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PENGARUH KEBIJAKAN DIVIDEN DAN KEBIJAKAN HUTANG TERHADAP NILAI PERUSAHAAN DENGAN PROFITABILITAS SEBAGAI VARIABEL INTERVENING PADA SEKTOR INDUSTRI

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ABSTRAK

Penelitian ini bertujuan untuk mengetahui pengaruh kebijakan dividen dan kebijakan hutang terhadap nilai perusahaan dengan profitabilitas sebagai variabel intervening pada sektor industri. Populasi yang digunakan dalam penelitian ini sektor industri yang terdaftar di BEI sebanyak 43 perusahaan. Pemilihan sampel data dilakukan dengan menggunakan metode purposive sampling sehingga diperoleh sebanyak 34 perusahaan. Teknik analisis data yang digunakan analisis kuantitatif dengan menggunakan Structural Equation Modeling (SEM) PLS. Hasil penelitian menginformasikan bahwa kebijakan dividen dan kebijakan hutang berpengaruh tidak signifikan terhadap profitabilitas, kebijakan dividen dan kebijakan hutang secara langsung berpengaruh positif dan signifikan terhadap nilai perusahaan, profitabilitas berpengaruh tidak signifikan terhadap nilai perusahaan, sedangkan secara tidak langsung kebijakan dividen dan kebijakan hutang yang dimediasi profitabilitas berpengaruh tidak signifikan terhadap nilai perusahaan.

Kata Kunci*: Kebijakan Dividen; Kebijakan Hutang; Profitabilitas; Nilai Perusahaan; Sektor Industri*

IMPACT ON DIVIDEND POLICY AND DEBT POLICY ON COMPANY VALUE WITH PROFITABILITY AS AN INTERVENING VARIABLE IN THE INDUSTRIAL SECTOR

ABSTRACT

This research aims to determine impact on dividend policy and debt policy on company value with profitability as an intervening variable in the industrial sector. The population used in this research is the industrial sector listed on the IDX with totaling 43 companies. The selection of data samples was carried out using the purposive sampling method so that 34 companies were obtained. The data analysis technique used is quantitative analysis using Structural Equation Modeling (SEM) PLS. Research results inform that dividend policy and debt policy do not have a significant impact on profitability, dividend policy and debt policy directly have a positive and significant impact on company value, profitability does not have a significant impact on company value, while indirectly dividend policy and debt policy mediated by profitability do not have a significant impact on company value.

Keywords: Dividend Policy; Debt Policy; Profitability; Firm Value; Industrial Sector e-ISSN 2527-8215

INTRODUCTION

Increasingly fierce competition in the industry has driven every company to strive to improve its performance in order to achieve its goals. As economic entities, companies generally have both short-term and long-term goals. The short-term goal is to optimize profits by utilizing existing resources, while the long-term goal is to maximize shareholder prosperity and optimize company value. Many companies listed on the Indonesia Stock Exchange (IDX) operate in the industrial sector. According to a report from the IDX, the industrial sector's trade value rose by 13.91%, reaching Rp 24.80 trillion from Rp 21.77 trillion in the previous quarter. Meanwhile, the industrial sector's trade volume in the second quarter reached 34.97 billion shares.

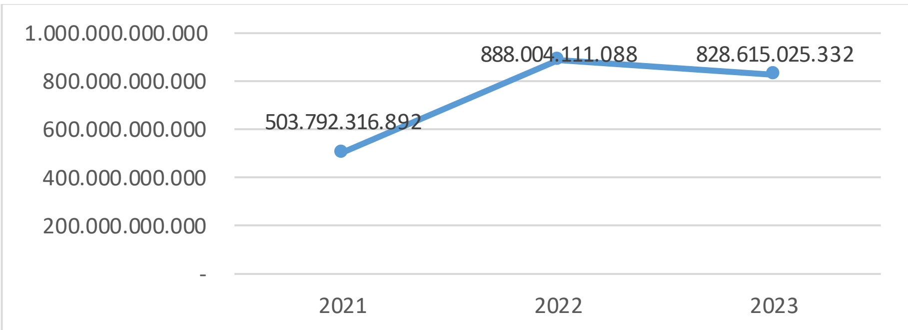
A company with optimal company value indicates strong management performance, thereby attracting more investors to trade its shares. A high company value also increases creditors' confidence in providing loans. The following illustrates the movement of industrial sector stocks during the 2021–2023 periods.

