THE EFFECT OF DIVIDEND POLICY AND PROFITABILITY ON COMPANY VALUE WITH LIQUIDITY AS AN INTERVENING VARIABLE IN MANUFACTURING COMPANIES

Olandari Mulyadi*[1], Putri Intan Permata Sari[2]
[123] University Putra Indonesia YPTK Padang
*Email: olandarimulyadi@upiyptk.ac.id

Abstract

The purpose of this research is to find out the dividend policy and profitability of the value of a company with liquidity as an intervening variable in a manufacturing company . The object of the research was manufacturing companies listed on the Indonesia Stock Exchange in the 2017-2021 period. The population in this study was 198 manufacturing companies in the 2017-2021 period. The sample collection method uses purposive sampling , with a total sample of 65 companies. The analytical method of this study is to use path analysis using the SPSS 25 test tool . The results of this study indicate that dividend policy partially has no effect on liquidity with a significant value of 0.858. Profitability partially affects liquidity with a significant value of 0.003. Dividend policy partially has no effect on firm value with a significant value of 0.317. Profitability partially affects firm value with a significant value of 0.001. Liquidity partially affects firm value with a significant value of 0.044. There is no indirect effect, between dividend policy on firm value through liquidity as an intervening variable There is no indirect effect, between profitability on firm value through liquidity as an intervening variable.

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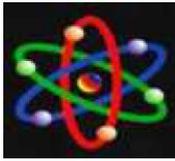
INTRODUCTION

Along with the increase in dividends If the company pays dividends, the value of the company will increase and the stock price will also increase. Vice versa if the company reduces the distribution of dividends, then the condition of the company will be bad and lower the stock price[1]-[6]. Having a positive effect on company value is a good prospect for companies to attract investors, because profitability is the most important indicator for a company, where the higher the ratio, the higher the profit that the company has. Research conducted by Fadlia and Lina (2013) shows that liquidity has a positive effect on dividend policy because dividends use cash owned by the company, so the company must have sufficient cash to be able to pay dividends [15]-[23]. The liquidity ratio is used to measure a company's ability to meet its maturing short-term obligations. While the profitability ratio is the ratio used to measure a company's ability to generate profits from its business activities[7]-[9]. The impact of economic globalization is able to open mechanisms and investment opportunities in the international arena. Encouraging the world economy to continue to grow as a whole. Increasing national income and reducing world poverty. So as to increase per capita income[24]-[29].

Descriptive Statistics

|	N	Minimum	Maximum	Means	std. Deviation
Firm Value (Y)	325	,00	1.32	,6284	,25693
Dividend Policy (X1)	325	-.96	1.85	,4244	,46752
Profitability (X2)	325	-2.90	,80	-,6067	,41976
Liquidity (Z)	325	-2.04	,52	-,6226	,41555
Valid N (listwise)	325				

Table 1. Descriptive Statistics

From the table above it can be seen that the total number of samples (N) is 325 from 65 companies multiplied by 5, because the period in this study is 5 years. Firm value (Y) has a minimum value of 0.00, a maximum value of 1.32, a mean value of 0.6284 and a standard deviation of 0.25693. The dividend policy (X1) has a minimum value of -0.96, a maximum value of 1.85, a mean value of 0.4244 and a standard deviation of 0.46752. Profitability (X2) has a minimum value of -2.90, a maximum value of 0.80, a mean value of -0.6067 and a standard deviation of 0.41976. Liquidity (Z) has a minimum value of -2.04, a maximum value of 0. 52 the mean value is -0.6226 and the standard deviation is 0.41555. This classic assumption test aims to provide certainty that the resulting regression equation has accuracy in estimation. It should be noted that there is a possibility that the actual data does not meet all of these classic assumptions[10]-[13].

The Normality test aims to examine whether in the regression model, the dependent variable and independent variable both have a normal distribution or not. The data normality test can be done with the one-way Kolmogorov Smirnov test. The conclusion to determine whether a data follows a normal distribution or not is to assess its significance.

