



The Effect Of Capital Structure, Company Growth and Profitability on Company Value with Dividend Policies as Intervening Variables to Manufacturing Companies Registered on The IDX for the 2009-2018 Period

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ABSTRACT

Firm value is investors' perceptions of the company's success related to debt prices that are relatively used for equity funding. Company value reflects investors' views on a company's success rate which is often associated with stock prices, so that if the stock price is high, the company value can be high. This study aims to analyze the influence of capital structure, company growth and profitability as factors that affect firm value in manufacturing companies that carry out Initial Public Offering (IPO) policies for the 2009-2018 period. This research will also examine the dividend policy variable which is used as a mediating variable in the research model. The population is the companies implementing Initial Public Offering (IPO) policies for the 2009-2018 period. The population of this study was 166, the sample selection method used in this study was purposive sampling method with a total of 38 companies that met the criteria. The types of data used were secondary data and the data were analyzed using cross-sectional data analysis techniques and Interaction Moderating Test with the help of Eviews 9 software. The results of this study indicate that at α 5%, capital structure, company growth, and profitability have a significant effect on company values. The results of this study also show that dividend policy is able to mediate the capital structure and profitability of firm value, on the other hand, dividend policy is not able to mediate company growth on firm value.

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1. Introduction

The establishment of a company must have clear objectives. The company's goals include getting maximum profit, wanting to prosper the owner of the company and optimizing the company's value which can be seen from its share price (Alfredo, 2011). Maximizing company value is very important for a company, because maximizing company value means maximizing the prosperity of shareholders, which is the main goal of the company (Kurniasih and Ruzikna 2017). The higher the company value, the more prosperity the company owner will receive. The company value is considered important to reflect the company's performance so that it can influence the perceptions of investors towards the company (Prastuti & Sudiartha, 2016).

The company value reflects the investor's view of a company's success rate which is often associated with the stock price, so that if the stock price is high, the company value can be high. Meanwhile, according to Massie et al (2017) company value is defined as the price that potential investors are willing to pay if a company is to be sold, the company value can reflect the value of assets owned by the company such as securities.

Growth (growth) is how far the company places itself in the overall economic system or economic system for the same industry. In general, companies that grow rapidly have positive results in terms of stabilizing their position in the era of competition, enjoying sales that have increased significantly and are accompanied by an increase in market share. Fast-growing companies also enjoy the benefits of a positive image that is obtained, but companies must be extra careful, because the success obtained makes the company vulnerable to negative issues.

The profitability of the company is one way to assess precisely the extent of the return that will be obtained from investment activities. If the condition of the company is categorized as profitable or promises profit in the future, many investors will invest their funds to buy shares in the company. This of course will drive stock prices higher. Investors invest in the company is to get a return, which consists of yield and capital gain. The



higher the ability to earn profits, the greater the return expected by investors, thus making the company value to be better.

Dividend policy is considered to be significant in assessing the merits of a company. Bird in The Hand Theory says dividends are more certain than capital gains, the belief that dividend income has a higher value for investors than capital gains (Brigham and Houston, 2011: 248). Dividend payments reduce uncertainty and risk. Dividends are considered safer than waiting for capital gains (Sartono, 2010: 284). Dividend policy can be measured by the dividend payout ratio (DPR). The DPR is a dividend payout ratio looking at the earnings paid as dividends to investors, the other parts that are not distributed will be reinvested into the company (Hanafi and Halim, 2009: 86). The DPR is used to estimate dividend growth with a sustainable growth rate (Tandelilin, 2010: 385). The DPR determines the amount of profit that can be retained as a source of funding. The greater the retained earnings, the less profit is allocated for dividend payments.

2. Theoretical Review

A. Capital Structure

Capital structure relates to how capital is allocated in the investment activities of the company's real assets, by determining between debt and equity capital. Usually related to company investment and the task of financial management is to determine the optimal capital structure to support the company's investment activities. In general, the capital structure is defined as the composition of the company's capital in terms of its source, especially showing the portion of the company's capital that comes from debt sources (creditors) and at the same time the portion of capital that comes from the owner himself. The capital structure ratio in this study uses a debt to equity ratio.

