

THE INFLUENCE OF FINANCIAL PERFORMANCE TOWARDS COMPANIES' VALUE THROUGH DIVIDEND POLICY AS MODERATING VARIABLE OF FOOD AND BEVERAGE COMPANIES OF INDONESIA STOCK EXCHANGE

Sujianto Tamrin, Muslimin, dan Vitayanti Fattah

Email : sujixanto@gmail.com

Economics and Business Faculty of Tadulako University

ABSTRACT

This research aims to determine the effect of financial performance consisting of profitability, leverage, liquidity, and activity variables on companies' value with dividend policy as moderating in food and beverage companies on the Indonesia Stock Exchange. It was hypothesis-testing research. The sample in this research is 11 food and beverage companies on the Indonesia Stock Exchange period 2016-2020. As for the analysis technique of panel data regression, the data analysis tool uses Software Econometric Views (Eviews) version 10. The analysis results of the direct influence of financial performance consist of profitability, leverage, liquidity, and activity variables on the value of Food and Beverage companies on the Indonesia Stock Exchange period 2016-2020. Profitability has a significant positive effect on companies' value, while leverage, liquidity and activity each have a negative and significant effect on companies' value. The results of the indirect effect analysis conclude that dividend policy does not moderate the influence of each variable on profitability, leverage, and activity on companies' value. However, the dividend policy moderates the influence of liquidity on the value of Food and Beverage companies on the Indonesia Stock Exchange (IDX) period 2016-2020.

Keywords: Financial Performance, Profitability, Leverage, Liquidity, Activities, and Dividend Policy

INTRODUCTION

On March 11, 2020, the World Health Organization (WHO) announced the Covid-19 pandemic. The countries around the world took preventive measures by restricting all activities, including trade, economics, and others. These activity restrictions impact all companies, but the impact experienced by companies varies. It has caused many companies to experience financial distress and financial restructuring. As a result, all sectoral indices decreased year to date. The sector that experienced the most profound decline in 2020 was the property and real estate sector by -36.09%. On the other hand, the consumer goods sector shows a relatively good index performance compared to the benchmark index (IHSG and LQ45).

Associated with these problems, the company will face increasingly complex problems. Namely, how the company can survive, how to face competition, and how to increase the firm's value to maximize the owners' welfare. So that the strategy that the company must carry out will also be more complex, both activities related to production and marketing activities. The aspect of companies' value is essential because it can describe the company's performance, affecting investors' perceptions of the company. Halimah and Komariah (2017) argue that the company's value is the right indicator to see how much wealth the shareholders in the company have. This

means that the high value of the company reflects the company's performance in good condition, which can convince investors about the company's prospects in the future.

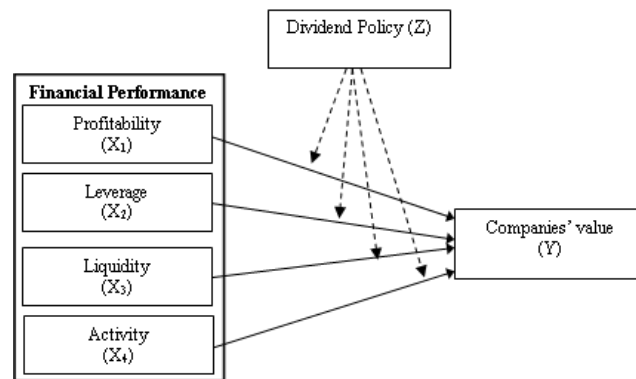
Financial performance is an analysis that describes the condition of a company that provides information based on profitability, leverage, liquidity, and activity ratios, which is beneficial for stakeholders, such as investors, creditors, analysts, financial consultants, brokers, the government, and the management. Management is a party contracted by shareholders to work in the interests of shareholders. The managers are given the power by the company's owners, namely shareholders, to make decisions, creating a potential conflict of interest known as agency theory. (Brigham and Huston 2012). An agency relationship arises when one or more individuals, called principals, hire another individual or organization, commonly referred to as agents, to perform a service and delegate decision-making authority to the agent. According to Brigham and Houston, the signal theory is a theory about the choice of management's actions in managing the company, which can be a signal/instruction for investors regarding management's assessment of business prospects in the future. The signaling effect is due to the information asymmetry between management and shareholders (Suripto, 2015).