One-Sample Kolmogorov-Smirnov Test

	Unstandardized Residuals
N	325
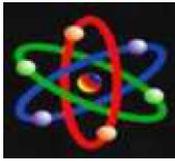
asymp. Sig. (2-tailed)	,053c ,d

Table 2. Equation Normality Test I

Based on the Kolgomorov-Smirnov results in equation I, it shows that the data is normally distributed, namely Asymp. Sig > 0.05, which is equal to 0.053. Thus it can be concluded that the residual data is normally distributed and the regression model meets the normality assumption.

Coefficients [a]

Model		Collinearity Statistics	
		tolerance	VIF
1	(Constant)		
	Dividend Policy (X1)	,941	1,062
	Profitability (X2)	,941	1,062

a. Dependent Variable: Liquidity (Z)

Table 3. Equation I Multicollinearity Test

Based on the coefficients table for equation I above, it is known that the tolerance values for all independent variables are > 0.01 and the Variance Inflation Factor (VIF) values for both variables are < 10. Based on the criteria in decision making above, it can be concluded that multicollinearity does not occur[31]-[33].

METHOD

Coefficients [a]

Model		Collinearity Statistics	
		tolerance	VIF
1	(Constant)		
	Dividend Policy (X1)	,960	1,041
	Profitability (X2)	,876	1.142
	Liquidity (Z)	,910	1,099

a. Dependent Variable: Firm Value (Y)

Table 4. Equation II Multicollinearity Test

Based on the coefficients table for equation II above, it is known that the tolerance values for all independent variables are > 0.01 and the Variance Inflation Factor (VIF) values for both variables are < 10. Based on the criteria in decision making above, it can be concluded that multicollinearity does not occur.

Hesteroscedasticity test is used to test whether in the regression model found an inequality of variance from the residual one observation to another observation. By looking at the Scatter Plot below, the points spread far from the zero diagonal graph.
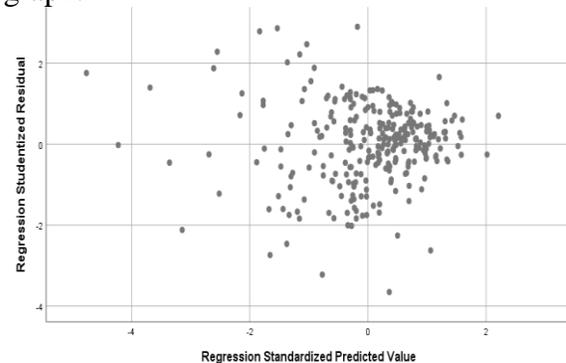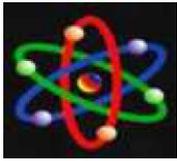

Figure 1. Heteroscedasticity Test

From the results of the scatterplot test above, it can be concluded that there are no symptoms of heteroscedasticity in equation I because the points of the scatterplot graph both below and above zero on the Y axis are not clustered and spread in an unclear pattern[34]-[28].

Autocorrelation Test

Summary Model [b]	
Model	Durbin-Watson
1	1,994

Table 5. Equation I Autocorrelation Test

To determine whether or not there is an autocorrelation symptom with the condition that the value is 1.82291(DU) < 1.994(D) < 2.17709 (4-DU). From the results of the autocorrelation test by looking at Durbin Watson, it can be concluded that there is no autocorrelation symptom in equation I.

Summary Model [b]	
Model	Durbin-Watson
1	1,852

Table 6. Equation II Autocorrelation Test

To determine whether or not there is an autocorrelation symptom with the condition that the value is 1.82291(DU) < 1.852(D) < 2.17709 (4-DU). From the results of the autocorrelation test by looking at Durbin Watson, it can be concluded that there is no autocorrelation symptom in equation II.

Coefficients [a]

Model	Unstandardized Coefficients B	Unstandardized Coefficients std. Error	Standardized Coefficients Betas	Q	Sig.
1 (Constant)	-.502	,057		- 8,752	,000
Dividend Policy (X1)	,010	.056	,011	, 179	,858
Profitability (X2)	,206	,069	, 183	3,001	,003

a. Dependent Variable: Liquidity (Z)

Table 7. Multiple Linear Regression Analysis Test Equation I

Based on the table above, it can be seen that the regression equation is as follows:
$$Z = -0.502 + 0.010(X1) + 0.206(X2) + e$$

1. The regression equation shows that the constant value is -0.502: meaning that if dividend policy (X1) and profitability (X2) are ignored or have a value of (0), then liquidity (Z) is worth -0.502.
2. The regression coefficient of the Dividend Policy variable (X1) is 0.010: if the Dividend Policy (X1) is increased by one unit with the assumption that Profitability (X2) is ignored or has a value of (0), then Liquidity (Y) will increase by 0.010.

