DIVIDEND POLICY AS A MODERATION VARIABLE ON THEEFFECTS OF PROFITABILITY ON COMPANY VALUE: Empirical Study on Companies in the Sminfra18 Index on the Indonesia Stock Exchange in 2018 – 2023

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ABSTRACT: This study aims to examine the influence of profitability on company value with dividend policy as a moderation variable in companies listed in the SMinfra18 Index on the Indonesia Stock Exchange for the 2018-2023 period. The value of the company is plotted by Earning Per Share (EPS), the profitability is plotted by Return on Assets (ROA), and the dividend policy is plotted by Dividend Per Share (DPS). The analysis method used is moderation regression analysis with panel data. The results of the study show that profitability has a significant positive effect on the company's value. In addition, the dividend policy moderates the influence of profitability on the company's value. These findings give implications that companies with high profitability and good dividend policies can increase the value of companies, which attracts investors.

KEYWORDS: Company Value; Profitability; Dividend Policy; Sminfra18 Index

I. INTRODUCTION

In a situation of fierce business competition, companies must adapt quickly and innovate to stay competitive. To achieve this goal, companies must be able to access sufficient capital to maintain operations and improve performance. Capital can be obtained through various means, such as applying for loans from external parties who are willing to lend, or issue preferred and ordinary shares. By having sufficient capital, the company can improve the quality of products and services, improve operational efficiency, and increase the pleasant view of consumers, creditors, and investors towards the company.

Profitability and dividend policies have an important role in determining the value of a company. Increasing the value of a company is the main goal of the company's establishment, with the intention of maximizing profits and improving the welfare of owners and shareholders. According to Dewi and Ekadjaja (2020) companies with high values enjoy various advantages, such as ease of obtaining financing, as well as the potential to get a higher selling price if the company is sold or merged in the future. Prastuti and Sudiartha (2016) stated that the value of a company is reflected in its ability to pay dividends. High dividends will increase the value of the company, as large dividend payments tend to encourage an increase in the stock price, which in turn increases the value of the company.

One of the indices that has received great attention from investors today is the SMinfra18 Index, which is an index developed by PT SMI (Persero) and the Indonesia Stock Exchange (IDX) to assess the stock price performance of companies engaged in the infrastructure sector in Indonesia. Thus, this index serves as a reference for investors and infrastructure companies who want to invest in the Indonesian capital market. The SMinfra18 Index aims to monitor and assess the performance of companies related to infrastructure, as well as to present investors with more accurate information about investment potential in this sector.

This index was developed with the aim of monitoring the performance of companies related to infrastructure, such as construction, cement, heavy equipment, steel, and other infrastructure development support companies. Thus, this index can assist investors in understanding the performance of companies related to infrastructure and deciding on the right investment. In addition, this index can also help infrastructure companies in increasing financial transparency and accountability, as well as improving the quality of better corporate management. The advantage of the SMinfra18 Index is that it is a reference for investors who are interested in investing in infrastructure stocks with high liquidity and large market capitalization. This index also serves as the initial phase of the development of investment products such as ETFs (Exchange Traded Funds), mutual funds, and various other derivative products.

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The development of company value as measured by the earnings per share (EPS) of companies in the SMinfra18 index during the period 2018-203 is presented as follows:

Figure 1. Average Company Value Sminfra18 Index for the Period 2018-2023

From the average company value (EPS) chart for the 2018-2023 period above, in 2018 the company's value was 718.59 and decreased to the lowest point in 2020 of 586.88 then rose to the highest point in 2023 of 1203.01. Factors that can increase the value of a company are divided into two main categories: investment factors and financing factors. The investment factor is further divided into profitability and effectiveness of asset use. Meanwhile, financing factors include debt and liquidity policies. Dewi and Ekadjaja (2020) One of the factors that increase the value of a company is profitability. The increase in profit shows that the company has a reliable performance so that it gives a positive signal to investors which can cause the stock price to rise, thereby increasing the value of the company Sembiring and Trisnawati (2019).

Profitability is one of the indicators that measures a company's ability to generate profit after tax. Companies that have high profitability will have better prospects and can be a more attractive offer for investors. "Signaling Theory" states that companies can signal to the market regarding their internal conditions through various actions, such as dividend announcements, investment decisions, or disclosure of financial information. These signals can affect investor perception and company value. A high net profit indicates that the company has managed to manage costs and generate enough revenue to provide profits for shareholders. The results of Dewi and Ekadjaja's research (2020) stated that profitability reflects the value of the company, high profits indicate good company prospects, which can attract investor interest and increase stock demand.

