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THE EFFECT OF PROFITABILITY AND LEVERAGE ON COMPANY VALUE WITH DIVIDEND POLICY AS A MEDIATING VARIABLE IN *CONSUMER NON-CYCLICALS COMPANIES* LISTED ON THE INDONESIA STOCK EXCHANGE PERIOD 2018 – 2024

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Abstract. This study aims to determine the influence of profitability and *leverage* on company value with dividend policy as a mediating variable in *non-cyclical consumer* sector companies listed on the Indonesia Stock Exchange. The sample used in this study is 10 companies with a research period of 2018 - 2024. This study uses secondary data, with a sampling technique in the form of *purposive sampling*. The data processing or analysis methods used are classical assumption testing, panel data regression analysis, and hypothesis tests using the t test, F test, and Sobel test. The data processing tool used is EViews 14. Based on the results of the study, it is known that profitability has a positive and significant effect on the company's value, while *leverage* and dividend policy do not have a significant effect on the company's value. In addition, profitability and *leverage* have no significant effect on dividend policy. The results of the mediation test showed that the dividend policy was unable to mediate the influence of profitability and *leverage* on the company's value.

Keywords: Profitability, *Leverage*, Dividend Policy, Company Value

I. INTRODUCTION

The development of the capital market in Indonesia in recent years has shown significant dynamics, especially in the *consumer non-cyclicals* which is known to be relatively stable in the face of economic pressure. However, the 2018-2024 period is also colored by various turmoil such as the global economic slowdown and inflationary pressures that affect company performance and investor perception of company value. Although the sector is classified as defensive, stock price fluctuations persist which reflect changing market expectations on the company's performance and prospects. This phenomenon shows that the value of a company is not only affected by external conditions, but also by the company's internal financial performance [1]. In the context of financial theory, a company's value is a key indicator that reflects investors' perception of the company's ability to create value in the future [2].

Company value is the main goal for companies that have *go public* Because it is directly related to improving the welfare of shareholders. The higher the value of the company, the higher the level of investor confidence in the company. One of the commonly used indicators to measure a company's value is Price to Book Value (PBV), which reflects the comparison between the market value and the company's book value [3]. A company's value is influenced by various factors, both internal factors such as profitability and leverage, and external factors such as macroeconomic conditions. Therefore, it is important to identify the factors that significantly affect the value of the company.

Profitability is one of the main indicators in assessing a company's financial performance. Profitability reflects a company's ability to generate profits through efficient use of its resources. The higher the level of profitability, the greater the company's ability to create value for shareholders [4]. From the perspective of signaling theory, a high level of profitability gives investors a positive signal about the company's future prospects, thereby increasing the company's stock price and value [5]. Previous research has shown that profitability has a positive influence on a company's value, although the results are not always consistent across different industry sectors [6].

In addition to profitability, *leverage* It is also an important factor that affects the value of the company. *Leverage* describes the extent to which the company uses debt as a source of funding in its capital structure. Optimal use of debt can increase the value of a company through tax benefits (*tax shield*), but excessive use of debt can increase financial risk and lower investor confidence [7]. Therefore, the influence *leverage* The company's value can be positive or negative depending on the company's condition.

Dividend policy is one of the financial decisions related to the distribution of profits to shareholders. This policy is often of concern to investors because it reflects the company's

financial condition and future prospects. In perspective *signaling theory*, the distribution of dividends can give a positive signal to the market that the company has good performance and stable cash flow [8]. In addition, dividend policy can also act as a mediating variable that links the company's financial performance to the company's value. Thus, dividend policy not only has a direct impact, but can also strengthen or weaken the relationship between financial variables and the value of a company.

However, the results of previous research related to the influence of profitability, *leverage*, and the dividend policy to the value of the company shows inconsistent results. Some studies have found that profitability has a significant positive effect on a company's value, while *leverage* and dividend policies show varying influences [9]. On the other hand, there are studies that show that leverage and profitability do not have a significant effect, Meanwhile, the dividend policy actually affects the company's value [10]. The difference in the results of this study shows that there is a *research gap* that needs to be studied further, especially in the *consumer non-cyclicals* which has relatively stable characteristics but still faces market dynamics.

Based on these research phenomena and gaps, this study aims to analyze the influence of profitability and *leverage* on the value of companies with dividend policies as a mediating variable in companies in the *consumer non-cyclicals* sector listed on the Indonesia Stock Exchange for the period 2018 - 2024. This research is expected to make an empirical contribution to the development of financial literature and become a consideration for investors and company management in making decisions related to increasing company value.

