profits from its assets. The higher the profitability, the better the company's performance, thus increasing its firm value in the eyes of investors.
3. H3: The Effect of Leverage on Firm Value
Leverage measures the extent to which a company uses borrowed funds in its capital structure. Optimal leverage can enhance firm value, whereas excessive leverage can increase financial risk.
4. H4: The Moderating Role of Dividend Policy in the Relationship between Liquidity and Firm Value
Dividend policy provides a signal to investors regarding a company's performance and prospects. Consistent dividends can strengthen the effect of liquidity on firm value by indicating the company's ability to manage cash flows.

5. H5: The Moderating Role of Dividend Policy in the Relationship between Profitability and Firm Value

High profitability accompanied by dividend distribution sends a positive signal to investors, thereby potentially strengthening the relationship between profitability and firm value.

6. H6: The Moderating Role of Dividend Policy in the Relationship between Leverage and Firm Value

An appropriate dividend policy can balance the effect of leverage on firm value. Investors will assess whether a company is able to continue paying dividends despite its level of debt, which in turn influences perceptions of firm value.

RESEARCH METHOD

This study employs a quantitative method with a causal approach to examine the effects of Liquidity, Profitability, and Leverage on Firm Value, with Dividend Policy as the moderating variable. The data used are secondary data obtained from the financial statements and annual reports of manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2020–2024 period, which are statistically analyzed to test the research hypotheses.

Sample

According to Sugiyono (2022, p.33), a population is a generalization area consisting of objects or subjects that have certain qualities and characteristics determined by the researcher to be studied. The population of this study comprises 87 manufacturing companies listed and actively traded on the Indonesia Stock Exchange (IDX) during the 2020–2024 period.

The sample was selected using a purposive sampling technique with the following inclusion criteria:

1. Manufacturing companies listed and actively traded on the Indonesia Stock Exchange.
2. Issued annual reports for each year from 2020 to 2024.
3. Possess complete data required for this study (Liquidity, Profitability, Leverage, Firm Value, and Dividend Policy variables).
4. Reported profits according to their annual financial statements.
5. The company’s shares were still traded normally (not delisted and not suspended during the period).
6. Paid cash dividends during the 2020–2024 period.

Data Collection

This study uses a documentation method by collecting secondary data from the annual financial reports of manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the period 2020–2024. The data obtained includes liquidity, profitability, leverage, dividend policy, and firm value indicators. In addition, library research was conducted through supporting literature such as journals, books, and previous studies related to the research variables.

Table 1. Data Collection

NO	CRITERIA	DATA
1	Manufacturing companies listed in the Miscellaneous Industry subsector, with the criterion that the companies are still actively listed on the Indonesia Stock Exchange (IDX).	87

2	Excluding manufacturing companies whose shares have been delisted, as well as those that are bankrupt or undergoing suspension of debt payment obligations (PKPU).	-8
3	Excluding companies that did not pay cash dividends during the 2020–2024 period.	-55
4	Excluding companies that experienced losses.	-2
	The number of samples selected as the research objects	22
	The total sample data over the 5-year observation period (22 companies × 5 years)	110

The company name refers to the official and legal identity of a business entity that has been registered according to applicable regulations. In the context of this research, the company name is used to identify manufacturing companies listed on the Indonesia Stock Exchange (IDX) that meet the sampling criteria during the 2020–2024 period. Each company name provides information related to its operational activities, financial performance, and corporate governance, which are required as a basis for data collection and analysis. The company name also acts as a distinguishing label to differentiate one business entity from another within the scope of the research sample.

Table 2. Data Company

No.	Company Name
1	Trisula International Tbk (TRIS)
2	Uni-Charm Indonesia Tbk (UCID)
3	Supreme Cable Manufacturing and Commerce Tbk (SCCO)
4	KMI Wire And Cable Tbk (KBLI)
5	Astra International Tbk (ASII)
6	Garuda Metalindo Tbk (BOLT)
7	Indo Kordsa Tbk (BRAM)
8	Indomobil Sukses Internasional Tbk (IMAS)
9	Indospring Tbk (INDS)
10	Selamat Sempurna Tbk (SMSM)
11	Wilmar Cahaya Indonesia Tbk (CEKA)
12	Indofood CBP Sukses Makmur Tbk (ICBP)
13	Delta Djakarta Tbk (DLTA)
14	Indofood Sukses Makmur Tbk (INDF)
15	Multi Bintang Indonesia Tbk (MLBI)
16	Mayora Indah Tbk (MYOR)
17	Nippon Indosari Corpindo Tbk (ROTI)
18	Sekar Bumi Tbk (SKBM)
19	Darya Varia Laboratoria Tbk (DVLA)
20	Kalbe Farma Tbk (KLBF)
21	Merck Indonesia Tbk (MERK)
22	Industri Jamu & Farmasi Sido Muncul Tbk (SIDO)