Financial performance measurement includes calculating financial ratios based on the company's published financial statements and has been audited by a public accountant. These ratios are designed to assist analysts or investors in evaluating a company based on its financial report, Home et al. (2007). Financial ratio analysis that investors can do includes profitability, leverage, liquidity and activity ratios (Harahap, 2015). Companies' value can also be seen in the company's ability to pay dividends. According to (Rudianto, 2013), Dividends are part of the company's operating profit and are given to its shareholders in return for their willingness to add their assets to the company. Dividend policy concerns the use of profits which are the rights of shareholders. Dividend policy is essential because it affects the company's investment opportunities, stock prices, financial structure, funding flows, and liquidity position. In other words, dividend policy provides information about the company's performance.

Several studies state that dividend policy can mediate the effect of financial performance on companies' value, Sri, et.al. (2019), in the test conducted, it is stated that dividend policy strengthens the relationship between financial performance and companies' value. Similarly, Riska, et. al. (2020) research on dividend policy can moderate the effect of performance on companies' value. However, research by Puspitaningtyas (2017) found that dividend policy could not increase the effect of financial performance on companies' value. Research of Dwi Atmikasari, et. al. (2020), dividend policy cannot significantly mediate the relationship between profitability and companies' value.

Based on the description above, the authors are interested in further researching the effect of financial performance on companies' value moderated by dividend policy by taking the object of manufacturing companies in the food and beverage sub-sector because these sub-sector companies tend to remain stable. Also, the sub-sector is the most dominant in the manufacturing sector, comprising 30 companies. In addition, this sector has excellent prospects, which are projected to continue to survive. So, this research aims to determine the influence of financial performance on companies' value through dividend policy as a moderating variable in food and beverage companies on the Indonesia Stock Exchange.

Based on the previous, the following is presented in a simple picture of financial performance consisting of profitability, leverage, liquidity and activity as independent variables and companies' value as the dependent variable, and dividend policy as a moderating variable :



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Framework

Based on the background of the problem, the theoretical basis, and the framework of thought above, the hypotheses in this research are as follows :

1. It is suspected that financial performance, which consists of profitability, leverage, liquidity and activity variables, partially has a significant effect on companies' value in food and beverage companies on the Indonesia Stock Exchange.
2. It is suspected that the Dividend Policy can partially moderate the effect of financial performance, which consists of profitability, leverage, liquidity, and activity variables on companies' value in food and beverage companies on the Indonesia Stock Exchange.

METHOD

This research is classified as a hypothesis testing research intended to explain the causal relationship between research variables. This research identifies facts or events as affected variables (dependent variable) and investigates influencing variables (independent variables) and the influence of independent variables through moderating variables on the dependent variable. The data analysis technique used is panel data regression model, software program, Econometric Views (Eviews) version 10.

1) Profitability

Profitability is a ratio that measures a company's ability to utilize the resources of a company, such as assets, capital, or company sales, to earn a profit. Profitability in this study is proxied by Return on Equity (ROE) which is a ratio that measures the company's ability to utilize capital to earn profits. The formula by Kasmir (2019: 144):

$$\text{Return on Equity} = \frac{\text{Net Income}}{\text{Total Equity}}$$

2) Leverage

Debt to Equity Ratio is a leverage ratio that measures the company's ability to meet its obligations using the capital that investors have invested. In other words, this ratio provides an overview of the total debt ratio to the capital invested by investors. The smaller this ratio, the better. It means the smaller the debt to capital, the safer. The formula by Kasmir (2019: 157):

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

3) Liquidity

Liquidity measures a company's ability to meet its short-term obligations. Dwi Prastowo and Juliaty (2002), a quick ratio is designed to measure how well the company can fulfill its obligations without liquidating or relying too much on its inventory. The formula is as follows:

$$\text{Quick Ratio} = \frac{\text{Total Asset} - \text{Inventory}}{\text{Current Liabilities}}$$