The development of a company's profitability as measured by return on assets (ROA) is explained in the following chart:

Figure 2. Average Profitability Sminfra18 Index for the Period 2018 – 2023

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From the average profitability (ROA) chart for the 2018-2023 period above, it can be reviewed that in 2018 the highest profitability value was 0.09 and in 2020 and 2021 it decreased by 0.02 to 0.07, then increased in 2022 by 0.08 and then fell back to the lowest point in 2023 of 0.05.

Sembiring and Trisnawati (2019) stated that the increase in profit reflects the company's reliable performance, giving positive signals to investors that can increase the stock price. These results are irrelevant to the research of Farizki and Masitoh (2021) which shows that unstable corporate profits from year-to-year cause investors to doubt the prospects for future results. As a result, it will not increase the value of the company which is reflected in its share price.

The gap that occurred indicates that there are other variables that affect the relationship between the two variables. Based on a search of several appropriate references, the dividend policy is believed to be one of the relevant variables. The theories that support dividend policy are Bird in The Hand Theory, this theory comes from the proverb "A bird in the hand is worth two in the bush," which means that something definite and real today is more valuable than something uncertain in the future. According to this theory, investors value dividends paid now more than capital gain that may be obtained in the future. This is because dividends received now can be used immediately or reinvested, while future profits are still uncertain. While in Signaling Theory Dividend policy can be one way for companies to send signals to investors regarding the company's financial performance. If the company decides to increase the dividend or maintain the dividend given as before, this can be interpreted as an indication that the management, that is, the company, has a strong and good financial performance in the future. Dividend policies can also influence investment decisions. Investors can use the dividend policy set by the company as one of the bases for consideration in investing. Companies that distribute dividends will attract investors to invest their capital. With many investors buying shares, the stock price will rise, thereby increasing the value of the company.

Based on several factors that affect the value of the company above, the author is motivated to re-examine the influence of these factors on the value of the company. This study aims to examine the influence of profitability on company value, both direct and indirect influences, or moderated dividend policies.

II. LITERATURE REVIEW AND HYPOTHESIS

A. Signaling Theory
According to Brigham & Houston (2010), signal theory is a step taken by a company to attract investors by showing positive prospects for the company. These signals contain the information that the shareholders want. A company's profitability can be used as an effective signal to inform investors about a company's performance and prospects. A good profitability signal can increase investors' positive perception, increase trust, and increase the company's value.

B. Bird In the Hand Theory
The theory put forward by Myron Gordon and John Lintner says investors prefer stock dividends over potential capital gain due to uncertainty capital gain. If the company increases dividend payments, it will increase the share price, while lower dividend payments can result in a decrease in the stock market price of Anggraeni (2020).

C. Company Values
The value of a company is the main factor that investors pay attention to before they decide to invest in the company Pratama and Nurhayati (2022). The value of a company can be measured by Earning Per Share (EPS). EPS is the ratio between net profit and total outstanding shares.

D. Profitability
Profitability describes a company's ability to generate profits. According to Brigham and Houston (2011), profitability is the result of various policies and decisions taken by companies. Profitability can be measured by Return on Assets (ROA). ROA is the ratio between net profit and total company assets.

E. Dividend Policy
The determination of the allocation of the company's profits at the end of the year, whether to be distributed to shareholders as dividends or kept as a reserve for future investment financing, is called Riki's dividend policy et al., (2022). Dividend policy can be measured by Dividend Per Share (DPS). DPS is the ratio between total dividends and total outstanding shares.

F. Hypothesis Development
1) The Effect of Profitability on the Company Value
Based on the signal theory from Nopianti and Suparno (2021), investors will increase stock demand if the company's profitability rises, which in turn can also increase the company's value. In other words, the higher the percentage of profitability ratio, the better, as it shows that the company is performing well in generating profits. This can maintain or increase the prosperity of the company, shareholders (shareholders), and stakeholders (stakeholders), according to Hermuningsih (2011). The results of the research by Dewi and Ekadjaja (2020) state that profitability reflects the company's value. High corporate profits indicate good corporate

prospects, which can encourage investors to increase stock demand. These results are relevant to research conducted by Nopianti and Suparno (2021) and Sapturi and Giovanni (2021). This result is supported by Sembiring and Trisnawati (2019) who stated that the increase in profit reflects the good performance of the company, giving a positive signal to investors that can increase the stock price. An increase in the stock price on the market will increase the value of the company in the eyes of investors. These results are also relevant to the research of Dwiastuti and Dillak (2019) and Ramadhan and Rahayuningsih (2019) which stated that the level of Return on Asset A high ROA affects the company's value. Because the increase in the company's profit has had a positive impact on the stock price, it indicates the company's good condition. As a result, it can attract the attention of investors and potential investors to invest. Pratama and Nurhayati (2022) stated that companies with high profitability show good performance and promising company conditions in the future. These results are also relevant to the research conducted by Riki et al., (2022) which found that a high level of profitability reflects the company's performance in generating profits, which in turn has a positive impact on investors.