A. Company Values

In the context of the capital market, a company's value is often seen as a benchmark of management's success in efficiently managing financial resources and strategies. Company value is considered important for investors and creditors to know because the company's value provides a positive signal for investors to invest in a company, while for creditors, company value reflects the company's ability to pay its debts so that creditors do not feel afraid to lend to the company.

In this case, the company's value is an illustration for shareholders to carry out the sustainability of the company's performance in the future [11]. If the value of the company increases, then the shareholders will be interested in investing by buying the company's shareholding. The company's high value indicates strong market confidence in the future performance and prospects of the business. One of the ratios that is often used to measure the value of a company is *Price to Book Value* (PBV), which compares the stock market value to the company's book value. A high PBV ratio indicates that the market assesses that the company has good growth potential, effective management, and promising profit prospects. The higher the PBV ratio, the higher the investor's confidence in the company's prospects [3].

As for assessing financial performance, it is necessary to know how the financial condition of a company is, which can be seen through the company's financial statements consisting of balance sheets, income and loss calculation reports, and capital change reports. Good financial performance can increase the value of a company. To make it easier to assess the company's financial performance, an investor can look at the financial ratios that are often used, including profitability, *leverage*, and dividend policy [12].

B. Profitability

Profitability as a mediating variable shows how a company is able to influence investors' risk perceptions through its financial performance [13]. Profitability also indicates a company's ability to manage and optimize resources to generate significant profits.

One of the commonly used indicators to measure profitability is *Return on Assets* (ROA), which describes the company's ability to utilize all assets it owns to generate net profit [14]. ROA is one of the ratios that investors always pay attention to, because just by looking at ROA, investors can already assess the potential profits that will be obtained from a company [7]. The higher the ROA that a company produces, the higher the net profit generated from each fund embedded in total assets. So on the other hand, if the lower the ROA produced, the lower the net profit generated from each fund embedded in the total assets [15].

Research conducted Hasanudin, A., Primawresti, R., & Lestari, T. [3] shows that profitability has a significant influence on the value of the company. Increased profitability not only increases the value of the company directly through an increase in the share price, but also strengthens the company's position in terms of access to financing and the ability to invest in growth. The company's ability to generate profits will attract the attention of investors who can later be used for expansion, otherwise if the level of profitability is low, it will cause investors to withdraw their funds. So the increase in profitability of a company will be in line with the value of the company [6].

C. *Leverage*

Debt (*Leverage*) is also an important aspect of a company's value that is used to figure out how much a company's assets are financed by debt compared to its own capital [7]. Leverage is measured using *Debt to Equity Ratio* (DER), which describes the proportion of a company's funding derived from debt compared to its own capital. DER is calculated by dividing total debt by total equity. A high DER value indicates a high dependence on debt, thereby increasing the company's financial risk, while a low DER value reflects a more dominant use of its own capital [16].

Leverage indicates the extent to which the company uses debt as a source of funding. Optimal use of debt can increase the value of a company because it provides opportunities to increase profits through the leverage effect [4]. Dependence on debt does not necessarily reflect a higher level of risk. Some investors may think that large leverage will be a burden for the company because of the obligation of the company to pay debts and the risk of bankruptcy that will be borne by investors [17]. On the other hand, there are also investors who argue that debt is needed by the company for the company's operations and investment so that the company can develop its business.

Leverage excessive can increase the risk of bankruptcy and lower investor confidence. Therefore, wise leverage

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management is an important factor in a company's financial strategy. *Leverage* It can be interpreted as an evaluation of the risks associated with the company. In other words, the higher the leverage, the higher the associated investment risk [18]. It is a concern for companies that the use of *leverage* must be done in a Prudence, as well as the implementation of good corporate governance can effectively drive increased company value [19].

D. Dividend Policy

Dividend policy is a decision to determine how much profit is withheld, profits used as dividends, and profits used to develop the business. The company will pay more attention to the dividend policy, because the company will be faced with doubts about whether to give dividends to shareholders, or to hold the profit for development investments [20]. The dividend policy determines the amount of profit received by shareholders [21]. The profits earned by shareholders will affect their level of well-being, which is the company's long-term goal.

One of the indicators that supports the achievement of this is the distribution of profits in the form of dividends to shareholders. The amount of dividends to be distributed will first be discussed at the General Meeting of Shareholders (GMS). The company's ability to pay dividends reflects the company's value. This is in line with signal theory (*signaling theory*) which states that the dividend payment is a signal from the company's management regarding the company's good future prospects. By increasing dividend payouts, investors can predict that the profits that the company will generate will continue and increase. The better the company's prospects, the more likely it is that the company will profit from its shareholders, so that investors are more enthusiastic about buying shares and can increase the company's share price [5].

