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THE EFFECT OF FINANCIAL PERFORMANCE, COMPANY GROWTH, AND INSTITUTIONAL OWNERSHIP ON FIRM VALUE WITH DIVIDEND POLICY AS A MODERATING VARIABLE

Juliana I Putu Agus Ary Raditya*, **Baskara I Gde Kajeng**
Faculty of Economics and Business, University of Udayana, Denpasar, Indonesia
*E-mail: aryraditya12@gmail.com

ABSTRACT
The manufacturing industry is an industry that contributes significantly as the main driver of economic growth in Indonesia, which is a developing country, so it is an attractive investment option for investors. Investors generally make an assessment using financial ratios to determine the value of the company to be invested in. Various factors can affect the value of the company. This study aims to determine the effect of financial performance (as measured by liquidity, leverage, and profitability ratios), company growth and institutional ownership on firm value with dividend policy as a moderating variable. This quantitative study uses a sample of 44 manufacturing companies on the Indonesia Stock Exchange in the 2017-2021 period, which were determined by purposive sampling. The analysis method used in this research is Moderated Regression Analysis. The results showed that financial performance, company growth and institutional ownership positively affect firm value. A dividend policy can moderate the effect of financial performance, company growth and institutional ownership on firm value.

KEY WORDS
Firm value, liquidity, leverage, profitability, company growth, institutional ownership, dividend policy.

Companies are established for a purpose, including achieving maximum profit, prospering the company owners, and maximizing the company's value, which is reflected in the company's share price (Fajaria & Isnalita, 2018). The higher the company's share price, the higher the prosperity of shareholders. Kurnia (2019) states that in measuring company value, the price-to-book value (PBV) ratio can be used, which is a comparison ratio between the share price and its book value and can be one of the references to assess the company's shares as undervalue, overvalue, or fair.

A high PBV ratio will make the company highly valued by investors. Companies doing well generally have a PBV ratio above one and are constantly increasing, which indicates that the stock market value is greater than the book value (Kurnia, 2019). The PBV ratio has several advantages: book value is a stable and simple measure that can be compared with market prices. The second advantage is that PBV can be compared between similar companies to show signs of expensive or cheap stocks (Olii et. al., 2021).

The manufacturing industry is an industry that contributes greatly as the main driver of economic growth in Indonesia, which is a developing country, so it is an attractive investment option for investors. However, the PBV data on manufacturing companies listed on the IDX for 2017 to 2021 shows a decrease in the PBV ratio. Based on the data in Table 1., it can be explained that the company value proxied by PBV, where from the last five years, starting from 2017 to 2021, the PBV of manufacturing companies has decreased to the lowest value in 2021, reaching 1.46. The decline in PBV is likely due to the impact of the COVID-19 pandemic due to a decline in the world economic sector.

Firm value proxied by PBV can be a signal for investors in making decisions to invest. Signalling Theory explains that companies have an urge to provide financial statement information to external parties because there is information asymmetry between companies and external parties due to companies knowing more information than external parties. The need for more information from external parties about the company causes investors to protect themselves by providing a low price for the company. Information asymmetry needs to be minimized so that information about the company's prospects can be transparent to investors (Rochmah & Fitria, 2017).

Table 1 – PBV Value Movement Data of Manufacturing Companies on the IDX for the period 2017-2021

No	Year	*PBV*
1	2017	2.85
2	2018	2.97
3	2019	2.84
4	2020	2.36
5	2021	1.46

Source: www.idx.co.id, 2022.

Financial performance can provide information for investors to measure the level of productivity and financial health of a company to ensure the survival of the company in the future. Financial ratios are commonly used to measure the company's financial performance (Supitriyani et al., 2020). Financial ratios are designed to extract meaningful information that may need to be clarified by simply examining the company's financial statements (Brigham & Daves, 2018). Financial ratios include Profitability Ratio, Liquidity Ratio, Leverage Ratio and Activity Ratio. Previous research explains that financial ratio factors, company growth and institutional ownership can affect investor perceptions of firm value.