4) Definition of Activity

The activity ratio is a ratio that measures the effectiveness of a company utilizing its assets. So this research uses the ratio of Total Asset Turnover (TATO) as an activity variable. According to Kasmir (2019: 187), Total Asset Turnover (TATO) is a ratio that shows the ability to turn over all assets and measures the total sales of each rupiah of assets. So the formula is as follows:

$$\text{TATO} = \frac{\text{Net Sale}}{\text{Total Assets}}$$

5) Understanding Company Value

Companies' value can be defined as market value and measured with the price to book value, namely the comparison between the stock price and the book value per share (Brigham and Gapenski, 2006:631 in Sari, 2015). Price to Book Value (PBV) is an indicator of companies' value because this ratio can describe the level of stock prices. It is also the most accessible ratio used by investors. The formula is as follows:

$$\text{PBV} = \frac{\text{Market Price Per Share}}{\text{Book Value Per Share}}$$

6) Definition of Dividend Policy

There are differences in dividend policy between shareholders and company managers. The profits earned by the company should be distributed in the form of dividends to shareholders, but management is more interested in reinvesting company profits in the form of retained earnings (Rachman, 2016). This results in lower funds for management if higher dividends are distributed to shareholders. The formula of dividend payout ratio (DPR) is as follows:

$$\text{DPR} = \frac{\text{Cash Dividend Per Profit}}{\text{Earning Per Share}}$$

Population and Sample

The population referred to in this research are all food and beverage companies listed on the Indonesia Stock Exchange, totaling 30 companies. Sampling in this research was based on a non-probability technique, namely purposive sampling. The criteria for the sample of food and beverage companies that will be sampled are as follows:

Table 1 Sampling Based on Criteria

No.	Criteria	Total
1	The population of food and beverage companies listed on the Indonesian stock exchange	30
2	Food and beverage companies that do not have financial reports/not registered in the 2016-2020 period	(10)
3	Companies that do not pay dividends in a row in the 2016-2020 period	(9)
Number of Research Samples		11

RESULTS AND DISCUSSION

RESULT

Descriptive Statistical Analysis

Descriptive statistical analysis is seen from the mean, standard deviation, variance, maximum, and minimum:

Table 2 Results of Descriptive Statistical Data Processing

	PBV	ROE	DER	QR	TATO	DPR
Mean	4.681455	0.221273	0.990364	2.060545	1.093455	0.423818
Median	2.540000	0.170000	0.920000	1.400000	0.940000	0.330000
Maximum	32.30000	1.240000	3.380000	7.360000	3.100000	2.520000
Minimum	0.230000	0.030000	0.160000	0.540000	0.050000	0.000000
Std. Dev.	7.622128	0.267693	0.719230	1.754036	0.635273	0.391188
Observations	55	55	55	55	55	55

Source: Eviews version 10, 2022

Based on Eviews version 10, the following results are obtained: The minimum PBV value is 0.23, the maximum value is 32.30, and the average value is 4.68, with a standard deviation of 7.99. The standard deviation is greater than the average value indicates that the PBV has a large data distribution and shows much variation. The highest PBV occurred in the Multi Bintang Indonesia Tbk company, while the lowest occurred in the Mayora Indah Tbk company. The minimum ROE value is 0.03, and the maximum value is 1.24, with an average value of 0.22 with a standard deviation of 0.27. The standard deviation, which is greater than the average value, indicates that the ROE has a large distribution of data and varied data. The highest ROE is at Multi Bintang Indonesia Tbk, while Budi Starch dan Sweetener Tbk is the lowest. The minimum DER value is 0.16, and the maximum value is 3.38, with an average value of 0.99 with a standard deviation of 0.72. The standard deviation, which is smaller than the average value, indicates that the DER has a small distribution, and the data is less varied. The highest DER occurred at Tunas Baru Lampung Tbk, and the lowest is at Ultra Jaya Milk Industry and Trading Company Tbk. The minimum QR value is 0.54, and the maximum value is 7.36, with an average value of 2.06 with a standard deviation of 1.75. The standard deviation, which is smaller than the average value, indicates that QR has a small and less varied data distribution. The highest QR is for Delta Djakarta Tbk., while the lowest is for Budi Starch dan Sweetener Tbk. The minimum value of TATO is 0.05, and the maximum is 3.10, with an average value of 1.09 and a standard deviation of 0.64. The standard deviation, which is smaller than the average value, indicates that TATO has a small and less varied data distribution. The highest TATO value was for Wilmar Cahaya Indonesia Tbk,