Shareholders can also read the distribution of dividends carried out regularly by the company indicating that the company is in good condition and able to fulfill all its obligations, if the dividends are distributed in large amounts. The large amount of dividend distribution is closely related to *Dividend Payout Ratio* (DPR), the greater the amount of dividends distributed to the people who own the shares, the greater the ratio [8]. People invest in a company because they realize that the rate of return on the stock is high.

The company's ability to pay dividends also affects the company's value. The purpose of shareholder investment is to improve their welfare by obtaining returns from the funds invested. Where one of the returns that investors can enjoy is in the form of dividends that are distributed. One of the investors' interest in buying company shares is the amount of dividends they can receive. Investors will particularly like high dividends. This shows that the company's performance is very good, thus having an impact on the company's value [8].

Based on the framework of thinking on the influence of independent variables on dependent variables. The following is a variable hypothesis.

H1: Profitability has a positive effect on dividend policy.

H2: *Leverage* has a negative effect on dividend policy.

H3: Profitability has a positive effect on the company's value.

H4: *Leverage* has a negative effect on the value of the company.

H5: Dividend policy has a positive effect on the company's value.

H6: Dividend policy mediates the effect of profitability on the value of the company.

H7: The dividend policy mediates the influence of *leverage* on the value of the company.

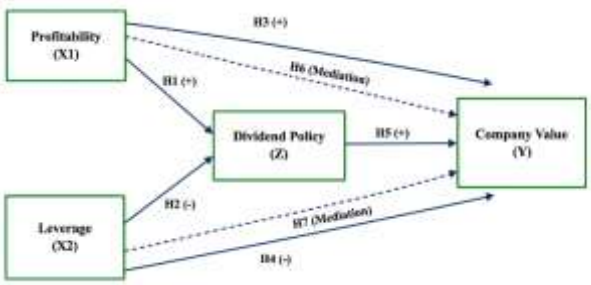

Figure 1. Research Framework

II. RESEARCH METHODS

This study uses a quantitative approach with a causality research design that aims to analyze the influence of profitability and *leverage* to the company's value with dividend policy as a mediation variable. This approach was chosen because it is able to explain the cause-and-effect relationship between variables through hypothesis testing based on numerical data and inferential statistical analysis. In the context of financial research, quantitative approaches are considered relevant to test the relationship between financial performance indicators and market responses empirically and measurably [22].

The population in this study is *non-cyclicals consumer sector companies* listed on the Indonesia Stock Exchange during the period 2018 - 2024. This study uses purposive sampling techniques with the criteria of companies that have complete financial statements and consistently distribute dividends during the research period. Based on data from the Indonesia Stock Exchange, the number of companies in *the consumer non-cyclicals* sector was recorded at 123 companies. However, not all companies in the population met the research criteria, especially regarding the consistency of dividend distribution and completeness of data during the observation period. Therefore, after a selection process based on these criteria, 10 companies were obtained that were eligible as research samples. The use of panel data allows researchers to capture variations between entities and time dynamics simultaneously, thereby increasing the power of analysis compared to *cross-section* or time series data separately.

The data used in this study is secondary data obtained through the documentation method of the annual financial statements published on the official website of the Indonesia Stock Exchange and each company. The research variables consisted of profitability proxied by *Return on Assets* (ROA), *leverage* with *Debt to Equity Ratio* (DER), company value with *Price to Book* Value (PBV), and dividend policy with *Dividend*

Payout Ratio (DPR). The selection of the proxy is based on the empirical literature that states that ROA, DER, and DPR are commonly used indicators in explaining the company's financial performance and policies to market value.

The data analysis technique used is panel data regression with a fixed effect *model* or random effect *model approach chosen* based on the results of *the Chow, Hausman*, and *Lagrange Multiplier tests*. This test was carried out to determine the best model in analyzing the relationships between variables. Furthermore, hypothesis testing is carried out through the t-test to see the partial influence and the F-test to see the simultaneous influence, as well as the determination coefficient (*Adjusted R-Square*) to measure the model's ability to explain the dependent variable.

To test the mediation role of dividend policy, this study uses the Sobel test to determine the significance of the indirect influence between independent variables on dependent variables through mediation variables. The use of the Sobel test in financial research is commonly used to test the effects of mediation statistically and provide an understanding of the mechanisms of relationships between variable [23].