$$DER = (\text{Total liabilities}) / (\text{Total equity})$$

B. Company Growth

Company growth reflects the growth in resources in the form of assets owned by the company and is measured by the difference in the value of total assets each year. The company's growth shows the allocation of asset investment by the company. This company's growth certainly requires adequate funds. When a company invests in a high amount that exceeds the amount of retained earnings, there will be an increase in debt. When the company's assets increase while other factors are considered to be strategic, the increase in assets will cause an increase in debt.

$$\text{Growth} = (\text{Total Asset (t)} - \text{Total Asset (t-1)}) / (\text{Total Asset (t-1)}) \times 100\%$$

C. Profitability

Profitability is the company's ability to generate profits in a certain period. The profitability of a company will affect the investor's policy on the investment made. The company's ability to generate profits will be able to attract investors to invest their funds in order to expand their business, on the other hand, a low level of profitability will cause investors to withdraw their funds. As for the company, profitability can be used as an evaluation of the effectiveness of the company's management. Measurement of variables in this study uses the return on equity (ROE) ratio scale.

$$ROA = (\text{Net profit after tax}) / (\text{Own capital}) \times 100\%$$

Conceptual Framework and Research Hypotheses

The conceptual framework in this study is as follows:

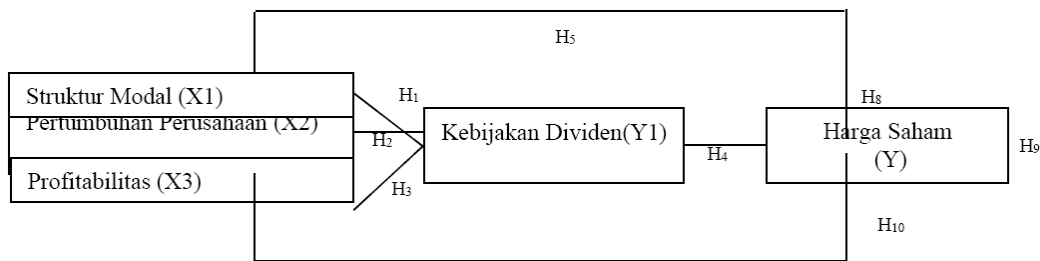


Fig 1. Conceptual Framework and Research Hypotheses

D. Hypothesis Research

Based on the above framework, it shows that the capital structure, company growth, profitability, dividend policy and firm value can be formulated while the hypothesis in this study is as follows:

Effect of capital structure on dividend policy

Capital structure can be measured by the Debt Equity Ratio (DER). Debt Equity Ratio is an attempt to show in another format the relative proportion of a lender's claims to ownership and is used as a measure of the role of debt. Capital structure is equity and debt funding. in a company. Based on research results from Sharma (2001), and Jain et al. (2003) stated that the greater the company's dependence on external funds, the more intensive supervision by external fund providers (creditors) on management performance will reduce the potential for agency problems between managers and shareholders. The smaller agency conflict results in the smaller the company's profits being used to finance investment and the dividends distributed.

E. The influence of company growth on dividend policy

The growth of a company indicates that the company's assets used in the company's operating assets show growth or decline. The measure used is to calculate the proportion of increase or decrease in assets which shows the growth of the assets used for. company operational activities. Riyanto (2002) in Mulato (2008) states that companies in distributing dividends must pay attention to the survival and growth of the company. The greater the need for these funds, the company is happier to hold its profits than to pay part of its dividends.

F. Effect of Profitability on Dividend Policy.

Profitability can also influence a policy, especially dividend policy because profitability is a ratio that aims to determine the company's ability to generate profits during a certain period and also provides an overview of the level of management effectiveness in carrying out its operational activities. Management effectiveness can be seen from the profit generated on sales and investment. In research conducted by Sri Hermuningsih (2013), it shows that profitability has a significant positive effect on firm value, this is also supported by research conducted by Dewi and Wirajaya (2013), profitability has a positive effect on firm value.

The capital structure is the benchmark where the allocation of debt and equity is used by the company to fund the company's operations and expansion. MM theory states that an increase in debt can increase the value of the company if it has not reached its optimal point, this is reinforced by the Trade-off theory which explains that the use of debt can reduce the tax burden and agency costs of the company (Brigham and Houston, 2001). Meythi (2012) shows that there is a significant effect of capital structure on firm value with company growth as an intervening variable.

Companies that predict that they will experience high growth in the future tend to prefer to use shares to fund company operations. Conversely, if the company expects to experience low growth, they will try to share the risk of low growth with creditors through debt issuance, which is generally in the long-term form (Mai, 2006).