Source : JKINDUST (Investasi. Com), 2025

Picture 1. Industrial Sector Index

Figure 1 shows that industrial sector stocks tended to fluctuate during the observed periods. By mid-August 2022, stock prices reached their highest point but then declined by nearly 18% in the subsequent period. This condition indicates a decline in industrial sector stock performance, which has had an impact on company value.

One factor influencing company value is profitability. Profitability reflects the level of profit a company earns over a specific period. High profitability indicates good company performance, which in turn enhances company value. In this research, profitability is measured using the return on equity (ROE) ratio, which reflects a company's ability to generate profits relative to its invested capital. The following illustrates the movement of profits in the industrial sector during the 2021–2023 periods.



Source : Indonesia Stock Exchange, 2025

Picture 2. Industrial Sector Profit Movement

Figure 2 shows the movement of industrial sector profits, with a 72% increase from 2021 to 2022, followed by an 8.3% decline in the subsequent period. This condition indicates that the industrial sector has not been able to achieve optimal profits to consistently support company performance.

Increased profitability can generally affect company value. Studies by Hilmi & Lasmanah (2023), Sumanti & Mangantar (2015), Sucipto & Sudiyanto (2018), and Wulandari et al. (2022) state that profitability influences company value. This finding suggests that higher profits indicate greater returns on investor capital, thereby encouraging investors to invest in the company. However, this result differs from studies by Suryanti et al. (2021), Apriliyani et al. (2019), Sinaga & Mustafa (2019), which found that profitability does not influence company value.

Therefore, this research aims to analyze the influence of dividend policy and debt policy on company value, with profitability serving as an intervening variable in the industrial sector.

LITERATURE REVIEW

Signaling Theory

Signaling theory according to Brigham & Houston (2013), refers to actions taken by a company's management to provide investors with information regarding how management assesses the company's future prospects. Signaling theory explains why companies emphasize the importance of information released to external parties for investment decision-making.

Thus, the signals conveyed by managers serve as benchmarks for investors when making investment decisions. Companies send positive signals to investors by presenting strong financial reports and stable profits, thereby encouraging investors to invest in the company. Stable profits serve as a benchmark for investors to assess a company's quality in managing the capital received. A company with high quality provides positive signals that support investors' investment decisions.

Company Values

Company value reflects the price investors are willing to pay if the company is sold (Husnan, 2015). Stock prices and company value represent investors' collective assessment of a company's performance. Therefore, an increase in stock prices sends a positive signal from investors to managers (Brealey et al., 2017). According to Brigham & Houston (2013), high company value is desired by company owners because it indicates increased shareholder prosperity. Shareholder and company wealth is reflected in the market price of shares, which represents investment decisions, dividend policies, and financing decisions.

Dividend Policy

According to Hasan et al. (2022), dividends reflect the distribution of profits to investors based on the number of shares held. Most dividends are distributed within a fixed period; however, in some cases, special or additional dividends are distributed outside the specified distribution period.

Dividend distribution aims to reward shareholders for their stock ownership. Every investor's primary objective is to improve well-being by investing in a company and expecting returns in the form of dividends. Dividends are closely related to decisions regarding whether company profits will be distributed to shareholders or retained as retained earnings to finance future investments. Dividend policy can influence company performance.

Studies by Silitonga & Hasyim (2022) and Fitriani & Hasyim (2024) state that dividend policy has a positive and significant influence on profitability. However, the study by Yanti & Setiawati (2022) found that dividend policy has no influence on profitability.

Hypothesis 1: Dividend Policy Has Positive Influence on Profitability

According to signaling theory, an increase in dividends leads to a rise in share prices, which subsequently increases company value. This condition sends a positive signal to the public, particularly potential investors, to invest in companies with high profitability and large size. This finding is consistent with studies by Hilmi & Lasmanah (2023), Sucipto & Sudiyanto (2018), and Setyani (2018), which state that dividend policy has an influence on company value. However, this differs from studies by Sumanti & Mangantar (2015), Pakekong et al. (2019), Apriliyani et al. (2019) and Sinaga & Mustafa (2019), which found that dividend policy does not influence company value.