Company Value (Y)

Company value is the investor's perception of the manager's level of success in managing the company's resources entrusted to him that are often Linked to the stock price [17].

Book *Value* is calculated by the following formula:

$$Book\ Value = \frac{\text{Total Equity}}{\text{Number of Outstanding Shares}}$$

Thus, ***Price to Book Value*** **(PBV)** can be calculated with the formula:

$$Price\ to\ Book\ Value = \frac{\text{Stock Price}}{\text{Book Value Per Share}}$$

Profitability (X1)

Profitability is a ratio that aims to be able to determine the company's ability to generate profits during a certain period and provide an overview of the level of management effectiveness in carrying out activities Operation [24].

In this study, profitability is measured using *Return on Assets* (ROA), because ROA is able to describe the efficiency of asset use in generating profits.

$$ROA = \frac{Net\ Income}{Total\ Assets}$$

Leverage **(X2)**

Leverage is a ratio used to describe how a company's ability to pay off the debts owned by the company [25].

In this study, *leverage* is measured using *the Debt to Equity Ratio* (DER).

$$DER = \frac{Total\ Debt}{Total\ Equity}$$

Dividend Policy (Z)

Dividend policy (*dividend policy*) is a decision whether the profits earned by the company at the end of the year will be distributed to shareholders in the form of dividends or will be withheld to increase capital to finance investments in the future [26].

In this study, dividend policy is measured using *the Dividend Payout Ratio* (DPR).

$$DPR = \frac{Cash\ Dividends}{Net\ Income}$$

III. RESULTS AND DISCUSSION

Statistics Descriptive

	PBV___Y_	ROA__X1_	DER__X2_	DPR__Z_
Mean	3.444143	11.25757	0.389286	60.81086
Median	3.155000	10.17500	0.250000	47.83500
Maximum	8.470000	30.99000	1.290000	162.7300
Minimum	0.910000	3.520000	0.020000	12.09000
Std. Dev.	1.664471	6.486105	0.365685	37.73198
Skewness	0.647374	1.193808	1.323269	1.180323
Kurtosis	3.420759	4.008050	3.460755	3.361534
Jarque-Bera	5.405780	19.59088	21.04799	16.63479
Probability	0.067012	0.000056	0.000027	0.000244
Sum	241.0900	788.0300	27.25000	4256.760
Sum Sq.	1021.510	11774.10	19.83510	357092.7
Sum Sq. Dev.	191.1619	2902.800	9.227064	98235.47
Observations	70	70	70	70

Descriptive statistics show that the PBV variable has an average value of 3.4441 with a standard deviation of 1.6645 which indicates that the company's value is at a relatively high level with a data distribution that is not too large. The ROA variable has an average value of 11.26% with a standard deviation of 6.4861 which indicates that the company's profitability level is in a relatively good category, with a relatively stable data distribution rate. Meanwhile, the DER variable has an average value of 0.3893 with a standard deviation of 0.3657 which shows that the company's *leverage* level is relatively low with relatively stable variations. Meanwhile, the DPR variable has an average of 60.81% with a standard deviation of 37.7320 which shows that the company has a relatively high dividend policy with dynamic variation.

Panel Data Regression Analysis

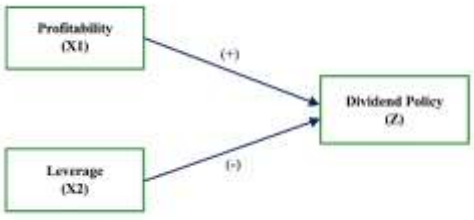

Figure 2. Sub-Structural Research Framework I

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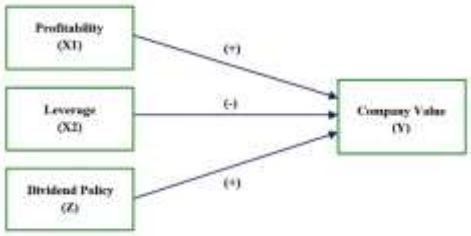

Figure 3. Sub-Structural Research Framework II

Sub Structural I

1. Chow Test Results

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	15.359443	(9,58)	0.0000
Cross-section Chi-square	85.320890	9	0.0000

The Chow *test* is used to determine the most appropriate model between *the Common Effect Model* or *the Fixed Effect Model*. If the *chi-square* probability value is greater than 0.05, then the model chosen is *the Common Effect Model*. On the other hand, if it is smaller than 0.05, then the selected model is the *Fixed Effect Model*.

The table above shows that the probability value of *the Cross-section Chi-square* is 0.00. *Because* of this value (0.00 < 0.05), based on *the results of Chow*'s test, the chosen model is *the Fixed Effect Model*.