while the lowest was for Nippon Indosari Corpindo Tbk. The minimum value of DPR is 0.00, and the maximum value is 2.52, with an average value of 0.42 with a standard deviation of 0.39. The highest DPR is in Wilmar Cahaya Indonesia Tbk., while the lowest is Multi Bintang Indonesia Tbk.

Panel Data Analysis

Three alternative approaches to management methods can be used in analyzing panel data, the Common Effect Model, the Fixed Effect Model, and the Random Effect Model, as follows:

Table 3 Alternative Approach Method

Variable	CEM		FEM		REM	
	Coefficient	Prob.	Coefficient	Prob.	Coefficient	Prob.
C	3.390875	0.0283	2.791119	0.1018	3.390875	0.0288
ROA	27.36304	0.0000	27.42117	0.0000	27.36304	0.0000
DER	-1.655757	0.0147	-1.413006	0.0637	-1.655757	0.0150
QR	-0.690647	0.0096	-0.670897	0.0220	-0.690647	0.0098
TATO	-1.555806	0.0135	-1.276156	0.0588	-1.555806	0.0138
R-squared	0.899318		0.918932		0.899318	
Adjusted R-squared	0.891263		0.890558		0.891263	
F-statistic	111.6529		32.38673		111.6529	
Prob(F-statistic)	0.000000		0.000000		0.000000	

Source: Eviews version 10, 2022

Based on the table above shows that the regression analysis uses an alternative method approach, both the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM), profitability as proxied by ROE, has a positive and significant effect on companies' value as proxied by PBV. In contrast, leverage proxied by DER, liquidity proxied by QR, activity proxied by TATO, have a negative and significant effect on the value of food and beverage companies on the Indonesia Stock Exchange period 2016 to 2020.

Panel Data Regression Model Estimation Test

The estimation technique to test the regression equation to be estimated can use three tests, including the Chow test, the Hausman test, and the *Lagrange multiplier* (LM) test, to find the right model:

Table 4 Regression Model Estimation

Model Regression Model Summary					
Chow Test		Hausman Test		Lagrange Multiplier Test	
Effects Test	Prob.	Test Summary	Prob.	Null (no rand. effect) Alternative	Cross-section One-sided
Cross-section F	0.4855	Cross-section random	0.3709	Breusch-Pagan	0.021324
Cross-section Chi-square	0.2906			Probability	(0.8839)

Source: Eviews version 10, 2022

The Chow test shows that the probability value of the cross-section F is $0.4855 > 0.05$, which means that CEM is selected. Thus, according to the Chow Test, the most appropriate model used in estimating the regression equation is the Common Effect Model (CEM). The Hausman test shows that the probability value of a random cross-section is $0.3709 > 0.05$, meaning that REM is selected. Thus, according to the Hausman test, the random effect model (REM) is the most appropriate model for estimating the regression equation. Finally, the Lagrange Multiplier (LM) test shows that the Breusch-Pagan probability value is $0.8839 > 0.05$, meaning that REM is selected. Thus, the Random Effect Model (REM) is the most appropriate model for estimating the regression equation.