Hypothesis 3: Dividend Policy Has Positive Influence on Company Value

Debt Policy

According to Sudana (2016), the use of debt in company investment spending can influence a company's ability to generate returns on the capital used. Hanafi (2017) explains that debt policy includes a company's external funding policy. The determination of debt policy is closely related to capital structure, as debt is a component of the capital structure. A company is considered risky if it has a large proportion of debt in its capital structure. Conversely, if a company uses little or no debt, it may be perceived as being unable to utilize additional external capital that could improve its operations.

The greater the proportion of debt compared to equity, the more negative the signal conveyed to investors, as it indicates that the company may experience difficulties in generating profits and may face high operational costs. A study by Andara & Wahidahwati (2021) found that debt policy has a positive and significant influence on profitability. However, the study by Melinia & Priyadi (2021) found that debt policy has a negative and significant influence on profitability. Meanwhile, the study by Suryanti et al. (2021) found that debt policy does not influence profitability.

Hypothesis 2: Debt Policy Has a Positive Influence on Profitability

If a company manages its debt effectively, company value will increase. However, if the debt ratio becomes excessive, company value will decrease. Therefore, management must be cautious in determining debt policy in order to increase company value.

Studies by Suryanti et al. (2021), Apriliyani et al. (2019), and Septariani (2017) state that debt policy has an influence on company value. This finding suggests that lower debt levels can increase company value, as reduced obligations to creditors lead to higher profits and a corresponding increase in share prices. However, this result is not consistent with studies by Hilmi & Lasmanah (2023), Sumanti & Mangantar (2015), Sucipto & Sudiyanto (2018), Pakekong et al. (2019), Ramadhan et al. (2018), and Wulandari et al. (2022), which state that debt policy does not influence company value.

Hypothesis 4: Debt Policy Has Positive Influence on Company Value

Profitability

According to Hayat et al. (2021), profitability refers to the profit achieved by a company over a specific period. Profitability analysis aims to measure a company's ability to generate profits in relation to sales, assets, and equity.

Profitability is measured using the return on equity (ROE) ratio. This ratio indicates a company's ability to generate returns on investment based on shareholders' equity. A higher ROE reflects a stronger position for company owners and can drive an increase in company value. Studies by Wijaya et al. (2021), Hilmi & Lasmanah (2023), Sumanti & Mangantar (2015), Sucipto & Sudiyanto (2018), Sucuahi & Cambarihan (2016) and Wulandari et al. (2022) state that profitability has an influence on company value. However, this differs from studies by Suryanti et al. (2021), Apriliyani et al. (2019), and Sinaga & Mustafa (2019), which state that profitability does not influence company value.

Hypothesis 5: Profitability Has Positive Influence on Company Value

An increase in dividends represents a positive signal indicating favorable company prospects, which subsequently influences stock prices. Conversely, a decrease in dividends or the absence of dividend distribution signals poor company performance, leading to a decline in stock prices. Therefore, dividends distributed by a company reflect its profitability and influence its company value.

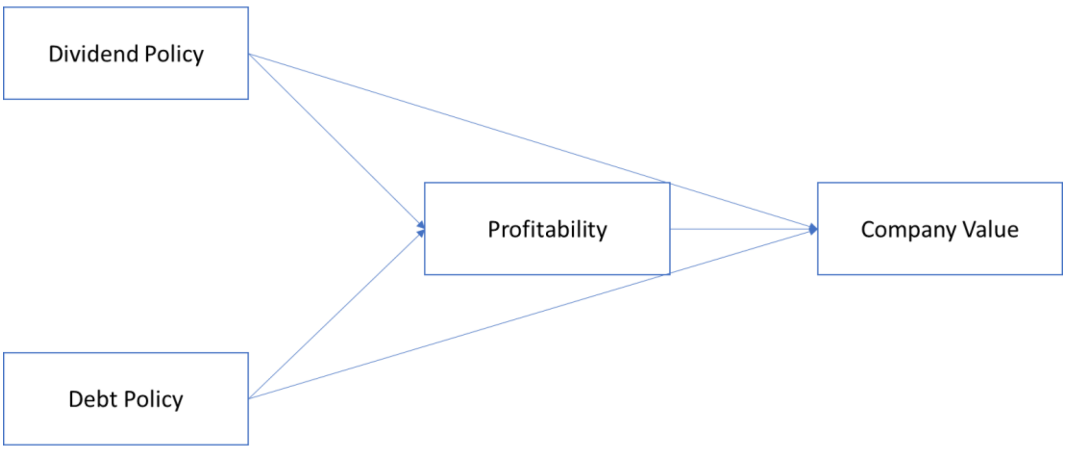
A study by Fitriani & Hasyim (2024) found that dividend policy influences company value through profitability as a mediating variable. However, the study by Yanti & Setiawati (2022) found that profitability is unable mediate the influence of dividend policy on company value.