Profitability measures the level of net profit the company receives. If a company has a good company growth, it can be concluded that the company has good prospects both now and in the future. This is because the company still has enough money to expand. According to Petronila and Mukhlisin (2003) profitability is a description and performance of management in managing the company. Then based on the research results, dividend policy has a positive influence on firm value. This is because the size of the dividend policy will affect stock prices. If the dividends paid are high, the stock price will tend to be high so that the company value is also high.

Based on this, the hypothesis proposed by the researcher is as follows:

H1: Capital structure has a direct effect on dividend policy.

H2: Company growth has a direct effect on dividend policy.

H3: Profitability has a direct effect on dividend policy.

H4: Capital structure has a direct effect on firm value.

H5: Company growth has a direct effect on firm value.

H6: Profitability has a direct effect on firm value.

H7: Dividend policy affects firm value.

H8: Capital structure has an indirect effect on firm value through dividend policy.

H9: Company growth has an indirect effect on firm value through dividend policy.

H10: Profitability has an indirect effect on firm value through dividend policy.

3. Research Methods



This type of research is included in causal associative research. In this study, the population was manufacturing companies listed on the Indonesian stock exchange in 2009-2018, totaling 166 companies. While the sample used in this study was 36 samples. Using the Eviews10 program. Meanwhile, for the data analysis method, the researcher used 2 data analysis methods to test the hypothesis, including multiple regression analysis and interaction test.

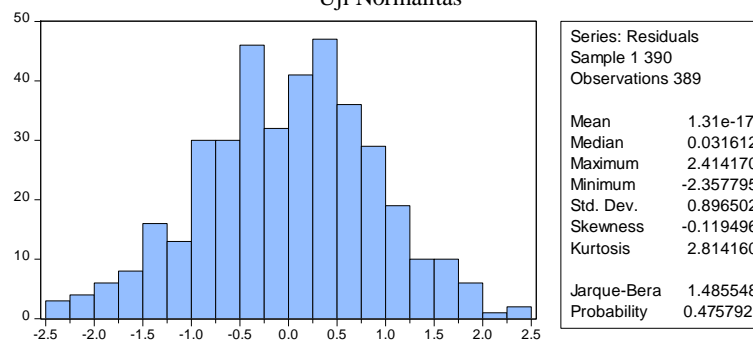
4. Research Results And Discussion

Tabel 1.
Descriptive Statistics based on Variables Xx1, xx2, xx3, yy1 and yy2

Variable	Min	Max	Mean	Standard deviation (sd)
Struktur Modal (X1)	0.00	220.7	5.6079	30.8856
Pertumbuhan Perusahaan (X2)	-258	95.37	10.6975	28.4666
Profitabilitas (X3)	-8	323.7	23.207	40.7101
Kebijakan Dividen (Y1)	-21.57	413.54	36.3624	58.1261
Nilai Perusahaan (Y2)	0.00	82.44	4.9914	12.2073

The minimum value of the Capital Structure (X1) is 0.00, while the maximum value of the Capital Structure (X1) is 220.7. The average value of Capital Structure (X1) is 5.6079, while the standard deviation value of Capital Structure (X1) is 30.8856. It is known that the minimum value of Company Growth (X2) is -258, while the maximum value of Company Growth (X2) is 95.37. The average value of Company Growth (X2) is 10.6975, while the standard deviation value of Company Growth (X2) is 28.4666. It is known that the minimum value of Profitability (X3) is -8, while the maximum value of Profitability (X3) is 323.71. The average value of Profitability (X3) is 23,207, while the standard deviation value of Profitability (X3) is 40,710. It is known that the minimum value of the Dividend Policy (Y1) is -21,5700, while the maximum value of the Dividend Policy (Y1) is 413.54. The average value of Dividend Policy (Y1) is 36.3624, while the standard deviation value of Dividend Policy (Y1) is 58.1261. It is known that the minimum value of Firm Value (Y2) is 0.00, while the maximum value of Firm Value (Y2) is 82.4400. The mean value of Firm Value (Y2) is 4.9914, while the standard deviation value of Firm Value (Y2) is 12,2073.