The profitability ratio is a ratio used to assess the company's ability to seek profit and provide a measure of the effectiveness of the company's management. According to Brigham & Daves (2018), shareholders invest to get a return on the investment made. Investors will highly value the company if it has high profitability because investors assume that the return generated will also be high, so it can be a positive signal for investors to invest and impact increasing company value. The ratio that investors can use to measure a company's ability to generate profits for shareholders is Return on Equity (ROE). Return on equity is a measure of how shareholders are paid in the year in question. Because providing benefits for shareholders are the company's goals. ROE is, in an accounting understanding, a measure of the actual final result performance (Ross et, al., 2015: 73). Research conducted by Oktiwiati & Nurhayati (2020), Ekawati & Yuniati (2020), Aisyah & Wahyuni (2020), Ali et, al., (2021), and Ndruru et, al., (2020) found that profitability has a positive effect on firm value. However, in contrast to the results of research conducted by Farizki et, al., (2021) found that profitability does not affect firm value.

A company must achieve balanced profitability and liquidity. In addition to using assets to generate profits, companies must also determine the current assets that must be maintained for operations. Ross et al. (2015: 22) explain that liquidity refers to the speed and ease with which assets can be converted into cash. Liquidity has two dimensions: ease of conversion and loss of value (Oktaviarni et, al., 2019). The ratio used in this study is the Current Ratio, which is the ratio used to measure the ability of a company to pay off short-term liabilities using all of its short-term assets (Brealey et al., 2011: 719). A high level of liquidity indicates that the company can meet its short-term obligations, meaning that it has no difficulties easily. It will give a positive signal and create confidence for investors to invest funds in the company, increasing its value. Research conducted by Lumain et al. (2021), Iman et al. (2021), Rahmasari et al. (2019), Syamsuddin et al. (2021) and Nadhifah & Mildawati (2020) found that liquidity has a positive effect on firm value. However, research conducted by Siagian et al. (2022) found that liquidity does not affect firm value.

The company's liquidity level often limits the optimal use of debt for a company. However, the use of debt and current assets can replace each other when the company experiences a cash shortage. According to Brigham & Houston (2019: 498), Trade-off theory states that companies exchange the tax benefits of debt for the problems posed by potential bankruptcy. The optimal debt ratio will be determined based on consideration between the costs arising from the use of additional debt on debt, which can still be tolerated by the company as long as the benefits provided are still greater than the costs due to the debt itself. Harjito & Martono (2014: 295) state that leverages in a business sense refers to the use of assets and sources of funds by the company where the use of these assets or funds the company must incur fixed costs or fixed expenses. Debt can help companies obtain additional profits and cover obligations that must be fulfilled immediately so that it can affect company value. Leverage in this study is calculated using the Debt to debt-equity ratio (DER), which is used to measure the composition of the company's funding, whether it comes from long-term debt or its capital (Brealey et al., 2011: 716). Research conducted by Nadhifah & Mildawati (2020), Tiasrini & Utiyati (2020), Robiyanto et, al. (2020), Aisyah & Wahyuni (2020), and Oktiwiati & Nurhayati (2020) found that Leverage has a positive effect on firm value. However, research conducted by (Farizki et al., 2021) found that leverage does not affect firm value.

Fahmi (2014: 83) states that the growth ratio is a ratio that measures how much a company's ability to maintain its position in the industry and economic development in general. Company growth shows the company's ability to grow and develop, which can be seen from the growth of the company's assets. If the company's management can optimally utilize its assets, it will increase its profits. The more efficient the use of company assets, the lower the costs required to fund the operation of these assets. The more effective the use of company assets, the lower the possibility of unused assets. Unused assets can be sold, so the company will get additional funds. Company growth can be calculated by Total Assets Growth (TAG). Total assets show the projected growth potential of the company between the current year and the previous year. Business expansion is usually driven because the company is in a growth phase, where production is getting bigger, gaining complete trust from investors and creditors, and business growth opportunities elsewhere are favourable. Research conducted by Pasaribu et al. (2019), Pratiwi & Budiarti (2020), Mahmudi & Khaerunnisa (2020), and Hidayati & Priyadi (2022) found that company growth has a positive effect on firm value. However, research by Hergianti & Retnani (2020) found that company growth does not affect firm value.