Based on the research reference above, the first hypothesis can be formulated, namely:

H1 = Profitability has a significant effect on the company value

2) The Effect of Dividend Policy on Company Value

According to Pujiati and Hadiani (2020), based on Bird in The Hand theory, a high dividend distribution ratio can optimize the value of the company. In addition, the signal theory also states that dividend increases are often accompanied by an increase in stock prices, which will increase the value of the company. Dividends are distributed by the company as part of the profits received, then allocated to the owners in proportion. The dividend payout ratio depends on the dividend policy implemented by the company, according to Umer (2014). According to research conducted by Arizky et al., (2019) and Effendi (2023) stated that the greater the dividend that a company pays to shareholders, the better the company's performance will be. The performance of a company that is considered good is often considered profitable so that the value of the company increases so that it can cause an increase in the company's stock price. This result is also relevant to the research of Fakhrana Oktaviarni, Yetty Murni and Bambang Suprayitno (2019) which found that dividend policy can affect investor perception because dividends distributed in copious amounts every year will increase investor interest in investing in the company, which increases the company's value. Meanwhile, the results of research on Ramadhan and Rahayuningsih (2019), Sembiring and Trisnawati (2019) and Nurhayati et al., (2020) states that investors not only expect profits in the form of dividends, but also through capital gain obtained through the development of the company using available capital.

Based on the above research reference, a second hypothesis can be formulated, namely:

H2 = Dividend Policy has a significant effect on Company Value

3) The Effect of Profitability on the Company Value Moderated by Dividend Policy

According to Pratama and Nurhayati (2022), based on signal theory, investors tend to be interested in positive signals from companies, information about dividend distribution makes investors interested in investing in the company. Dividend policy is considered good news that can attract investors. This result is relevant to the research of Prasetya and Musdholifah (2020), Simanjuntak et al., (2019), and Hasfadillah et al., (2020) which states that information about attractive dividend distributions can be a factor that encourages investors' interest in buying shares in the company. This is because a good dividend policy is considered good news that can attract investors. But the research conducted by Astakoni et al., (2019) stated that although profitability can hint at a positive signal to investors, the dividend policy is not enough to strengthen investors' assessment of the company's stock. Astakoni Research et al., (2019) and Nurhayati et al., (2020) in line with Riki's research et al., (2022) which states that a company's dividend payments are not always affected by the profits generated. Even though the company earns a large profit, it does not mean that the dividends distributed are also high. As a result, the value of the company cannot increase based solely on the profits earned.

Based on the above research reference, the third hypothesis can be formulated, namely:

H3 = The Dividend Policy moderates the effect of Profitability on Company Value.

III. RESEARCH METHODOLOGY

A. Population and Sample

The population in this study is companies that go public in the Sminfra18 Index listed on the Indonesia Stock Exchange (IDX) for the 2018-2023 period obtained from the official website of the Indonesia Stock Exchange (IDX). There are 22 companies that are consistently listed in the Sminfra18 index for the 2018-2023 period. Samples were selected using the purposive sampling method, with the sampling criteria being as; (1) companies that are consistently listed as companies in the SMinfra18 index; (2) SMinfra18 index companies publish financial statements for the period 2018 – 2023.

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Based on the criteria, 6 company samples were obtained for 6 years so that 36 observation data were obtained. The research data in question was obtained using documentation research, while several references related to previous research, grand theories, and other relevant references were obtained using literature research.

B. Variable Measurement

The value of the company as a dependent variable in this study is proxied by Earning Per Share (EPS), which is the comparison between net profit and the number of ordinary shares outstanding, Pratama and Nurhayati (2022). Profitability as an independent variable is proxied by Return on Assets (ROA), which is the ratio of profit after tax to total assets owned by Ramadhani, Akhmadi and Kuswantoro companies (2018). Meanwhile, the dividend policy in this study is as a moderation variable proxied with dividend per-Share (DPS), namely the comparison between the total dividend and the number of outstanding shares, Riki et al., (2022). Dividend policy can be measured by Dividend Per Share (DPS).