Tabel 2
Uji Normalitas



It is known that the probability value of the J-B statistic is 0.475792. Because the probability value p , which is 0.475792, is greater than the significance level, which is 0.05. This means that the assumption of normality is fulfilled

Tabel 3
Uji Multikolinearitas

Variance Inflation Factors
Date: 02/05/20 Time: 14:55
Sample: 1 390
Included observations: 389

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
X1	2.88E-06	1.359611	1.316028
X2	2.71E-06	1.201159	1.052632

X3	2.06E-06	2.169417	1.635141
Y1	9.46E-07	2.131846	1.531383
C	0.003232	1.548250	NA

Uji Autokorelasi

Uji Autokorelasi dengan Uji Durbin-Watson

Loglikelihood	-508.966	Hannan-Quinn criter.	2.66269
Durbin-Watson stat	1.97112		

Source: Eviews 10 Software Results

The value of the Durbin-Watson statistic is 1.971122. Note that since the Durbin-Watson statistic is between 1 and 3, namely $1 < 1.971122 < 3$, the non-autocorrelation assumption is fulfilled. In other words, there were no high autocorrelation symptoms for the students.

Uji Chow

Redundant Fixed Effects Tests

Pool: DPANEL

Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	0.906740	(38,346)	0.6309
Cross-section Chi-square	36.928570	38	0.5189

Sumber: Hasil Olah Software Eviews 10

The decision making rules for the hypothesis are as follows;
 If the cross-section probability value of Chi-square < 0.05 , then H_0 is rejected and 1 is accepted. If the cross-section probability value of Chi-square is ≥ 0.05 , then 0 is accepted and 1 is rejected.

Uji Lagrange Multiplier

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	0.487019	Prob. F(2,382)	0.6148
Obs*R-squared	0.989364	Prob. Chi-Square(2)	0.6098

Source: Software EViews Results 10

Based on the results of the Lagrange Multiplier test in Table 5.5, it is known that the probability value is 0.6089. Because the probability value of $0.6089 > 0.05$, the estimation model used is the common effect model (CEM).

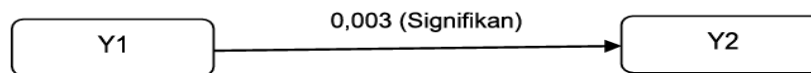
Dependent Variable: Y1?
 Method: Pooled Least Squares
 Date: 02/05/20
 Time: 15:06
 Sample: 2009 2018
 Included observations: 10
 Cross-sections included: 39
 Total pool (unbalanced) observations: 389

Variable	Coefficient	Std. Error	t-Statistic	Prob.
X1?	0.359965	0.086999	4.137574	0.0000
X2?	0.105471	0.086106	1.224900	0.2214
X3?	0.671776	0.066971	10.03085	0.0000
Path Analysis (Substruktur II)	6.1737	2.839909	6.203500	0.0000



Dependent Variable: Y2?
 Method: Pooled Least Squares
 Date: 02/05/20
 Time: 15:13
 Sample: 2009 2018
 Included observations: 10
 Cross-sections included: 39
 Total pool (balanced) observations: 390

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Y1?	0.003368	0.000799	4.214908	0.0000
C	-0.062800	0.054735	-1.147349	0.2519
R-squared	0.043783	Mean dependent var		0.059666
Adjusted R-squared	0.041318	S.D. dependent var		0.935588
S.E. of regression	0.916056	Akaike info criterion		2.667636
Sum squared resid	325.5935	Schwarz criterion		2.687976
Log likelihood	-518.1891	Hannan-Quinn criter.		2.675699
F-statistic	17.76545	Durbin-Watson stat		1.955396
Prob(F-statistic)	0.000031			



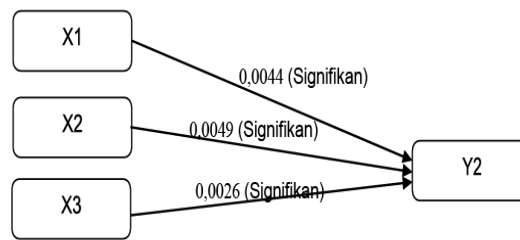
Based on the results of substructure II, it is known that the dividend policy path coefficient (Y1) on firm value (Y2) is 0.003, which is positive, which means dividend policy (Y1). positive effect on firm value (Y2). It is known that the Prob value is 0.0000 < 0.05, then it is concluded that dividend policy (Y1) has a significant effect on firm value (Y2).