Hypothesis 6: Dividend Policy Has Positive Influence on Company Value when Mediated by Profitability

According to Brigham & Houston (2013), debt financing has three important implications. First, obtaining funds through debt allows shareholders to maintain control over the company with limited investment. Second, creditors rely on equity as a margin of safety; therefore, when shareholders provide only a small portion of total financing, the company's risk is largely borne by creditors. Third, if a company earns a higher return on investments financed with borrowed funds than the interest payments incurred, the return on shareholders' capital will increase. Consequently, if a company's debt policy is determined appropriately, it will influence profitability and company value.

Studies by Suryanti et al. (2021) and Andara & Wahidahwati (2021) state that debt policy has an influence on company value when mediated by profitability. However, the study by Melinia & Priyadi (2021) found that debt policy does not influence company value when mediated by profitability.

Hypothesis 7: Debt Policy Has Positive Influence on Company Value when Mediated by Profitability



Picture 3. Research Model

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RESEARCH METHODS

Population and Sample

The research population consisted of 67 industrial sector companies listed on the Indonesia Stock Exchange (IDX). The sample selection method used purposive sampling with the following criteria: 1) companies registered in the industrial sector before 2019; 2) companies that did not experience delisting during the observation periods; 3) companies that did not experience suspension during the observation periods; and 4) companies that did not have negative equity.

Based on these criteria, the research sample consisted of 34 companies with a total of 102 observations.

Operational Variable

Table 1. Operational Variable

Variable	Formula	Source	Scale
Dividend Policy (X1)	$Dividend\ Payout\ Ratio = \frac{Dividend}{Net\ Income}$	Ramadhan et al., (2018)	Ratio
Debt Policy (X2)	$Debt\ to\ Equity\ Ratio = \frac{Total\ Debt}{\text{Equity}}$	Kasmir, (2016)	Ratio
Profitability (Y1)	$\text{Return On Equity} = \frac{\text{EAT}}{\text{Equity}}$	Siswanto, (2019)	Ratio
Company Value (Y2)	$\text{PBV} = \frac{Market\ Price\ Share}{\text{Book Value}}$	Rodoni & Herni, (2016)	Ratio

Evaluation of the Measurement (Outer) Model

The evaluation of the measurement model in this research used a multicollinearity test by examining the variance inflation factor (VIF) value. If the VIF value is greater than 10, multicollinearity problems may occur in interpreting the path coefficients. Conversely, if the VIF value is less than 10, the study is considered free from multicollinearity issues (Ghozali, 2015).

Structural (Inner) Model Testing

The method used to evaluate the structural model was hypothesis testing. The structural model, or inner model, describes the causal relationships among latent variables constructed based on existing theory. Sekaran & Bougie (2016) state that one of the evaluations in the structural model is the R-square value of the endogenous construct. The R-square value represents the coefficient of determination of the endogenous construct.

RESEARCH RESULT

Descriptive Analysis

Table 2. Descriptive Analysis

No	Ratio	Period		
		2021	2022	2023
1	Company Value	2.309	2.082	1.602
2	Profitability	0.097	0.081	0.155
3	Dividend Policy	0.237	0.222	0.385
4	Debt Policy	1.158	1.257	1.066

Source : Excel, 2025

Based on Table 2, the values of the research variables tended to fluctuate, except for the price-to-book value variable, which experienced a decline during the 2021–2023 periods. The profitability variable experienced a decline in 2022 but increased again in 2023. Meanwhile, the debt policy variable increased in 2022 and declined in 2023.