2. Hausman Test *Results*

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	1.151203	2	0.5624

The Hausman test is used to determine the most appropriate model between *the Random Effect Model* or *the Fixed Effect Model*. If the probability value of *the random cross-section* is greater than 0.05, then the chosen model is the *Random Effect Model*. On the other hand, if it is smaller than 0.05, then the selected model is the *Fixed Effect Model*.

The table above shows that the probability value of *the Cross-section Chi-square* is 0.56. Because of this value (0.56 > 0.05), based on the results of Chow's test, the chosen model is *the Random Effect Model.*

3. Lagrange Multiplier *Test Results*

Lagrange Multiplier Tests for Random Effects
Null hypotheses: No effects
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	83.58455 (0.0000)	0.096450 (0.7561)	83.68100 (0.0000)
Honda	9.142458 (0.0000)	-0.310563 (0.6219)	6.245093 (0.0000)
King-Wu	9.142458 (0.0000)	-0.310563 (0.6219)	5.541637 (0.0000)
Standardized Honda	10.97565 (0.0000)	-0.096237 (0.5383)	4.242424 (0.0000)
Standardized King-Wu	10.97565 (0.0000)	-0.096237 (0.5383)	3.422642 (0.0003)
Gourieroux, et al.	--	--	83.58455 (0.0000)

The *Lagrange Multiplier* test is used to determine the most appropriate model between *the Common Effect Model* or *the Random Effect Model*. If the value of the Breusch - Pagan probability is greater than 0.05, then the chosen model is the *Common Effect Model*. On the other hand, if it is smaller than 0.05, then the chosen model is the *Random Effect Model*.

The probability value of the Breusch - Pagan test is 0.00, as shown in the table above. Because of this value (0.00 < 0.05), based on the results of the *Lagrange Multiplier* test, the selected model is *the Random Effect Model.*

Sub Structural I

Classic Assumption Test

1. Multicollinearity Test Results

	X1	X2
X1	1.000000	-0.505761
X2	-0.505761	1.000000

Based on the results of the correlation test, there was no strong relationship between independent variables. The correlation value between X1 (ROA) and X2 (DER) was below 0.80 indicating that there was no multicollinearity in the study model.

2. Heteroscedasticity Test Results

Dependent Variable: ABS(RESID)
Method: Panel EGLS (Cross-section random effects)
Date: 05/03/26 Time: 00:29
Sample: 2018 2024
Periods included: 7
Cross-sections included: 10
Total panel (balanced) observations: 70
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	32.32724	12.19450	2.650969	0.0100
X1	-0.279145	0.713843	-0.391046	0.6970
X2	-6.013339	10.42415	-0.576866	0.5660

Based on the results of the heteroscedasticity test, the X1 variable (ROA) has a probability value of 0.6970 and the

X2 variable (DER) of 0.5660, where both values are greater than 0.05. This shows that there are no symptoms of heteroscedasticity in the research model.

Sub Structural II

Classic Assumption Test

1. Multicollinearity Test Results

	X1	X2	Z
X1	1.000000	-0.505761	0.388449
X2	-0.505761	1.000000	-0.300145
Z	0.388449	-0.300145	1.000000

Based on the results of the correlation test, there was no strong relationship between independent variables. The correlation value between X1 (ROA) and X2 (DER) of -0.505761 and X1 (ROA) and Z (DPR) of 0.388449 was below 0.80 which indicates that there was no multicollinearity in the study model

2. Heteroscedasticity Test Results

Dependent Variable: ABS(RESID)
Method: Panel EGLS (Cross-section random effects)
Date: 05/03/26 Time: 00:55
Sample: 2018 2024
Periods included: 7
Cross-sections included: 10
Total panel (balanced) observations: 70
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.718659	0.437769	1.641638	0.1054
X1	0.039810	0.024797	1.605429	0.1132
X2	0.150877	0.370032	0.407741	0.6848
Z	-0.002925	0.003371	-0.867619	0.3887

Based on the results of the heteroscedasticity test, the X1 variable (ROA) has a probability value of 0.1132, the X2 variable (DER) of 0.6848 and the Z variable (DPR) of 0.3887, where both values are greater than 0.05. This shows that there are no symptoms of heteroscedasticity in the research model.

Regression equations

Sub Structural I

Z = 50.443 + 0.992 ROA - 2.059 DER + ε

This equation shows that profitability has a positive effect on dividend policy, while *leverage* has a negative effect. This means that increased profitability tends to increase dividend distribution, while increased leverage tends to lower dividends.