Path Analysis (Substruktur III)

Dependent Variable: Y2?
 Method: Pooled Least Squares
 Date: 02/05/20 Time: 15:07
 Sample: 2009 2018
 Included observations: 10
 Cross-sections included: 39
 Total pool (unbalanced) observations: 389

Variable	Coefficient	Std. Error	t-Statistic	Prob.
X1?	0.004427	0.001665	2.658648	0.0082
X2?	0.004935	0.001648	2.994795	0.0029
X3?	0.002602	0.001282	2.029907	0.0431
C	-0.080347	0.054355	-1.478201	0.1402
R-squared	0.075415	Mean dependent var		0.057836
Adjusted R-squared	0.068210	S.D. dependent var		0.936094
S.E. of regression	0.903604	Akaike info criterion		2.645379
Sum squared resid	314.3526	Schwarz criterion		2.686135
Log likelihood	-510.5261	Hannan-Quinn criter.		2.661536
F-statistic	10.46768	Durbin-Watson stat		1.957194
Prob(F-statistic)	0.000001			





□ The value of the path coefficient of capital structure (X1) on firm value (Y2) is 0.0044, which is positive. This value can be interpreted that the capital structure (X1) has a positive effect on firm value (Y2). It is known that the Prob value is 0.0082 < 0.05, then it is concluded that capital structure (X1) has a significant effect on firm value (Y2).

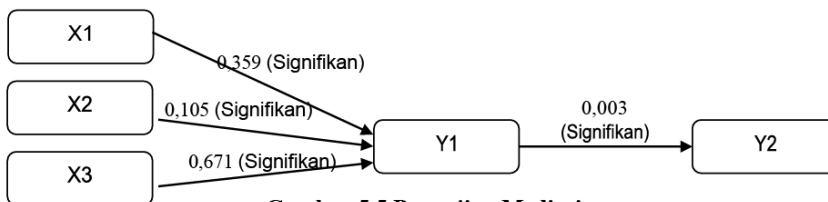
□ The coefficient value of company growth (X2) on company value (Y2) is 0.0049, that is, it is a positive value. This value can be interpreted as a company growth (X2) has a positive effect on company value (Y2). Knowing the value of the project is the value of the company (X2) has a positive effect on company value (Y2).

□ The value of the profitability path coefficient (X3) on the value of the firm (Y2) is 0.0026, that is, it is a positive value. This value can be interpreted that profitability (X3) has a positive effect on firm value (Y2). It is known that the Prob value is 0.0431 < 0.05, then it is concluded that profitability (X3) has a significant effect on firm value (Y2).

It is known that the coefficient of determination (adjusted r-squared) is 0.068. This value can be interpreted as capital structure (X1), company growth (X2), profitability (X3) capable of influencing firm value (Y2) by 6.8%, the remaining 93.2% is influenced by other factors.

Mediation Testing (Indirect Effect)

Furthermore, the indirect effect is tested, namely testing whether the capital structure (X1), company growth (X2), profitability (X3) indirectly significantly affect dividend policy (Y1), through firm value (Y2). In other words, does the dividend policy (Y1) significantly mediate the relationship between capital structure (X1), firm growth (X2), profitability (X3) on firm value (Y2).



Gambar 5.5 Pengujian Mediasi

Pengaruh Langsung		Pengaruh Tidak Langsung	
X1 -> Y1	0.360 (Signifikan)	X1 -> Y1 -> Y2	0.0012 (Signifikan)
X2 -> Y1	0.105 (Signifikan)	X2 -> Y1 -> Y2	0.0004 (Signifikan)
X3 -> Y1	0.672 (Signifikan)	X3 -> Y1 -> Y2	0.0023 (Signifikan)
Y1 -> Y2	0.003 (Signifikan)		

Based on the results of the mediation test in Table 5.9, the results are:

□ The indirect effect of capital structure (X1) on firm value (Y2), through dividend policy (Y1) is 0.360 x 0.003 = 0.0012. It is known that the direct effect of capital structure (X1) on dividend policy (Y1) is significant and also the direct effect of dividend policy (Y1) on firm value (Y2) is significant, so it is concluded that dividend policy (Y1) is significant in mediating the relationship between capital structure (X1) and firm value (Y2).