C. Data Analysis Methods

The data analysis in this study is a descriptive statistical analysis, to explore data related to maximum values, minimum values, average values, and standard deviation values. Meanwhile, to assess the influence of profitability on company value, both directly and indirectly, inferential analysis is used, including classical assumption test, multivariate regression equation, and hypothesis test.

D. Descriptive statistics

Descriptive statistics provide an overview or description of a data seen from the mean value, standard deviation, maximum, and minimum. Descriptive statistics are intended to provide an overview of the distribution and behavior of the sample data (Ghozali, 2016).

E. Inferential Statistics

Inferential Statistics is the activity of interpreting or interpreting data. In this study, inferential analysis is used to test how much operational efficiency affects the company's financial performance. This study uses a quantitative approach. The analysis used is multiple linear regression analysis including classical assumption test, hypothesis test using partial test (t-test) and (Dalle, 2018) path analysis.

F. Classical Assumption Test

Data analysis uses the Classical Assumption Test, including; (1) Autocorrelation test, According to Ghozali (2017), the purpose of the autocorrelation test is to test whether there is a correlation between the perturbrillator error in the t-period and the perturbator error in the t-1 period (previously) in the linear regression model. (2) Normality test, the normality test aims to test whether the residual values in the regression model have a normal distribution or not. According to Ghozali (2017), there are two ways to predict whether a residual has a normal distribution, namely through graph analysis and statistical analysis. (3) Heteroscedasticity test, According to Ghozali (2017), heteroscedasticity means that there is unequal variance in the variables in the regression model. Conversely, if the variance of variables in a regression model has the same value, it is called homoscedasticity. Heteroscedasticity suggests that the variance between the residues of the regression model is not homogeneous, which means that the estimates obtained become inefficient. (4) Multicollinearity test, According to Ghozali (2017), the multicollinearity test aims to test whether there is a high or perfect correlation between independent variables in the regression model. The existence of multicollinearity in the regression model in this study is seen from the value of VIF (Variance Inflation Factors). Small VIF values indicate the absence of a high or perfect correlation between independent variables in the regression model. The limitation for declaring a variable to have high collinearity is if the VIF value for the independent variable is greater than 10.

G. Regression Model

The research model of the relationship between profitability and company value, both direct and indirect relationships, is presented in the following model of regression:

Equation I	: $EPS = \alpha + \beta 1 ROA + \varepsilon$	(1)
Equation II	: $EPS = \alpha + \beta 1 ROA + \beta 2 DPS + \varepsilon$	(2)
Equation III	: $EPS = \alpha + \beta 1 ROA + \beta 2 DPS + \beta 3 ROA*DPS\ \varepsilon$	(3)

Information:

EPS	=	Earning per Share
ROA	=	Return on Equity
DPS	=	Dividend per Share
α	=	EPS value if ROA and DPS are zero or too low
β1	=	Coefficient of ROA
β2	=	Coefficient of DPS

$\beta 3$ = Coefficient of interaction between ROA and DPS

H. Hypothesis Test

The statistical t test is used to assess how much profitability affects the value of the company, both direct and indirect influences. Using the significance value of the statistical t-test is α: 5%. Hypothesis testing criteria if the significance value ≤ 0.05, then the null hypothesis (Ho) is accepted and H1 is rejected. If the significance value > 0.05 then the null hypothesis (Ho) is rejected and H1 is accepted.

IV. RESULT AND DISCUSSION

A. Descriptive Statistics

Table 1 Descriptive Statistical Test Results

	N	Minimum	Maximum	Mean	Std. Deviation
TWO PEOPLE	36	.01	.16	.0717	.03542
DPS	36	23.52	6185.00	504.2039	1048.96301
EPS	36	36.75	5899.95	808.3247	1360.43848
Valid N (listwise)	36				

Source: SPSS Output

From table 1 Return on Asset (ROA): with a sample size of 36, the minimum ROA value is 0.01 and the maximum value is 0.16. The average ROA is 0.0717, and the standard deviation of ROA is 0.03542. Dividend Per Share (DPS): with a sample number of 36, the minimum value of DPS is 23.52 and the maximum value of DPS is 6185.00. The average DPS is 504.2039 and the standard deviation of DPS is 1048.96301. Earning Per Share (EPS): with a sample size of 36, the minimum EPS value is 36.75 and the maximum value is 5899.95. The average EPS is 808.3247 and the standard deviation is 1360.43848.