Another factor that affects firm value is the institutional ownership structure. Maximizing firm value will impact the emergence of conflicts of interest between the agent (management) and the principal (company owner), often called the agency problem. Often, the agent and the principal have different goals. Agents or management are often more concerned with their interests and deviate from the company's objectives, namely increasing company value and the welfare of company owners. This agent behaviour has an impact on additional costs for the company, which can affect company value. To minimize the conflict between managers and shareholders or what is referred to as the agency problem, namely with a supervisory mechanism that can align these interests so that agency costs arise. There are several alternatives to reduce agency costs, including institutional share ownership and management share ownership. Institutional ownership generally acts as a company monitor.

Institutional ownership has an important meaning in monitoring management. Increased optimal supervision is due to institutional ownership. The greater the institutional ownership, the more efficient the utilization of company assets, which is expected to also prevent waste committed by management to increase company value. According to the results of research by Cristofel & Kurniawati (2021), Bakhtiar et al. (2020), and Mulyani et al. (2022) found that institutional ownership has a significant positive effect on firm value. This study's results differ from those of Setyasari et al. (2022) found that institutional ownership does not affect firm value.

In this study, dividend policy is used as a moderating variable because dividend policy is always the centre of attention of many parties, including investors, creditors, and other interested parties. After all, dividends provide information about company performance. A company's dividend policy significantly impacts many parties involved, especially those interested in the company. The company is also expected to experience growth while maintaining the company's survival and providing shareholder welfare (Aldi et al., 2020). If the dividends distributed to shareholders increase yearly, the company's performance will also be seen as increasing.

Based on the previous description of theories, concepts, variables, and phenomena that occur, as well as to overcome the research gap in the results of previous empirical research, this research needs to be carried out to provide a more comprehensive view of the effect of financial performance, company growth, and institutional ownership on firm value with dividend policy as a moderating variable. The hypothesis formulation in this study is H1: Liquidity has a positive and significant effect on firm value; H2: Leverage has a positive and significant effect on firm value; H3: Profitability has a positive and significant effect on the value of the Company; H4: Company growth has a positive and significant effect on the value of the Company; H5: Institutional ownership has a positive and significant effect on firm value; H6: Dividend policy can moderate the effect of liquidity on firm value; H7: Dividend policy can moderate the effect of Leverage on Firm value; H8: Dividend policy can moderate the effect of profitability on firm value; H9: Dividend policy can moderate the influence of company growth on firm value; H10: Dividend policy can moderate the effect of institutional ownership on firm value.

METHODS OF RESEARCH

This study examines the effect of financial performance (consisting of liquidity, leverage and profitability), company growth, and institutional ownership on firm value with dividend policy as a moderating variable. The study used a population of 194 manufacturing companies listed on the Indonesia Stock Exchange. The analysis technique used is MRA (Moderated Regression Analysis). The location of this research is in manufacturing companies listed on the Indonesia Stock Exchange for the period 2017-2021 by accessing the official website of the Indonesia Stock Exchange, namely www.idx.co.id. The object of this research is firm value in the manufacturing industry on the Indonesia Stock Exchange for the 2017-2021 period which is influenced by liquidity, leverage, profitability, company growth, and institutional ownership and moderated by dividend policy. The population in this study are companies in the manufacturing sector listed on the Indonesia Stock Exchange in 2017-2021, namely 194 companies. The sampling method used in this study is the purposive sampling method. The sample used in this research was 44 companies from a population of 194 manufacturing companies. The data collection method used in this research is non-behavioural observation.