□ The indirect effect of firm growth (X2) on firm value (Y2), through dividend policy (Y1) is 0.105 x 0.003 = 0.0004. It is known that the direct effect of company growth (X2) on dividend policy (Y1) is significant and also the direct effect of dividend policy (Y1) on firm value (Y2) is significant, so it is concluded that



dividend policy (Y1) is significant in mediating the relationship between company growth (X2) and firm value (Y2).

□The indirect effect of profitability (X3) on firm value (Y2), through dividend policy (Y1) is $0.672 \times 0.003 = 0.0023$.

It is known that the direct effect of profitability (X3) on dividend policy (Y1) is significant and also the direct effect of dividend policy (Y1) on firm value (Y2) is significant, so it is concluded that dividend policy (Y1) is significant in mediating the relationship between profitability (X3) and firm value (Y2).

Discussion

Direct Effect of Capital Structure on Dividend Policy

The test results on the first hypothesis in this study indicate that the capital structure variable has a significant positive effect on dividend policy. This is evidenced by the value of the capital structure path coefficient (X1) on dividend policy (Y1) is 0.359, which is positive. This value can be interpreted that the capital structure (X1) has a positive effect on dividend policy (Y1). It is known that the Prob value is $0.0000 < 0.05$, then it is concluded that the capital structure (X1) has a significant effect on dividend policy (Y1). Therefore H1 is accepted. The results of this study that DER has a positive and significant effect on the DPR, supports agency theory by Jansen and Meckling (1976).

Direct Effect of Company Growth on Dividend Policy

In testing the second hypothesis, it shows that the company growth variable has a positive and insignificant effect on manufacturing companies listed on the Indonesia Stock Exchange. This is evidenced by the company's growth (X2) on dividend policy (Y1) is 0.105, which is positive. This value means that the company's growth (X2) has a positive effect on dividend policy (Y1). It is known that the Prob value is $0.2214 > 0.05$, so it is concluded that company growth (X2) has no significant effect on dividend policy (Y1). With these results, H2 is rejected. The results of this study are consistent with research conducted by Suharli (2007) on manufacturing companies listed on the Indonesia Stock Exchange for the period 2002-2003 and Islamiyah (2012) which states that there is no influence between company growth and dividend policy.

Direct Effect of Profitability on Dividend Policy

In testing the second hypothesis, it shows that the profitability variable (X3) on dividend policy (Y1) is 0.671, which is positive. This value can be interpreted that profitability (X3) has a positive effect on dividend policy (Y1). It is known that the Prob value is $0.0000 < 0.05$, then it is concluded that profitability (X3) has a significant effect on dividend policy (Y1). These findings are proven to accept H3 which states that profitability has a significant and significant effect on dividend policy. These findings are in line with the signaling model which states that companies that have high profitability will tend to pay high dividends as well.

Direct Effect of Capital Structure on Firm Value

In testing the fourth hypothesis, it shows that the capital structure variable (X1) on firm value (Y2) is 0.0044, which is positive. This value can be interpreted that the capital structure (X1) has a positive effect on firm value (Y2). It is known that the Prob value is $0.0082 < 0.05$, it is concluded that the capital structure (X1) has a significant effect on firm value (Y2). These findings are proven to accept H4 which states that capital structure has a significant and significant effect on firm value. In accordance with the MM theory which states that if there is an increase in company value it will be caused by additional debt as long as the capital structure is below its optimal point, this is explained by the Trade-off Theory where the benefits of increasing debt are still greater by the sacrifices issued so that the benefits of using the debt are directly increase corporate value. The results of this research

Direct Effect of Profitability on Firm Value

In testing the sixth hypothesis it shows that the profitability variable (X3) on firm value (Y2) is 0.0026, which is positive. This value can be interpreted that profitability (X3) has a positive effect on firm value (Y2). It is known that the Prob value is $0.0431 < 0.05$, so it is concluded that profitability (X3) has a significant effect on firm value (Y2). These findings are proven to accept H6 which states that profitability has a significant and significant effect on firm value. The results of this hypothesis can be interpreted that an increase in net income can increase profitability as represented by the ROE (Return on Equity) variable, therefore this increase in profitability will increase the company's stock price, thereby increasing PBV. Signaling theory explains the results of research, in which investors will increase the demand for shares if the company's profitability increases, and on the other hand it also increases company value. Research strengthens the research of Ben-Naceur and Goaid (2002); Suwarti (2004); Suharli (2006); Gosh and Gosh (2008); Chen and Chen (2011); and Hermuningsuh (2013).