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Multicollinearity Test

Table 3. Multicollinearity Test

No	*Exogenous Variabel*	*Endogenous Variabel*	VIF	Conclusion
1	Dividend Policy (X_1)	Company Value (Y_2)	1,039	No Multicollinearity
2	Debt Policy (X_2)	Company Value (Y_2)	1,016	No Multicollinearity
3	Profitability (Y_1)	Company Value (Y_2)	1,031	No Multicollinearity
4	Dividend Policy (X_1)	Profitability (Y_1)	1,013	No Multicollinearity
5	Debt Policy (X_2)	Profitability (Y_1)	1,013	No Multicollinearity

Source : Smart PLS, 2025

Based on Table 3, the VIF values of all research variables were less than 10. Therefore, it can be concluded that there were no symptoms of multicollinearity in the research.

R-Square Test

R^2 (*R Square*) which is used to measure the degree of variance in changes of exogenous variables on endogenous variables. The higher the R2 value, the better the prediction of the proposed research model.

Table 4. *R Square* Test

	R Square	R Square Adjusted
Company Value	0,315	0,294
Profitability	0,030	0,011

Source : Smart PLS, 2025

Based on Table 4, the dividend policy, debt policy, and profitability variables explained 0.294 or 29.4% of company value, while the remaining 70.6% was influenced by other factors outside the model. Dividend policy and debt policy explained 0.011 or 1.1% of profitability, while the remaining 98.9% was influenced by other factors.

Hypothesis Test

In order to address the research problem formulation and research objectives in this research, therefore, an analysis test of the data management results at the PLS full model stage was conducted by performing a significance test,

Table 5. Hypothesis Test

Hypothesis	Exogenous Variabel	Endogenous Variabel	Standardized Coefficient	Critical Ratio	Hipotesis	P-Value	Conclusion
Direct Effect							
H_1	Dividend Policy (X_1)	Profitability (Y_1)	0,160	0,853	+	0,394	Insignificant
H_2	Debt Policy (X_2)	Profitability (Y_1)	-0,054	0,672	+	0,502	Insignificant
H_3	Dividend Policy (X_1)	Company Value (Y_2)	0,222	2,112	+	0,035	Significant
H_4	Debt Policy (X_2)	Company Value (Y_2)	0,532	2,573	+	0,010	Significant
H_5	Profitability (Y_1)	Company Value (Y_2)	0,101	0,753	+	0,452	Insignificant
Hypothesis	**Exogenous Variabel**	**Endogenous Variabel**	**Mediator Variabel**	**Critical Ratio**	**Hipotesis**	**P-Value**	**Conclusion**
Indirect Effect							
H_6	Dividend Policy (X_1)	Company Value (Y_2)	Profitability (Y_1)	0,218		0,827	Insignificant
H_7	Debt Policy (X_2)	Company Value (Y_2)	Profitability (Y_1)	0,207		0,836	Insignificant

Source : PLS, 2025

DISCUSSION

Dividend Policy Influences Profitability

The results of hypothesis testing regarding the influence of dividend policy on profitability indicate that dividend policy does not have a positive and significant influence on profitability. This finding suggests that when industrial sector companies listed on the Indonesia Stock Exchange (IDX) implement a dividend policy, it does not influence the company's profitability. Therefore, it can be interpreted that dividend policy does not have a positive and significant influence on profitability, which does not support the hypothesis proposed in this research (H1 is rejected).

According to Hasan et al. (2022), dividends represent distributions to shareholders based on the number of shares held. Most dividends are distributed at fixed intervals; however, in some cases, special or additional dividends are distributed outside the specified distribution period. Dividends are distributed to shareholders provided that the company has generated sufficient profits and the board of directors considers it appropriate to declare dividends

Dividend policy is an important consideration for investors, as dividends represent a common concern for companies. Investors primarily aim to improve their well-being by expecting returns in the form of dividends, while companies seek sustainable growth to maintain viability and enhance shareholder prosperity. Dividend policy is closely related to decisions regarding whether company profits will be distributed to shareholders as dividends or retained as retained earnings to finance future investments. Dividend policy can influence a company's profitability.