Sub Structural II

Y = 1.572 + 0.154 ROA - 0.014 DER + 0.002 DPR + ε

In this equation, profitability has a positive and significant effect on the value of the company. Meanwhile, the dividend policy has a positive but not significant direction, and *leverage* has a negative but insignificant effect. This shows that only profitability is the main factor in increasing the value of the company.

Sub Structural I

The selected model is *the Random Effect Model*

1. t-test (Partial Influence)

Dependent Variable: Z
Method: Panel EGLS (Cross-section random effects)
Date: 05/03/26 Time: 01:07
Sample: 2018 2024
Periods included: 7
Cross-sections included: 10
Total panel (balanced) observations: 70
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	50.44336	17.58605	2.868373	0.0055
X1	0.992146	0.962618	1.030675	0.3064
X2	-2.059289	13.40175	-0.153658	0.8783

H1: Profitability has a positive effect on dividend policy. Prob value. X1 = 0.3064 > 0.05, then H1 is rejected which means that Profitability (ROA) does not have a significant effect on the Dividend Policy (DPR).

H2: *Leverage* has a negative effect on dividend policy. Prob value. X2 = 0.8783 > 0.05, then H2 is rejected which means *that Leverage* (DER) has no significant effect on Dividend Policy (DPR).

2. F Test (Simultaneous Influence)

R-squared	0.022839
Adjusted R-squared	-0.006330
S.E. of regression	20.31107
F-statistic	0.782980
Prob(F-statistic)	0.461179

The Prob. value is 0.461179 > 0.05, so Profitability (ROA) and *Leverage* (DER) simultaneously do not have a significant effect on the dividend policy (DPR).

3. R Square

R-squared	0.022839
Adjusted R-squared	-0.006330
S.E. of regression	20.31107
F-statistic	0.782980
Prob(F-statistic)	0.461179

The *relatively low Adjusted R-Squared* value of -0.0063 indicates that the Profitability (ROA) and *Leverage* (DER) variables have not been able to explain the Dividend Policy (DPR) optimally, so it is possible that there are other factors outside the model that are more influential.

Sub Structural II

The selected model is *the Random Effect Model*

1. t-test (Partial Influence)

Dependent Variable: Y
Method: Panel EGLS (Cross-section random effects)
Date: 05/03/26 Time: 09:58
Sample: 2018 2024
Periods included: 7
Cross-sections included: 10
Total panel (balanced) observations: 70
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.572439	0.747013	2.104968	0.0391
X1	0.154201	0.038907	3.963331	0.0002
X2	-0.013679	0.537672	-0.025441	0.9798
Z	0.002320	0.004932	0.470499	0.6396

Prob value. X1 = 0.0002 < 0.05, then H3 is accepted which means that Profitability (ROA) has a significant effect on the company's value (PBV).

Prob value. X2 = 0.9798 > 0.05, then H4 is rejected which means *that Leverage* (DER) has no significant effect on the company's value (PBV).

Prob value. Z = 0.6396 > 0.05, then H5 is rejected which means that the dividend policy (DPR) does not have a significant effect on the company's value (PBV).

2. F Test (Simultaneous Influence)

R-squared	0.249773
Adjusted R-squared	0.215672
S.E. of regression	0.803127
F-statistic	7.324454
Prob(F-statistic)	0.000260

The Prob. value is 0.000260 < 0.05, so Profitability (ROA), *Leverage* (DER), and Dividend Policy (DPR) simultaneously have a significant effect on Company Value (PBV).

3. R *Square*

R-squared	0.249773
Adjusted R-squared	0.215672
S.E. of regression	0.803127
F-statistic	7.324454
Prob(F-statistic)	0.000260

The *Adjusted R-Squared* value of 0.2156 shows that the Profitability Variables (ROA), *Leverage* (DER), and Dividend Policy (DPR) are able to explain the variation in Company Value (PBV) of 21.56%, while the rest is influenced by other factors outside the research model.