Direct Effect of Dividend Policy on Company Value

Based on the results of the Path Analysis, it is known that the dividend policy path coefficient (Y1) on firm value (Y2) is 0.003, which is positive, which means that dividend policy (Y1) has a positive effect on firm value (Y2). It is known that the Prob value is $0.0000 < 0.05$, so it is concluded that dividend policy (Y1) has a significant effect on firm value (Y2). The positive influence of the dividend payout ratio variable on firm value shows that the higher the dividends paid by the company, the higher the investor's interest in these shares. Increasing dividends reflect dividend-oriented investors. This will cause an increase in stock prices or in other words, the amount of dividends can affect the company's stock price which will have an impact on the value of the company. In addition, dividend distribution is a sign for investors, where a very large dividend increase indicates that management is optimistic about the company's future (bird in the hand theory).

Indirect Effect of Capital Structure on Firm Value

The indirect effect of capital structure (X1) on firm value (Y2), through dividend policy (Y1) is $0.360 \times 0.003 = 0.0012$. It is known that the direct effect of capital structure (X1) on dividend policy (Y1) is significant and also the direct effect of dividend policy (Y1) on firm value (Y2) is significant, so it is concluded that dividend policy (Y1) is significant in mediating the relationship between capital structure (X1) and firm value (Y2). Capital structure concerns activities undertaken to obtain funds and use these funds to achieve company goals. Funds owned or obtained by a company are used as capital to support its business activities. One of the company's funding policies is the use of external funds in the form of debt. In the pecking order theory, it is explained that an increase in the level of debt will affect the level of net income available to shareholders, including dividends to be received. An increase in debt will cause the risk of company bankruptcy and managers can lose their jobs, thus motivating managers to use cash flow efficiently and reduce their benefits (Modigliani and Miller, 1963). In addition, with high debt, managers are under pressure from profitable project investments to generate cash flows that can be used for periodic payments of interest and principal (Nguyen, 2014).

Indirect Effect of Firm Growth on Firm Value

The indirect effect of firm growth (X2) on firm value (Y2), through dividend policy (Y1) is $0.105 \times 0.003 = 0.0004$. It is known that the direct effect of company growth (X2) on dividend policy (Y1) is significant and also the direct effect of dividend policy (Y1) on firm value (Y2) is significant, so it is concluded that dividend policy (Y1) is significant in mediating the relationship between company growth (X2) and firm value (Y2). This means that dividend policy cannot mediate the effect of asset growth on firm value. Research conducted by Nadjibah (2008) shows that asset growth has a significant and negative effect on the dividend payout ratio of insurance companies. Corporate managers in running their companies must pay attention to growth.

Indirect Effect of Profitability on Firm Value

The indirect effect of profitability (X3) on firm value (Y2), through dividend policy (Y1) is $0.672 \times 0.003 = 0.0023$. It is known that the direct effect of profitability (X3) on dividend policy (Y1) is significant and also the direct effect of dividend policy (Y1) on firm value (Y2) is significant, so it is concluded that dividend policy (Y1) is significant in mediating the relationship between profitability (X3) and firm value (Y2). The profitability is higher, the company's cash flow is higher, and the company is expected to pay higher dividends (Jensen et al, 1992, Abor and Bokpin, 2010). Haruman (2008) states that an increase in firm value can attract investors to invest. Investors who are interested in higher returns (profitability).

5. Conclusions

Capital structure has a positive influence on firm value.

Capital structure is very influential in achieving the company's goal of maximizing return on investment, while minimizing risk. Company growth has a positive and significant effect on firm value. The amount of increase in the company's total assets is followed by the magnitude of the increase in the change in total assets. This is because the amount of change in the company's total assets this year is greater than the change in total assets of the company in the previous year.

Profitability has a positive influence on firm value. This profitability ratio will provide an overview of the level of effectiveness of company management. The higher the profitability, the better, because the prosperity of the owner of the company increases with the higher the profitability.

Dividend policy is able to mediate the capital structure of firm value because companies that are able to generate stable and increasing profits can be seen as a positive signal by investors related to company performance, so that a positive response will increase firm value. On the other hand, low dividends are considered by investors as a negative signal for performance. The dividend policy cannot mediate the effect of asset growth on firm value. Dividend policy can mediate the effect of profitability on firm value.



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