RESULTS AND DISCUSSION

Based on the results of the descriptive statistical test, it can be seen that the total observation data in this study is 220, which is obtained from data on 44 manufacturing companies for 5 years of research from 2017-2021. The minimum value of the PBV variable is 0.27, found in PT Indomobil Sukses Internasional Tbk in 2021, while the maximum value of the PBV variable is 66.40 which is found in Unilever Indonesia Tbk in 2017. The average of the PBV variable is 4.0921, with a standard deviation of 8.11015.

Table 2 – One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		220[c]
Exponential parameter. [a,b]	*Mean*	2.1572438
Most Extreme Differences	*Absolute*	.083
	Positive	.064
	Negative	-.083
Kolmogorov-Smirnov Z		.863
Asymp. Sig. (2-tailed)		.445

a. Test Distribution is Exponential.
b. Calculated from data.
c. There are 113 values outside the specified distribution range. These values are skipped.

Source: Data processing, 2023.

Based on Table 2, it can be seen that the Asymp. Sig. (2-tailed) in the Kolmogorov Sminarnov (K-S) test is 0.445. These results indicate that the regression equation model is usually distributed because the value is greater than the alpha value 0.05.

Table 3 – Multicollinearity Test Results

Variable	*Tolerance*	VIF
Liquidity	0,715	1,398
Leverage	0,698	1,433
Profitability	0,940	1,064
Company growth	0,969	1,032
Institutional ownership	0,942	1,062
Dividend policy	0,958	1,044

Source: Data processing, 2023.

Based on Table 3, it can be seen that the tolerance and VIF values of the liquidity, leverage, profitability, company growth, institutional ownership and dividend policy variables. The value shows that the tolerance value for each variable is greater than 10% or 0.1, and the VIF value is smaller than 10, which means that the regression equation model is free from multicollinearity.

Table 4 – Autocorrelation Test Results

Durbin-Watson Result	dl	du	4-du
2,256	1,68509	1,87479	2,12521

Source: Data processing, 2023.

DW value is 2.256; when compared with the table value of 5% significance, the number of samples 220 (n) and the number of variables tested (K = 11), the du value is 1.87479. The DW value of 2,256 is more than the upper limit (du) of 1.87479, so it can be concluded that the data does not have a negative correlation using the Durbin-Watson test.

Table 5 – Heteroscedasticity Test Results

Coefficients					
	Unstandardized Coefficients		*Standardized Coefficients*	t	*Sig.*
Model	B	*Std. Error*	*Beta*		
1 (*Constant*)	-8.854	5.497		-1.611	.109
CR	-.039	.217	-.020	-.179	.858
DER	1.360	.783	.197	1.737	.084
ROE	-.400	.642	-.250	-.624	.534
TAG	-.017	.025	-.087	-.658	.511
KI	2.210	1.297	.198	1.705	.090
DPR	.016	.028	.181	.560	.576
X1.M	-.001	.004	-.035	-.184	.854
X2.M	.005	.014	.058	.345	.731
X3.M	.551	.627	.354	.879	.381
X4.M	.000	.001	.045	.331	.741
X5.M	.000	.000	.311	.877	.382

a. Dependent Variable: ABS_RESIDUAL

Source: Data processing, 2023.

The analysis results in this study indicate that all classical assumption tests have been met, so the results of the moderation regression analysis are worthy of further discussion. Based on the results of the moderation linear regression analysis, as presented in Table 5.6, the structural equation is as follows :

$$Y = -14{,}192 + 0{,}493X_1 + 0{,}838X_2 + 0.172X_3 + 0{,}170X_4 + 0{,}164X_5 + 0{,}014M + 2{,}554X_1{*}M + 0{,}051X_2{*}M + 0{,}001\ X_3{*}M + 0{,}001\ X_4{*}M + 0{,}003\ X_5{*}M + e$$

Table 6 – Moderation Regression Analysis Results

Model	*Unstandardized Coefficients* B	*Std. Error*	*Standardized Coefficients* *Beta*	t	*Sig.*
1 (*Constant*)	-14.192	1.556		-9.123	.000
CR	.493	.141	.119	3.498	.001
DER	.838	.307	.104	2.732	.007
ROE	.172	.017	.431	10.222	.000
TAG	.170	.024	1.065	7.220	.000
KI	.164	.020	.350	8.255	.000
DPR	.014	.017	.035	.819	.414
X1.M	2.554	.309	.357	8.279	.000
X2.M	.051	.007	.342	7.760	.000
X3.M	.001	.000	.085	2.306	.022
X4.M	.001	.000	.094	2.172	.031
X5.M	.003	.000	1.227	8.379	.000

a. Dependent Variable: PBV

Source: Data processing, 2023.