Data Analysis Technique

The data in this study were analyzed using IBM SPSS with several testing stages. First, data validity was tested using Pearson correlation, and reliability was assessed using Cronbach’s Alpha to ensure instrument consistency. Next, normality was examined through graphical analysis and the Kolmogorov–Smirnov test to assess data distribution. Multicollinearity was evaluated using Tolerance and Variance Inflation Factor (VIF) values, while heteroscedasticity was tested using the White Test to ensure no unequal variance of residuals.

The main analysis employed Moderated Regression Analysis (MRA), or multiple linear regression with interaction variables, to examine the effects of Liquidity, Profitability, and Leverage on Firm Value with Dividend Policy as a moderating variable. Hypothesis testing was conducted using the t-test at a 5% significance level ($\alpha = 0.05$), and the coefficient of determination (R^2) was used to measure the model’s ability to explain variations in the dependent variable.

Operational Definitions Of Variables

Research variables are attributes, characteristics, or values of the research objects selected by the researcher to be studied and drawn conclusions from. According to Sugiyono (2022), research variables describe the relationship between one variable and another. This study uses three types of variables:

- Independent Variables (X): Liquidity, Profitability, and Leverage, which affect changes in the dependent variable.
- Dependent Variable (Y): Firm Value, which is influenced by the independent variables.
- Moderating Variable (Z): Dividend Policy, which strengthens or weakens the relationship between the independent and dependent variables.

The following table presents the operationalization of the research variables:

Table 3. Table of Variables, Indicators, Measurement Scales, and Sources

NO	Variabel	Indikator	Skala	Sumber
1	Likuiditas	$Current\ Ratio = \frac{Current\ Assets}{Current\ Liabilities}$	Rasio	(Anza, 2020)
2	Profitabilitas	$ROA = \frac{Laba\ Bersih\ Setelah\ Pajak}{Total\ Aset} \times 100\%$	Rasio	(Diana, 2019)
3	Leverage	$DAR = \frac{Total\ Utang}{Total\ Aktiva}$	Rasio	(Sjahrial, 2021)
4	Nilai Perusahaan	$r_t = \frac{(B_t + E(X_{t+1}) - P_t)}{P_t}$	Rasio	(Suhendra et al., 2022)
5	Kebijakan Dividen	$DPR = \frac{Dividen}{Laba\ dimiliki\ bagi\ pemegang\ saham}$	Rasio	(Bahrika, 2022)

RESULTS

Table 4. Results of Descriptive Analysis Calculations

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
X1 - Likuiditas - Current Ratio (CR)	110	,715	11,762	3,31419	2,221794
X2 - Profitabilitas - Return On Assets (ROA)	110	,001	,332	,10482	,080810
X3 - Leverage - Debt to Asset Ratio (DAR)	110	,058	,763	,32943	,168568

Y - Nilai Perusahaan - ohlson	110	-,887	3,559	,22867	,943898
Z - Kebijakan Dividen - Deviden Payout Ratio (DPR)	110	,005	,964	,16466	,214937
Valid N (listwise)	110				

Source: SPSS version 25

The results of this study indicate that, descriptively, the average liquidity (Current Ratio, CR) of manufacturing companies during the 2020–2024 period was 3.314, reflecting a fairly good ability of companies to meet their short-term obligations. The average profitability (Return on Assets, ROA) was 0.105, indicating relatively low efficiency in asset utilization, while the average leverage (Debt-to-Asset Ratio, DAR) was 0.329, showing a moderate level of debt financing. Firm value (Ohlson) varied with an average of 0.229, and dividend policy (Dividend Payout Ratio, DPR) had an average of 0.165.