The absence of influence found in this research may be attributed to the inability of dividend policy to influence a company's capacity to generate profits. In other words, whether a company distributes dividends in relatively small or large amounts does not influence its ability to generate profits.

This finding is consistent with the research by Yanti & Setiawati (2022), which found that dividend policy does not have an influence on profitability. However, this finding is not consistent with studies by Silitonga & Hasyim (2022) and Fitriani & Hasyim (2024), which found that dividend policy has a positive and significant influence on profitability.

Debt Policy Influences Profitability

The results of hypothesis testing regarding the influence of debt policy on profitability indicate that debt policy does not have a positive and significant influence on profitability. This finding suggests that when industrial sector companies listed on the Indonesia Stock Exchange (IDX) implement debt policy, it does not influence the company's profitability. Therefore, it can be interpreted that debt policy does not have a positive and significant influence on profitability, which does not support the hypothesis proposed in this research (H2 is rejected).

According to Hanafi (2017), debt policy includes a company's external funding policy. The determination of debt policy is closely related to capital structure, as debt is a component of the capital structure. A company is considered risky if it has a large proportion of debt in its capital structure. Conversely, if a company uses little or no debt, it may be perceived as being unable to utilize additional external capital that could improve its operations.

In line with trade-off theory, greater use of debt results in a higher financial burden. Therefore, an increase in debt is not always accompanied by increased profitability. Moreover, higher levels of debt increase the likelihood of company bankruptcy (Hanafi, 2017). Debt inherently creates liabilities for a company. Debt incurred by a company not only generates obligations but also requires repayment of the principal along with interest. Consequently, a higher proportion of debt relative to equity sends a negative signal to investors, as it indicates that the company may experience difficulties in generating profits and may face significant future liabilities. Therefore, improvements in debt policy are expected to improve company profitability.

The absence of influence found in this study may be attributed to the inability of debt policy to influence a company's capacity to generate profits. In other words, whether a company applies long-term or short-term debt policy does not influence its ability to generate profits.

This finding is consistent with the research by Suryanti et al. (2021), which found that debt policy does not have an influence on profitability. Meanwhile, the study by Andara & Wahidahwati (2021) found that debt policy has a positive and significant influence on profitability. In contrast, the study by Melinia & Priyadi (2021) found that debt policy has a negative and significant influence on profitability.

Dividend Policy Influences Company Value

The results of hypothesis testing regarding the influence of dividend policy on company value indicate that dividend policy has a positive and significant influence on company value. This finding suggests that when industrial sector companies listed on the Indonesia Stock Exchange (IDX) implement an effective dividend policy, it influences company value. Therefore, it can be interpreted that dividend policy has a positive and significant influence on company value, which supports the hypothesis proposed in this researchs (H3 is supported).

Dividend policy is one of the factors influencing company value. Dividend policy refers to a company's decision regarding whether profits will be distributed to shareholders as dividends or retained as retained earnings to finance future investments. Essentially, the proportion of profits distributed to shareholders is determined based on the number of shares held.

According to signaling theory, an increase in dividends leads to an increase in share prices, which subsequently raises company value. This condition sends a positive signal to the public, particularly potential investors, encouraging investment in companies with high profitability and large size. The positive influence found in this study indicates that an effective dividend policy tends to increase company value. In other words, greater dividend distribution reflects stronger company performance and higher company value.

This finding is consistent with studies by Hilmi & Lasmanah (2023), Sucipto & Sudiyanto (2018), and Setyani (2018) which state that dividend policy has an influence on company value. However, this finding is not consistent with studies by Sumanti & Mangantar (2015), Pakekong et al. (2019), Apriliyani et al. (2019), and Sinaga & Mustafa (2019) which state that dividend policy does not influence company value.

Debt Policy Influences Profitability

The results of hypothesis testing regarding the influence of debt policy on company value indicate that debt policy has a positive and significant influence on company value. This finding suggests that when industrial sector companies listed on the Indonesia Stock Exchange (IDX) implement an appropriate debt policy, it influences company value. Therefore, it can be interpreted that debt policy has a positive and significant influence on company value, which supports the hypothesis proposed in this sresearch (H4 is supported).

Debt policy refers to a company's financing policy based on external sources. This policy reflects the long-term debt held by a company to finance its operations. The determination of debt policy is closely related to the company's capital structure, as debt is one component in achieving an optimal capital structure.