The regression coefficient value of each independent variable, namely Liquidity, Leverage, Profitability, Company growth, institutional ownership and their interaction variables has a significance value of less than 0.05. This shows that the variables of Liquidity, Leverage, Profitability, Company growth, Institutional ownership and their interaction variables significantly influence the company value variable.

Table 7 – Test results of the coefficient of determination (R2)

Model	R	R *Square*	*Adjusted R Square*	*Std. Error of the Estimate*	*Durbin-Watson*
1	.926[a]	.858	.851	3.13483	2.256

a. *Predictors*: (*Constant*), X5.M, ROE, X4.M, CR, KI, DER, X3.M, X1.M, DPR, X2.M, TAG
b. *Dependent Variable*: PBV

Source: Data processing, 2023.

The test results provide results where the amount of adjusted R2 (adjusted coefficient of determination) obtained in the table is 0.851. This means that the variation in firm value can be significantly influenced by the Liquidity, Leverage, Profitability, Company growth, Dividend policy, institutional ownership, interaction variable X1.M, interaction variable X2.M, interaction variable X3.M, interaction variable X4.M and interaction variable X5.M by 85.1%. In comparison, other factors explain the remaining 14.9%.

Table 8 – Anova[a]

Model	*Sum of Squares*	*df*	*Mean Square*	F	*Sig.*
1 *Regression*	12360.591	11	1123.690	114.346	.000[b]
Residual	2044.043	208	9.827		
Total	14404.634	219			

a. *Dependent Variable*: PBV
b. *Predictors*: (*Constant*), X5.M, ROE, X4.M, CR, KI, DER, X3.M, X1.M, DPR, X2.M, TAG

Source: Data processing, 2023.

The F test results show that the calculated F value is 114.346 with a significance P value of 0.000 which is smaller than α = 0.05, this means that the model used in this study is feasible. These results mean that all independent variables, namely Liquidity, Leverage, Profitability, Company growth, Dividend policy, Institutional ownership, interaction variable X1.M, interaction variable X2.M, interaction variable X3.M, interaction variable X4.M and interaction variable X5.M can predict or explain the phenomenon of Company value. This means that the model can be used for further analysis, or in other words, the model can be used to project because the goodness of fit results are good with a significance value of P value 0.000.

Based on the results of the analysis of the effect of liquidity on firm value, it is found that liquidity has a positive and significant effect on firm value. The results of this study indicate that a higher liquidity ratio will reflect that the company's ability to meet its short-term obligations is also more significant and will give a positive perception to investors that the company's financial condition is in good condition because it has funds to meet its obligations. Based on the Signalling Theory, this information can be a positive signal for investors, so that it can attract investors to invest in the company so that the demand for shares increases which has an impact on increasing the share price so that it can increase the company's value. The results of this test are by research conducted by Lumain et al. (2021), Iman et al. (2021), Rahmasari et al. (2019), Syamsuddin et al. (2021) and Nadhifah & Mildawati (2020) who found that liquidity has a positive and significant effect on firm value.

Based on the analysis of the effect of leverage on firm value, it is found that leverage has a positive and significant effect on firm value. The results of this study indicate that an increase in leverage can provide good news when viewed in terms of the amount of corporate debt and the management of the debt used to develop the company. Based on the Trade-off theory, the use of additional debt on debt can still be tolerated by the company as long as the benefits provided are still greater than the costs due to the debt itself so that it can be a positive signal and have an impact on investor interest in investing in the company which will cause an increase in stock prices and increase company value. The results of this test are research conducted by Nadhifah & Mildawati (2020), Tiasrini & Utiyati (2020), Robiyanto et, al. (2020), Aisyah & Wahyuni (2020), Oktiwiati & Nurhayati (2020) who found that Leverage has a positive and significant effect on firm value.