Table 5. Results of the Coefficient of Determination Test

Model Summary

Model	R	R Square	Adjusted Square	RStd. Error of the Estimate
1	,625 ^a	,390	,373	,747426

a. Predictors: (Constant), X3 - Leverage - Debt to Asset Ratio (DAR), X2 - Profitabilitas - Return On Assets (ROA), X1 - Likuiditas - Current Ratio (CR)

Source: SPSS version 25

Classical assumption tests indicated that the data met normality requirements, and no multicollinearity or heteroscedasticity was detected. Hypothesis testing results revealed that liquidity and leverage had a significant positive effect on firm value, whereas profitability had a significant negative effect. Dividend policy only acted as a moderator in the relationship between liquidity and firm value, with a negative direction, but did not moderate the effects of profitability and leverage. The coefficient of determination (R^2) was 0.390, indicating that 39% of the variation in firm value was explained by this research model.

The results reflect calculations produced by the tools or applications used, including the outcomes of each test up to the hypothesis testing.

Table 6. Results of Partial t-Test (Coefficients Test)

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-,458	,373		-1,227	,223
	X1 - Likuiditas - Current Ratio (CR)	,203	,050	,479	4,070	,000
	X2 - Profitabilitas - Return On Assets (ROA)	-6,670	,900	-,571	-7,414	,000

X3 - Leverage - Debt to Asset Ratio (DAR)	2,161	,655	,386	3,300	,001
---	-------	------	------	-------	------

a. Dependent Variable: Y - Nilai Perusahaan - ohlson

Source: SPSS version 25

The results of the partial t-test show that liquidity (CR) has a positive and significant effect on firm value, as indicated by a regression coefficient of 0.203 with a t-value of 4.070 and a significance level of 0.000, suggesting that firms with higher liquidity are better perceived by investors. Profitability (ROA) exerts a negative and significant effect on firm value, with a coefficient of -6.670 , a t-value of -7.414 , and a significance level of 0.000, indicating that higher profitability may reduce firm value if earnings are not distributed or utilized effectively. Meanwhile, leverage (DAR) has a positive and significant impact on firm value, supported by a coefficient of 2.161, a t-value of 3.300, and a significance level of 0.001, confirming that appropriate use of debt can enhance value. Overall, these findings show that liquidity and leverage contribute positively to firm value, whereas profitability shows a significant negative influence.

Discussion

The findings indicate that higher liquidity and appropriate utilization of leverage increase firm value because investors perceive the company as capable of meeting its obligations and optimizing funding sources. Conversely, high profitability appears to reduce firm value, which can be interpreted as a negative signal if profits are not distributed as dividends, thereby decreasing investor interest.

The negative moderating effect of dividend policy on the relationship between liquidity and firm value suggests that high liquidity does not always enhance firm value if the dividend distribution policy does not meet market expectations. The absence of a moderating effect on profitability and leverage reinforces the view that investors evaluate these two variables directly, without being influenced by dividend policy. These results are consistent with the trade-off theory regarding leverage, while providing new insights into the relationship between profitability and firm value in manufacturing companies in Indonesia.

CONCLUSION

Based on the results of this study on the effects of liquidity, profitability, and leverage on firm value with dividend policy as a moderating variable in manufacturing companies listed on the Indonesia Stock Exchange during the 2020–2024 period, it can be concluded that liquidity, proxied by the Current Ratio (CR), has a positive and significant effect on firm value, indicating that a company's ability to meet short-term obligations improves investors' perception of its value. Profitability, proxied by Return on Assets (ROA), has a negative and significant effect, suggesting that high profits do not necessarily increase firm value if not accompanied by a dividend policy that meets market expectations. Leverage, proxied by the Debt-to-Asset Ratio (DAR), has a positive and significant effect, meaning that moderate debt financing can enhance firm value. Furthermore, dividend policy (DPR) has been shown to moderate the relationship between liquidity and firm value, but it does not moderate the relationship between profitability or leverage and firm value.