Trade-off theory assumes that full debt utilization is difficult to achieve. In practice, the greater the level of debt, the greater the financial burden borne by the company. Importantly, higher levels of debt increase the likelihood of bankruptcy. The burdens arising from higher debt levels include bankruptcy costs, agency costs, and increased interest expenses Hanafi (2017). Bankruptcy costs can be substantial and may reach up to 20 percent of company value.

The positive influence identified in this study indicates that when a company's debt policy does not exceed its repayment capacity, it tends to increase company value in the eyes of investors. In other words, the more appropriate the debt policy and the stronger the company's repayment capacity, the greater the company's success.

This finding is consistent with studies by Suryanti et al. (2021), Apriliyani et al. (2019), and Septariani (2017), which state that debt policy has an influence on company value. This finding indicates that lower levels of debt are associated with higher company value. This condition occurs because reduced debt obligations lower repayment burdens to creditors, leading to increased profits and a corresponding rise in stock prices in the eyes of potential investors and the market. However, this finding is not consistent with studies by Hilmi & Lasmanah (2023), Sumanti & Mangantar (2015), Sucipto & Sudiyanto (2018), Pakekong et al. (2019), Ramadhan et al. (2018), and Wulandari et al. (2022), which state that debt policy does not influence company value.

Profitability Influences Company Value

The results of hypothesis testing regarding the influence of profitability on company value indicate that profitability does not have a positive and significant influence on company value. This finding suggests that when industrial sector companies listed on the Indonesia Stock Exchange (IDX) achieve higher profitability, it does not influence company value. Therefore, it can be interpreted that profitability does not have a positive and significant influence on company value, which does not support the hypothesis proposed in this research (H5 is rejected).

Profitability refers to the level of profit a company earns during its operating activities. The profit distributed to shareholders represents profit after interest and taxes. The higher the profit generated, the greater the company's ability to distribute dividends.

Profitability is measured using ratios that reflect the level of return investors receive on their investments. These ratios indicate a company's ability to generate returns based on shareholders' equity. A higher ratio indicates a stronger position for company owners, and vice versa. Profitability is closely related to company value, as profitability ratios reflect a company's ability to generate profits. The primary objective of business activities is to generate profits, which determine the dividends distributed to investors.

The absence of influence found in this study may be attributed to the fact that a company's ability to generate profits does not influence investors' perceptions of company success. In other words, even when a company demonstrates strong profit-generating capability, it may not influence investors' perceptions of company value.

This finding is consistent with studies by Suryanti et al. (2021), Apriliyani et al. (2019), and Sinaga & Mustafa (2019), which state that profitability does not have an influence on company value. However, this finding is not consistent with studies by Wijaya et al. (2021), Hilmi & Lasmanah (2023), Sumanti & Mangantar (2015), Sucipto & Sudiyanto (2018), and Wulandari et al. (2022) which state that profitability has an influence on company value. These studies suggest that higher profits indicate greater returns on investor capital, thereby attracting more investors to invest in the company. Increased investment demand subsequently leads to higher share prices.

Dividend Policy Influences Company Value Mediated by Profitability

The results of hypothesis testing regarding the influence of dividend policy on company value mediated by profitability indicate that dividend policy does not influence company value when mediated profitability. This finding suggests that profitability is unable to mediate the influence of dividend policy on company value. Therefore, higher profitability among industrial sector companies listed on the Indonesia Stock Exchange (IDX) does not influence the relationship between dividend policy and company value; which does not support the hypothesis proposed in this sresearch (H6 is rejected).

A dividend is a cash or additional payment to shareholders that represents a portion of a company's profits. The purpose of dividend distribution is to provide compensation to shareholders for their ownership of company shares. Dividends reflect the company's decision to distribute part of its profits to investors who have entrusted their capital to the company. This concept represents an important aspect of the relationship between a company and its shareholders, as it signals management's policy regarding profit distribution.

A company that previously did not distribute dividends and subsequently changes its dividend policy to distribute dividends is generally evaluated positively by investors and potential investors. This change indicates increased attention to shareholder welfare, as companies that distribute dividends are often perceived as having sound financial conditions. Consistent with agency theory, this situation also signals that management performance aligns with the interests of company owners or shareholders.