Based on the results of the analysis of the effect of Profitability on Firm value, it is found that profitability has a positive and significant effect on firm value. These results indicate that the higher Return On Equity shows that the company successfully manages its equity to generate profits. Based on the Signalling Theory, a high rate of return will be a positive signal for investors in assessing the company based on the company's ability to generate profits. The higher the profitability, the higher the maximization of shareholder welfare so that it can increase investor interest in investing, which will increase the share price and increase the company's value. The results of this test are research conducted by Oktiwiati & Nurhayati (2020), Ekawati & Yuniati (2020), Aisyah & Wahyuni (2020), Ali et, al. (2021) and (Ndruru et, al., 2020) found that profitability has a positive and significant effect on firm value.

Based on the results of the analysis of the effect of company growth on firm value, it is found that company growth has a positive and significant effect on firm value. High company growth will be a sign for the company that the company has favourable prospects because it is considered capable of generating higher profits over time. Based on Signalling Theory, company growth can positively signal investors to invest. According to the investor's point of view, a company that has high growth will generate a high rate of return from the investment it makes into the company, so that it can increase demand for company shares and increase company value. The results of this test are research conducted by Pasaribu et al. (2019), Pratiwi & Budiarti (2020), Mahmudi & Khaerunnisa (2020) and Hidayati & Priyadi (2022) found that company growth has a positive effect on firm value.

Based on the results of the analysis of the effect of institutional ownership on firm value, it is found that institutional ownership has a positive and significant effect on firm value. Institutional ownership has an important meaning in monitoring management because institutional ownership can encourage an increase in more optimal supervision of management. Based on agency theory, the principal (shareholders) hands over the company's management to professionals (agents) who are more competent in carrying out the company's operational activities. The monitoring mechanism by the institution leads managers to improve their performance. The increase in company performance reflects that the company is well managed, which in turn will affect the increase in company value. The results of this test are research conducted by Cristofel & Kurniawati (2021), Bakhtiar et al. (2020), and Mulyani et al. (2022) found that institutional ownership has a significant positive effect on firm value.

Based on the results of the Moderation Regression Analysis Test, it can be concluded as follows: Based on the results of the analysis, the significance value of the moderation variable (β6) Dividend policy is 0.414 (non-significant) and the significant value of the interaction variable between liquidity and dividend policy (β7) is significant at 0.000 (significant), this indicates that the moderation variable is a pure moderation type. The results of the moderation regression analysis show that the regression coefficient value of Liquidity (β1) is significantly positive and the interaction variable X1.M (β7) is significantly positive, indicating a unidirectional relationship, so it is concluded that the dividend policy variable is a moderating variable that strengthens the effect of liquidity on firm value.

Based on the results of the analysis, the significance value of the moderation variable (β6) dividend policy is 0.414 (non-significant) and the significant value of the interaction variable between leverage and dividend policy (β8) is significant at 0.000 (significant), this indicates that the moderation variable is a pure moderation type. The results of the moderation regression analysis show that the regression coefficient value of Leverage (β2) is significantly positive and the interaction variable X2.M (β8) is significantly positive, indicating a unidirectional relationship, so it is concluded that the dividend policy variable is a moderating variable that strengthens the effect of leverage on firm value.

Based on the results of the analysis, the significance value of the moderation variable (β6) dividend policy is 0.414 (non-significant) and the significant value of the interaction variable between profitability and dividend policy (β9) is significant at 0.022 (significant), this indicates that the moderation variable is a pure moderation type. The results of the moderation regression analysis show that the regression coefficient value of Profitability (β3) is significantly positive and the interaction variable X3.M (β9) is significantly positive, indicating a unidirectional relationship, so it is concluded that the dividend policy variable is a moderating variable that strengthens the effect of profitability on firm value.