Sub Structural II

Sobel Test

$$Z = \frac{a \times b}{\sqrt{(b^2 \times Sa^2) + (a^2 \times Sb^2)}}$$

Independent Variables to Intervening Variables (Mediation)

Dependent Variable: Z
Method: Panel EGLS (Cross-section random effects)
Date: 05/03/26 Time: 01:07
Sample: 2018 2024
Periods included: 7
Cross-sections included: 10
Total panel (balanced) observations: 70
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	50.44336	17.58605	2.868373	0.0055
X1	0.992146	0.962618	1.030675	0.3064
X2	-2.059289	13.40175	-0.153658	0.8783

Intervening Variables (Mediation) Towards Independents

Dependent Variable: Y
Method: Panel EGLS (Cross-section random effects)
Date: 05/03/26 Time: 09:58
Sample: 2018 2024
Periods included: 7
Cross-sections included: 10
Total panel (balanced) observations: 70
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.572439	0.747013	2.104968	0.0391
X1	0.154201	0.038907	3.963331	0.0002
X2	-0.013679	0.537672	-0.025441	0.9798
Z	0.002320	0.004932	0.470499	0.6396

1. X1 Against Y Through Z

Known:

a = 0.992148

SA = 0.962818

b = 0.002320

Sb = 0.004932

Substitusi ke rumus:

$$Z = \frac{0,992148 \times 0,002320}{\sqrt{(0,002320^2 \times 0,962818^2) + (0,992148^2 \times 0,004932^2)}}$$

Hasil perhitungan:

$$Z = \frac{0,002302}{\sqrt{(0,00000538 \times 0,927017) + (0,984357 \times 0,00002432)}}$$

$$Z = \frac{0,002302}{\sqrt{0,00000499 + 0,00002393}}$$

$$Z = \frac{0,002302}{\sqrt{0,00002892}}$$

$$Z = \frac{0,002302}{0,005378}$$

$$Z = 0,428$$

The Sobel test is used to test the significance of indirect influences through mediation variables. If the value of Z is greater than 1.96, then the mediation variable is declared

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significant. On the other hand, if the calculated value of Z is less than 1.96, then the mediation variable is declared insignificant.

H6: Dividend Policy mediates the influence of Profitability on Company Value.

The sobel test value shows that the value of Z is calculated at X1 = 0.428, then H6 is rejected, which means that the Dividend Policy is not able to mediate the effect of profitability on the Company's Value.

2. X2 Against Y Through Z

Known:

- a = -2.059289
- Sa = 13.40175
- b = 0.002320
- Sb = 0.004932

Substitusi ke rumus:

$$Z = \frac{-2,059289 \times 0,002320}{\sqrt{(0,002320^2 \times 13,40175^2) + ((-2,059289)^2 \times 0,004932^2)}}$$

Hasil perhitungan:

$$Z = \frac{-0,004776}{\sqrt{(0,00000538 \times 179,606) + (4,24066 \times 0,00002432)}}$$

$$Z = \frac{-0,004776}{\sqrt{0,000966 + 0,000103}}$$

$$Z = \frac{-0,004776}{\sqrt{0,001069}}$$

$$Z = \frac{-0,004776}{0,03270}$$

$$Z = -0,146$$

The Sobel test is used to test the significance of indirect influences through mediation variables. If the value of Z is greater than 1.96, then the mediation variable is declared significant. On the other hand, if the calculated value of Z is less than 1.96, then the mediation variable is declared insignificant.

H7 : Dividend Policy mediates the influence of *Leverage* on Company Value.

The value of the sobel test shows that the value of Z is calculated at X2 = -0.146, then H7 is rejected, which means that the Dividend Policy is not able to mediate the effect of *Leverage* on the Company's Value.

The Effect of Profitability on Dividend Policy

The test results showed that profitability (ROA) had no significant effect on dividend policy (DPR), with a probability value of 0.3064 (> 0.05). This shows that the company's profit rate is not the main factor in determining the amount of dividends distributed to shareholders.

These findings indicate that companies do not always distribute profits earned in the form of dividends, but rather consider internal needs such as investment and expansion. Theoretically, this condition is in line with the residual dividend theory which states that dividends are only distributed after all of the company's investment needs are met (Brigham & Houston, 2021). Thus, even if the company has high profitability, the profit can be withheld to support the company's growth.

These results are also in line with research [27] which found that profitability does not always have a significant effect on dividend policy due to other factors such as financial stability and managerial policy

The Effect *of Leverage* on Dividend Policy

The test results showed that leverage (DER) had no significant effect on dividend policy, with a probability value of 0.8783 (> 0.05). This shows that the level of debt utilization is not the main consideration in determining dividend distribution policy.

In theory, trade-off theory explains that companies with high levels of debt tend to withhold profits to meet debt repayment obligations (Brigham & Houston, 2021). However, in practice, the results of this study show that dividend policy is more influenced by the company's strategy and not solely by the capital structure.

These findings are consistent with research [20] which states that leverage does not have a significant influence on dividend policy, as the company still seeks to maintain dividend stability to maintain confidence investor.