An increase in dividend distribution serves as a positive signal indicating favorable company prospects, which may positively influence share prices. Conversely, a decrease in dividends or the absence of dividend distribution signals weaker company performance, which may lead to a decline in share prices. Therefore, higher dividend distribution reflects better company profitability, which is expected to influence company value.

This finding is consistent with the study by Yanti & Setiawati (2022), which found that profitability is unable to mediate the influence of dividend policy on company value. However, this finding is not consistent with the study by Fitriani & Hasyim (2024), which found that dividend policy influences company value through the mediation of profitability.

Debt Policy Influences Company Value Mediated by Profitability

The results of hypothesis testing regarding the influence of debt policy on company value mediated by profitability indicate that debt policy does not influence company value when mediated by profitability. This finding suggests that profitability is unable to mediate the influence of debt policy on company value. Therefore, higher profitability among industrial sector companies listed on the Indonesia Stock Exchange (IDX) does not influence the relationship between debt policy and company value; which does not support the hypothesis proposed in this research (H7 is rejected).

Companies often face various challenges, particularly financial challenges related to corporate funding. A company's decision to use debt must be carefully considered, as borrowing influences company value and involves future risks, such as bankruptcy. An increase in corporate debt can serve as a positive signal in the market, indicating the company's ability to generate sufficient profits and fulfill its debt obligations.

According to Brigham & Houston (2013), debt financing has three important implications. First, obtaining funds through debt allows shareholders to maintain control of the company with limited capital investment. Second, creditors rely on equity, or funds contributed by owners, as a margin of safety; therefore, when shareholders provide only a small portion of total financing, most of the company's risk is borne by creditors. Third, if a company earns a higher return on investments financed by borrowed funds than the interest paid, the return on owners' capital increases. However, if the return on investments financed by debt is lower than the interest expense, the return on owners' capital decreases. Consequently, if debt policies are implemented appropriately, they can increase profitability and ultimately influence company value.

This finding is consistent with the study by Melinia & Priyadi (2021), which found that debt policy does not influence company value when mediated by profitability. However, this finding is not consistent with studies by Suryanti et al. (2021) and Andara & Wahidahwati (2021), which found that debt policy influences company value when mediated by profitability.

CONCLUSIONS

Based on the results of the data analysis and the discussion presented, the conclusions of this study are as follows. Dividend policy does not have a significant influence on profitability; therefore, if an industrial sector company listed on the Indonesia Stock Exchange (IDX) has a good dividend policy, it will not increase the company's profitability. Debt policy also does not have a significant influence on profitability; therefore, if an industrial sector company listed on the Indonesia Stock Exchange (IDX) has a good debt policy, it will not increase the company's profitability.

Dividend policy has a positive and significant influence on company value; therefore, if an industrial sector company listed on the Indonesia Stock Exchange (IDX) has a good dividend policy, it will increase company value. Debt policy also has a positive and significant influence on company value; therefore, if an industrial sector company listed on the Indonesia Stock Exchange (IDX) has a good debt policy, it will increase company value.

Profitability does not have a significant influence on company value; therefore, if an industrial sector company listed on the Indonesia Stock Exchange (IDX) has good profitability, it will not influence company value. Dividend policy does not significantly influence company value when mediated by profitability; therefore, higher profitability among industrial sector companies listed on the Indonesia Stock Exchange (IDX) does not strengthen the influence of dividend policy on company value. Debt policy also does not significantly influence company value when mediated by profitability; therefore, higher profitability among industrial sector companies listed on the Indonesia Stock Exchange (IDX) does not strengthen the influence of debt policy on company value.

Based on the findings of this research, it is recommended that companies use these results to enhance their knowledge in order to improve profitability and increase return on equity, thereby attracting investors. This can be achieved through the implementation of effective and efficient cost management. Furthermore, companies should be able to increase profits to ensure their ability to meet debt obligations. For investors and prospective investors in the capital market, selecting appropriate companies is essential to achieving optimal returns. Therefore, investors should carefully analyze the financial condition of companies listed on the capital market prior to making investment decisions. In addition, investors should assess companies' financial statements, as these can influence stock movements, particularly indicators related to profitability.

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