INFERENTIAL STATISTICS

B. Classical Assumption Test

1) Autocorrelation Test

he purpose of the autocorrelation test is to test whether there is a correlation between the perturbrillator error in the t-period and the perturbator error in the t-1 period (previously) in the linear regression model.

Table 2 Autocorrelation Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.763a	.582	.557	289.85151	1.436

a. Predictors: (Constant), DPS, ROA
b. Dependent Variable: Abs_RES

Source: SPSS Output

Based on the output results above, it is known that the Durbin-Watson value (d) is 1,436. In the distribution of values of the table of Durbin Watson with (k; N) = (2; 36) found a dL value of 1,354 and a dU of 1,587. Because the value (d) is greater than dL and smaller than dU, it does not produce a definite conclusion.

2) Normality Test

The normality test aims to test whether the residual values in the regression model have a normal distribution or not. According to Ghozali (2017), there are two ways to predict whether a residual has a normal distribution, namely through graph analysis and statistical analysis.

Table 3 Normality Test Results

		Unstandardized Residual
N		36
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	651.19182617

Most Extreme Differences	Absolute	.141
	Positive	.133
	Negative	-.141
Test Statistic		.141
Asymp. Sig. (2-tailed)		.066^c

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
Source: SPSS Output

Based on the results of the normality test with the Kolmogorov Smirnov test using SPSS, a significant value (Asymp sig. 2 tailed) was obtained of 0.200. Data that is declared to pass the Kolmogorov Smirnov test if it has a significant value of asymp sig. 2 tailed greater than 0.05 Ghozali (2016). Thus, the data has been declared as normally distributed data.

3) Heteroscedasticity Test
According to Ghozali (2017), heteroscedasticity means that there is unequal variance in the variables in the regression model. Conversely, if the variance of variables in a regression model has the same value, it is called homoscedasticity. Heteroscedasticity suggests that the variance between the residues of the regression model is not homogeneous, which means that the estimates obtained become inefficient.

Table 4. Heteroscedastic Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	SIG.
		B	Std. Error	Beta		
1	(Constant)	-114.690	110.312		-1.040	.306
	ROA	7134.156	1416.178	.580	5.038	.000
	DPS	.160	.048	.386	3.355	.002

a. Dependent Variable: Abs_RES
Source: SPSS Output

Based on these results, it can be concluded that there are heteroskedasticity symptoms in the independent variable (ROA) due to sig 0.00 < 0.05 and the moderation variable (DPS) due to sig 0.002 < 0.05.

4) Multicollinearity Test
According to Ghozali (2017), Small VIF values indicate the absence of a high or perfect correlation between independent variables in the regression model. The limitation for declaring a variable to have high collinearity is if the VIF value for the independent variable is greater than 10.

Table 5 Multicollinearity Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Say.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-268.043	255.231		-1.050	.301		
	ROA	7589.453	3276.636	.198	2.316	.027	.954	1.048
	DPS	1.056	.111	.814	9.546	.000	.954	1.048

a. Dependent Variable: EPS
Source: SPSS Output

Based on the results above, the VIF value for the ROA (X) and DPS (Z) variables is 1,048 < 10. Therefore, it can be concluded that there is no multicollinearity symptom in the regression model.

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C. Regression Model

1) Regression Model 1

Table 6 Test Results of Multiple Regression Analysis Equation 1

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-215.175	487.546		-.441	.662
	ROA	14281.388	6115.595	.372	2.335	.026

a. Dependent Variable: EPS

Source: SPSS Output

The results of the regression equation test can be described as follows:

EPS = -215.175 + 14281,388ROA + e   (1)

This is a constant of -215.175, meaning that the company value (EPS) will be -5.024 if the Return on Assets (ROA) is 0. This implies that the estimated EPS will rise by 14281,388 for every unit increase in the ROA.