Based on the results of the analysis, the significance value of the moderation variable (β6) Dividend policy is 0.414 (non-significant) and the significant value of the interaction variable between company growth and dividend policy (β10) is significant at 0.031 (significant), this indicates that the moderation variable is a pure moderation type. The results of the moderation regression analysis show that the regression coefficient value of company growth (β4) is significantly positive and the interaction variable X4.M (β10) is significantly positive, indicating a unidirectional relationship, so it is concluded that the dividend policy variable is a moderating variable that strengthens the effect of company growth on firm value.

Based on the results of the analysis, the significance value of the moderation variable (β6) Dividend policy is 0.414 (non-significant) and the significant value of the interaction variable between institutional ownership and dividend policy (β11) is significant at 0.000 (significant), this indicates that the moderation variable is a pure moderation type. The results of the moderation regression analysis show that the regression coefficient value of institutional ownership (β5) is significantly positive and the interaction variable X5.M (β11) is significantly positive, indicating a unidirectional relationship, so it is concluded that the dividend policy variable is a moderating variable that strengthens the effect of institutional ownership on firm value.

Practical Implications. Investors in the manufacturing industry in Indonesia can use financial performance, company growth, and institutional ownership as key indicators to assess potential investment opportunities. They should consider not only these factors individually but also the moderating effect of dividend policy when evaluating a company's potential for value appreciation. Companies should carefully consider their dividend policy in the context of their overall financial performance, growth prospects, and institutional ownership. This research suggests that an appropriate dividend policy can enhance firm value, which may be of interest to corporate decision-makers. Understanding the interplay between financial ratios, company growth, and institutional ownership, along with the role of dividend policy, can aid in more effective risk management for investors and companies. It can help in devising strategies to balance these factors for optimized performance and value creation. Regulators and policymakers in Indonesia may consider these findings when reviewing or implementing regulations related to dividend policy, financial reporting, or corporate governance, as these aspects have an impact on the value of manufacturing companies.

Theoretical Implications. The research contributes to financial theory by highlighting the importance of dividend policy as a moderating variable in the relationship between financial performance, company growth, and institutional ownership on firm value. This adds a nuanced layer to the understanding of corporate finance. The study provides context-specific insights into the Indonesian manufacturing industry. Future research could expand on these findings and investigate whether they hold true in different industries, countries, or economic environments. This research opens the door to more extensive research on the moderating role of dividend policy in various financial contexts. Theoretical models can be developed to understand the underlying mechanisms that explain the moderation effect in greater detail. Scholars can use this research as a basis for further exploration of corporate finance topics, including the interaction between dividend policy and firm value in various contexts. It also encourages further research into factors influencing firm value beyond those explored in this study.

CONCLUSION

The results showed that liquidity positively and significantly affects firm value. This condition is because the high liquidity value reflects the company's ability to fulfil its obligations, so it is a positive signal for investors. The results showed that leverage positively and significantly affects firm value. This condition is due to the increase in the high debt ratio, which is utilized for company development with good management, thus becoming a positive signal for investors. The results showed that profitability positively and significantly affects firm value. This condition is because the company's ability to generate high profits is a positive signal for investors. The results showed that company growth positively and significantly affects firm value. This condition is because high company growth can be a sign that the company can generate higher profits over time so it can be a positive signal for investors. The results showed that institutional ownership positively and significantly affects firm value. This is because monitoring carried out by institutions encourages an increase in company performance to increase company value so that it can be a positive signal for investors. A dividend policy can moderate the effect of financial performance (consisting of liquidity, leverage and profitability), company growth, and institutional ownership on firm value because the dividend policy proves that the company can manage its profits well so that it can be a positive signal to investors.

Manufacturing companies can pay attention to factors affecting firm value, including liquidity, leverage, profitability, company growth, institutional ownership, and dividend policy variables to increase firm value. Companies must continue monitoring and improving performance to achieve goals and increase company value. For further researchers, it is recommended to further examine the factors that affect firm value with other variables besides the variables in this study with different sector selections.

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