The regression coefficient of the Profitability variable (X2) is 0.206: if Profitability (X2) is increased by one unit assuming the Dividend Policy (X1) is ignored or has a value of (0) then Liquidity (Z) will increase by 0.206.

Hypothesis testing is a test of a statement using statistical methods so that the test results can be declared statistically significant. By carrying out statistical tests on the hypothesis, one can decide whether the hypothesis can be accepted or rejected.

The t test is intended to test the significant influence of the independent and dependent variables partially. Where in this test there are 2 ways to compare between: If the significant probability is less than 0.05 or the t count value > from t table then Ho is rejected and Ha is accepted, so there is an influence between
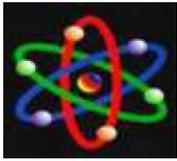
the X and Y variables. If the significant probability is greater than 0.05 or the value t count < from t table then Ho is accepted and Ha is rejected, so there is no influence between the variables X and Y. From the results of data processing can be presented in the following table:

Coefficients [a]			
Model		t	Sig.
1	(Constant)	-8,752	,000
	Dividend Policy (X1)	, 179	,858
	Profitability (X2)	3,001	,003
a. Dependent Variable: Liquidity (Z)			

Table 8. Partial Test of Equation I

Based on processing using SPSS 25, the test results obtained with SPSS obtained t-counts for:
1.   Dividend Policy Variable (X1) 0.179 smaller than t-table 1.967382. By using a significant limit of 0.05 with a significance value of 0.858 then Ho is accepted and H1 is rejected. Thus, the first hypothesis is rejected.
2.   Profitability variable (X2) 3.001 is greater than t-table 1.967382. By using a significant limit of 0.05 with a significance value of 0.003 then Ho is rejected and H2 is accepted. Thus, the second hypothesis is accepted.

Coefficients [a]			
Model		t	Sig.
1	(Constant)	14,875	,000
	Dividend Policy (X1)	1.003	,317
	Profitability (X2)	3,532	,001
	Liquidity (Z)	2,034	.044

a. Dependent Variable: Firm Value (Y)

Table 9. Partial Test of Equation II

Based on processing using SPSS 25, the test results obtained with SPSS obtained t-counts for:

1.   Dividend Policy Variable (X1) 1.003 smaller than t-table 1.967382. By using a significant limit of 0.05 with a significance value of 0.317 then Ho is accepted and H3 is rejected. Thus, the third hypothesis is rejected.
2.   Profitability variable (X2) 3.532 is greater than t-table 1.967382. By using a significant limit of 0.05 with a significance value of 0.001 then Ho is rejected and H4 is accepted. Thus, the fourth hypothesis is accepted.
3.   Liquidity variable (Z) 2.034 is bigger than t-table 1.967382. By using a significant limit of 0.05 with a significance value of 0.044 then Ho is rejected and H5 is accepted. Thus, the fifth hypothesis is accepted.

Based on the path obtained from multiple linear regression analysis, the path diagram can be formulated as follows:
1.   The direct influence that X1 has on Y is 0.077. Meanwhile, the indirect effect of X1 on Y through Z is the multiplication of the beta value of X1 and the value of beta Y on Z, which is 0.011 x 0.161 = 0.001771. Then the total effect given by X1 on Y is the direct effect plus the indirect effect of 0.077 + 0.001771 = 0.078771 Based on the calculation results
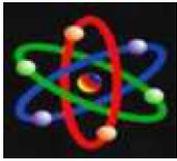
above, it is known that the direct effect value is 0.077 and the indirect effect is 0.0011771, which means that the value of the indirect effect smaller than the value of the direct effect. These results indicate that indirectly X1 through Z has no effect on Y, then Ho is accepted, H6 is rejected.