The Effect of Profitability on Company Value

The test results showed that profitability had a positive and significant effect on the company's value (PBV), with a probability value of 0.0002 (< 0.05). This shows that the higher the company's ability to generate profits, the higher the company's value in the eyes of investors.

Theoretically, these results are supported by signaling theory which states that high profits provide positive signals regarding the company's future prospects, thereby increasing investor interest and stock prices [5]. In addition, profitability reflects the efficiency of the use of assets and the company's ability to generate returns, which are key considerations for investors [3].

These results are also consistent with research [6] who found that profitability is one of the main determinants in increasing company value.

The Effect *of Leverage* on Company Value

The test results showed that leverage (DER) had no significant effect on the company's value, with a probability value of 0.9798 (>0.05). This shows that the structure of a company's debt is not the main factor that investors consider in valuing a company.

In theory, according to Modigliani & Miller theory, leverage can increase the value of a company through tax benefits (tax shield). However, under real conditions, these benefits can be offset by the risk of bankruptcy and agency costs, so the influence of leverage is insignificant (Brigham & Houston, 2021).

Investors tend to focus more on profitability and growth prospects rather than debt levels. These results are in line with research [10] which indicates that leverage does not always have an effect on the value of the company.

The Effect of Dividend Policy on Company Value

The test results showed that the dividend policy (DPR) had no significant effect on the company's value, with a probability

value of 0.6396 (> 0.05). This shows that the size of dividends is not the main factor in determining the value of the company.

These findings support the dividend irrelevance theory which states that dividend policies do not affect a company's value under certain market conditions (Brigham & Houston, 2021). Investors consider the potential for capital gains more than the dividends received.

However, these results are not entirely in line with signaling theory, which states that dividends can be positive signals. This shows that in the context of this study, investors do not make dividends as the main indicator in valuing companies.

Dividend Policy Mediates the Influence of Profitability on Company Value

The results of the Sobel test showed a Z value of 0.428 (< 1.96), so it was not significant. This shows that the dividend policy is not able to mediate the influence of profitability on the value of the company.

These findings indicate that the influence of profitability on the company's value occurs directly without going through a dividend policy. Investors respond more to earnings information as the main performance indicator than dividend distribution.

According to Hayes (2022), a variable cannot function as a mediator if the resulting indirect influence is not significant. Therefore, the dividend policy is not a connecting mechanism in the relationship.

Dividend Policy Mediates the Influence of *Leverage* on Company Value

The results of the Sobel test showed a Z-value of -0.146 (< 1.96), so it was not significant. This shows that the dividend policy is not able to mediate the influence of leverage on the value of the company.

This indicates that the relationship between leverage and company value is not through dividend policy, but is influenced by other factors such as risk and the company's operational performance.

According to [23], the role of mediation will not be formed if the relationship between variables in the mediation path weak or insignificant. Thus, the dividend policy does not function as a variable *intervening* (mediation) in this relationship.

IV. CONCLUSIONS

This study aims to analyze the effect of profitability (ROA) and leverage (DER) on company value (PBV) with dividend policy (DPR) as a mediating variable in *non-cyclical consumer* companies listed on the Indonesia Stock Exchange for the period 2018 - 2024 using the regression analysis of *the Random Effect model panel data*. The results of the study show that profitability (ROA) has a positive and significant effect on company value (PBV). This suggests that companies with high profit-making capabilities tend to have higher corporate values, which reflects increasing investor confidence in the company's performance and prospects. On the other hand, profitability (ROA) does not have a significant effect on dividend policy (DPR). This shows that companies do not always share profits earned in the form of dividends, but rather consider internal needs such as investment and business expansion. *Leverage* (DER) also does not have a significant influence on either dividend policy (DPR) or company value (PBV). These findings show that the level of debt utilization is not a major factor considered in dividend policy determination or in the valuation of companies by investors. In addition, the dividend policy (DPR) does not have a significant effect on the company's value (PBV). This indicates that the amount of dividends distributed is not the main factor in increasing the company's value, because investors tend to pay more attention to the company's growth potential and profitability. The results of the mediation test showed that the dividend policy (DPR) was unable to mediate the effect of profitability (ROA) and *leverage* (DER) on the company's value (PBV). This shows that the relationship between independent variables and company value occurs directly without going through the dividend policy as an intermediate variable.Overall, this study concludes that of the variables tested, only profitability has a significant effect on the company's value, while *leverage* and dividend policy have no significant effect, either directly or as a mediating variable, on the company's value in *consumer non-cyclicals* companies during the study period.

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