2) Regression Model 2

Table 7 Test Results of Multiple Regression Analysis Test Equation 2

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-268.043	255.231		-1.050	.301
	ROA	7589.453	3276.636	.198	2.316	.027
	DPS	1.056	.111	.814	9.546	.000

a. Dependent Variable: EPS

Source: SPSS Output

The results of the regression equation test can be described as follows:

EPS = -268.043 + 7589,453ROA + 1.056DPS + e

This indicates a constant of -268.043, meaning that if both the Return on Asset (ROA) and Dividend Per Share (DPS) are 0, the company value (EPS) would be -268.043. Additionally, it implies that for every one-unit increase in ROA, EPS is expected to increase by 7589,453 units. It is evident from the regression analysis that the coefficient value of the Return on Asset on the Earning Per Share, $\beta_1 = 0.198$ ($\beta \neq 0$), and the Dividend Per Share on the Earning Per Share, $\beta_2 = 0.814$. This indicates that the independent variable (Return on Asset) and moderator variable (Dividend Per Share) influences the dependent variable (Earning Per Share).

3) Regression Model 3

Table 8 Test Result of Multiple Regression Analysis Test Equation 3

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	504.604	252.394		1.999	.054
	ROA	-2463.900	3257.582	-.064	-.756	.455
	DPS	-1.155	.462	-.890	-2.502	.018
	ROA_DPS	24.223	4.971	1.806	4.873	.000

a. Dependent Variable: EPS

Source: SPSS Output

The results of the regression equation test can be described as follows:

EPS = 504.604 + -2463.900ROA – 1.155DPS + 24.223ROA*DPS + e

This indicates a constant of 504.604, meaning that if both the Return on Asset (ROA) and Dividend Per Share (DPS) are 0, the company value (EPS) would be 504.604. Based on the table above, there are results of significance $(0.000) < 0.05$ so that can be concluded that the Dividend Policy moderates the influence of Profitability on the Company's Value.

D. Hypothesis Test

1) The Effect of Profitability on Company Value

Based on the table above, there is a regression coefficient of 14,281,388. Therefore, it can be concluded that every increase in Profitability (ROA) of 1 unit will increase the Company Value (EPS) by 14,281,388. It was also obtained that the significance result was $(0.026) > 0.05$ so that H1 was accepted, or it can be concluded that there is a significant positive influence of Profitability on the Company's Value, (Table 6). This result is in line with the findings of Dewi and Ekadjaja (2020) which stated that profitability reflects the company's value. A company's high profit indicates a company's good prospects, which in turn can attract investor interest and increase stock demand.

2) The Effect of Dividend Policy on Company Value

Based on the table above, there is a regression coefficient of 1,111. So, it can be interpreted that every increase in the Dividend Policy (DPS) by 1 unit will increase the Company Value (EPS) by 1,111. It was also obtained that the significance result was $(0.000) < 0.05$ so that H2 was accepted, or it can be concluded that there is a significant positive influence of the Dividend Policy on the Company's Value, (table 7). These results are relevant to Effendi's (2023) research, which shows that high dividends can attract more investors to invest in the company, thereby increasing the stock price and value of the company.

3) The Effect of Profitability on Company Value Moderated by Dividend Policy

Based on the table above, there are results of significance $(0.000) < 0.05$ so that H3 is accepted, or it can be concluded that the Dividend Policy moderates the influence of Profitability on the Company's Value, (table 8). In line with the signal theory according to Pratama and Nurhayati (2022) which states that investors tend to be interested in positive signals from companies, information about dividend distribution makes investors interested in investing in the company. Dividend policy is considered good news that can attract investors. This result is in line with Anggraeni's (2020) research which states that investors like companies with large profits and continue to grow because they believe that large profits will provide a return, namely significant dividends for them.

V. CONCLUSION

An elevated level of profitability indicates the company's ability to make a profit from the capital it has. This ability will receive a positive response from investors, one of which can be seen from the increase in stock prices. The Dividend Policy has a positive effect on the value of companies listed in the Sminfra18 index for the 2018-2023 period. The Dividend Policy can increase the company's value. This is in line with the Bird in The Hand theory where investors prefer and appreciate certain dividends to uncertain capital gains so that companies that provide high dividends will increase investor confidence which increases the value of the company. The dividend policy can moderate the relationship between profitability and the value of companies listed in the Sminfra18 index for the 2018-2023 period. The Dividend Policy can moderate the relationship between profitability and company value. This result explains that the dividend policy can be one way for companies to send signals to investors regarding the company's financial performance. If the company decides to split dividends, investors will like it and increase the value of the company.

The results of the study cannot be generalized due to the limitations of this study. The limitation in terms of the scope of the research is only for companies listed on the Sminfra18 index. In addition, the study used only one proxy for each variable observed, so the results were not necessarily consistent if using other proxies. In the future, research will increase its scope not only on one index. It is also necessary to try other proxies, to know the level of consistency of the results.

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