2.   The direct influence that X2 has on Y is 0.284. Meanwhile, the indirect effect of X2 on Y through Z is the multiplication of the beta value of X2 and the value of beta Y on Z, which is 0.183 x 0.161 = 0.029463. Then the total effect given by X2 on Y is the direct effect plus the indirect effect of 0.284 + 0.029463 = 0.313463 Based on the calculation results above, it is known that the direct effect value is 0.284 and the indirect effect is 0.029463, which means that the value of the indirect effect smaller than the value of the direct effect. These results indicate that indirectly X2 through Z has no effect on Y, then Ho is accepted H7 is rejected.

Discussion

1. The Effect of Dividend Policy on Liquidity. The results obtained for testing the value of the hypothesis variable Dividend Policy (X1) on Liquidity with a t-statistic value of 0.179 is smaller than the t-table of 1.967382. By using a significant limit of 0.05 with a significance value of 0.858 then Ho is accepted and H1 is rejected. Thus, the first hypothesis is rejected.

2. Effect of Profitability on Liquidity
    The results obtained for testing the hypothesis of the value of the variable

Profitability (X2) on Liquidity with a t-statistic value of 3.001 are greater than t-table 1.967382. By using a significant limit of 0.05 with a significance value of 0.003 then Ho is rejected and H2 is accepted. Thus, the second hypothesis is accepted.

3. The Effect of Dividend Policy on Firm Value. The results obtained for testing the dividend policy variable hypothesis (X1) on firm value with a t-statistic value of 1.003 is smaller than the t-table of 1.967382. By using a significant limit of 0.05 with a significance value of 0.317 then Ho is accepted and H3 is rejected. Thus, the third hypothesis is rejected.

4. Effect of Profitability on Firm Value. The results obtained for testing the Profitability variable hypothesis (X2) on Firm Value with a t-statistic value of 3.532 are greater than t-table 1.967382. By using a significant limit of 0.05 with a significance value of 0.001 then Ho is rejected and H4 is accepted. Thus, the fourth hypothesis is accepted.

5. The Effect of Liquidity on Firm Value. The results obtained for testing the hypothesis variable Liquidity (Z) on Firm Value with a t-statistic value of 2.034 is greater than t-table 1.967382. By using a significant limit of 0.05 with a significance value of 0.044 then Ho is rejected and H5 is accepted. Thus, the fifth hypothesis is accepted.

6. The Effect of Dividend Policy on Firm Value Through Liquidity as an Intervening Variable. Based on the
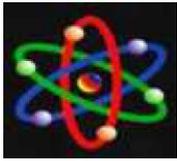
results of the direct and indirect tests, it is known that the direct effect value is 0.077 and the indirect effect is 0.0011771, which means that the indirect effect value is smaller than the direct effect value. These results indicate that indirectly the Dividend Policy through Liquidity has no effect on Firm Value, then Ho is accepted, H6 is rejected. Thus, the sixth hypothesis is rejected.

7. The Effect of Profitability on Firm Value Through Liquidity as an Intervening Variable.

8. Based on the results of the direct and indirect tests, it is known that the direct effect value is 0.284 and the indirect effect is 0.029463, which means that the indirect effect value is smaller than the direct effect value. These results indicate that indirectly Profitability through Liquidity has no effect on Firm Value, then Ho is accepted H7 is rejected. Thus, the seventh hypothesis is rejected.

CONCLUSION

Based on the analysis and discussion of the effect of dividend policy and profitability on firm value with liquidity as an intervening variable, the conclusions are as follows:

1. Dividend policy partially has no effect on liquidity with a significant value of 0.858.

2. Profitability partially affects liquidity with a significant value of 0.003.

3. Dividend policy partially has no effect on firm value with a significant value of 0.317.

4. Profitability partially affects firm value with a significant value of 0.001.

5. Liquidity partially affects firm value with a significant value of 0.044.

6. There is no indirect effect, between dividend policy on firm value through liquidity as an intervening variable

7. There is no indirect effect, between profitability on firm value through liquidity as an intervening variable

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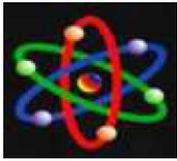
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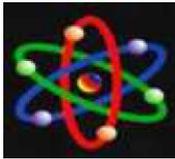
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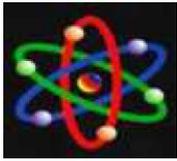
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