REFERENSI

- Alam, M. F. (2022). Pengaruh Likuiditas, Leverage Dan Koneksi Politik Terhadap Nilai Perusahaan (Studi Empiris Pada Perusahaan Sektor Pertambangan yang Terdaftar Di BEI Periode 2017–2021). *Doctoral Dissertation, 2019*, 15–37.
- Alchian, A., & Demsetz, H. (2012). Production, information costs, and economic organization. *The Economic Nature of the Firm: A Reader, Third Edition*, 173–196. <https://doi.org/10.1017/CBO9780511817410.015>
- Anggraeni, M. D. P. (2020). Pengaruh Profitabilitas, Likuiditas, dan Leverage Terhadap Nilai Perusahaan Dengan Kebijakan Dividen Sebagai Variabel Moderasi (Studi pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia Tahun 2016-2018). *Universitas Islam Negeri Maulana Malik Ibrahim*, 2013–2015.
- Anggraeni, M. D. P., & Sulhan, M. (2020). Anggraeni dan Sulhan (2020). *Pengaruh Profitabilitas, Likuiditas Dan Leverage Terhadap Nilai Perusahaan Dengan Kebijakan Dividen Sebagai Variabel Moderasi*, 4(2).
- Anza, A. U. (2020). Pengaruh Likuiditas, Leverage, Profitabilitas dan Ukuran Perusahaan terhadap Financial Distress pada Perusahaan Manufaktur yang Terdaftar Di BEI tahun 2016-2018. *Jurusan Akuntansi Fakultas Ekonomi Universitas Negeri Semarang*, 17–40.
- Bahrika, M. (2022). *Pengaruh Kebijakan Dividen, Keputusan Investasi, Dan Struktur Kepemilikan Terhadap Nilai Perusahaan Dengan Profitabilitas Sebagai Variabel Moderasi (Penelitian Empiris pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia Tahun 2016-2020)*. 10–35.
- Bawamenewi, K., & Afriyeni, A. (2019). Pengaruh Profitabilitas, Leverage, Dan Likuiditas Terhadap Kebijakan Dividen Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia. *Jurnal Pundi*, 3(1), 27–40. <https://doi.org/10.31575/jp.v3i1.141>
- Diana, R. (2019). *Pengertian Nilai Perusahaan*. 12–26. <http://www.psychologymania.com/2013/08/pengertian-nilai-perusahaan.html>
- Hermuningsih, S., Kusuma, H., Erawati, T., & Rahmawati, A. D. (2022). Fundamental aspects of leverage, profitability and financial distress as mediating variables that influence firm value. *Jurnal Akuntansi & Auditing Indonesia*, 26(2), 130–144. <https://doi.org/10.20885/jaai.vol26.iss2.art3>
- Hilmi, R. Z., Hurriyati, R., & Lisnawati. (2019). *Analisis Penggunaan Metode Ohlson Dalam Memprediksi Financial Distress (Studi Pada Perusahaan Manufaktur Sektor Industri Semen Yang Terdaftar Di Bursa Efek Indonesia)*. 3(2), 91–102.
- Khoiroh, I. U., Puspitasari, I., & Utomo, A. S. (2024). Pengaruh Kinerja Keuangan Terhadap Nilai Perusahaan Dengan Kebijakan Dividen Sebagai Variabel Moderasi (Studi Pada Saham Indeks LQ45 Periode 2018-2022). *Jurnal Akuntansi Bisnis*, 22(2), 274–286. <https://doi.org/10.24167/jab.v22i2.12417>
- Meiryani, Huang, S. M., Soepriyanto, G., Jessica, Fahlevi, M., Grabowska, S., & Aljuaid, M. (2023). The effect of voluntary disclosure on financial performance: Empirical study on manufacturing industry in Indonesia. *PLoS ONE*, 18(6 June), 1–27. <https://doi.org/10.1371/journal.pone.0285720>
- Rahmasari, D. R., Suryani, E., & Oktaryani, S. (2019). Pengaruh Leverage Dan Likuiditas

- Terhadap Nilai Perusahaan Dengan Kebijakan Dividen Sebagai Variabel Intervening. *Jurnal Sosial Ekonomi Dan Humaniora*, 5(1), 66–83. <https://doi.org/10.29303/jseh.v5i1.34>
- Sjahrial. (2021). *Rasio Pertumbuhan*. 18–34.
- Sugiyono. (2022). Metodologi Penelitian. *Jurnal Metodologi Penelitian*, 1–20. [http://repositori.unsil.ac.id/10374/13/13.BAB III.pdf](http://repositori.unsil.ac.id/10374/13/13.BAB%20III.pdf)
- Suhendra, S., Murwaningsari, E., & Mayangsari, S. (2022). derivative on the value relevance through tax avoidance and earnings control. *Linguistics and Culture Review*, 6, 510–529. <https://doi.org/10.21744/lingcure.v6nS1.2085>