Direct Effect Hypothesis Test

Based on the regression estimation method, the hypothesis test is carried out using the panel data regression model, Random Effect Model (REM):

Table 5 Panel Data Regression Test Results without Moderation

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.390875	1.508046	2.251508	0.0288
ROE	27.36304	1.321340	20.70855	0.0000
DER	-1.655757	0.657079	-2.519875	0.0150
QR	-0.690647	0.257188	-2.685383	0.0098
TATO	-1.555806	0.609560	-2.552343	0.0138
R-squared	0.899318	Mean dependent var		4.681455
Adjusted R-squared	0.891263	S.D. dependent var		7.622128
S.E. of regression	2.513418	Sum squared resid		315.8635
F-statistic	111.6529	Durbin-Watson stat		1.643092
Prob(F-statistic)	0.000000			

Source: Eviews version 10, 2022

Based on the above results obtained the following regression equation: $PBV = 3.39 + 27.36(ROE) - 1.66(DER) - 0.69(QR) - 1.56(TATO) + e$

As for testing the hypothesis based on the results of the t-test, the following decisions are taken:

- 1) The Effect of Profitability Variables on Companies' value
Based on the results of the calculation of the Profitability variable as proxied by ROE has a value of $t_{count} = 20.71 > t_{table} = 2.01$ with a significance level of $0.0000 < 0.05$, it can be concluded that the hypothesis ($H1_a$) is accepted.
- 2) The Effect of Leverage Variables on Companies' value
From the results of the calculation of Leverage proxied by DER has a value of $t_{count} = -2.52 < t_{table} = 2.01$ with a significance level of $0.0150 < 0.05$, it can be concluded that the hypothesis ($H1_b$) is accepted.
- 3) The Effect of Liquidity Variables on Companies' value
From the results of the calculation of Liquidity which is proxied by QR has a value of $t_{count} = -2.68 < t_{table} = 2.01$ with a significance level of $0.0098 < 0.05$, it can be concluded that the hypothesis ($H1_c$) is accepted.
- 4) The Effect of Activity Variables on Companies' value
From the calculation results, TATO has a value of $t_{count} = -2.52 < t_{table} = 2.01$ with a significance level of $0.0150 < 0.05$, it can be concluded that the hypothesis ($H1_d$) is accepted.

Indirect Effect Hypothesis Test

Analysis of the effect of the moderator variable on dividend policy, as follows:

Table 6 Moderated Regression Analysis (MRA) Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	11.98733	3.208205	3.736461	0.0005
ROE	18.29739	7.017716	2.607314	0.0123
DER	-4.093552	1.300435	-3.147832	0.0029
QR	-1.858785	0.532828	-3.488528	0.0011
TATO	-3.470940	1.172266	-2.960880	0.0049
DPR	-19.90808	6.915621	-2.878711	0.0061
ROE*DPR	11.41948	8.245887	1.384870	0.1729
DER*DPR	5.411300	2.561417	2.112620	0.0402
QR*DPR	2.582929	0.928071	2.783115	0.0078
TATO*DPR	5.155966	2.524854	2.042085	0.0470
R-squared	0.918168	Mean dependent var		4.348153
Adjusted R-squared	0.901801	S.D. dependent var		7.542226
S.E. of regression	2.363486	Sum squared resid		251.3729
F-statistic	56.10043	Durbin-Watson stat		1.603824
Prob(F-statistic)	0.000000			

Source: Eviews version 10, 2022

Table 6 above shows that the adjusted R² value of 0.901801 is higher than the adjusted R² in the previous table 0.891263. This means that with the dividend policy variable as a moderating variable, it can increase the previous adjusted R² value. Thus, the Moderated Regression Analysis (MRA) equation is obtained as follows:

$$PBV = 11.99 + 18.30_{ROE} - 4.09_{DER} - 1.86_{QR} - 3.47_{TATO} - 19.91_{DPR} + 11.42_{(ROE * DPR)} + 5.41_{(DER * DPR)} + 2.58_{(QR * DPR)} + 5.16_{(TATO * DPR)} + e$$

As for testing the hypothesis with the criteria, if the significance value of direct influence, then H_a is accepted and H_o is rejected, meaning that the moderating variable can moderate. As shown in the following table :

1) Effect of ROE*DPR on PBV

Based on the results of the calculation of the moderating variable (ROE*DPR), which has a significance value of 0.173 > 0.000, it can be concluded that the hypothesis (H2_a) is rejected.

2) Effect of DER*DPR on PBV

Based on the results of the calculation of the moderating variable (DER*DPR) having a significance value of 0.0402 > 0.0150, it can be concluded that the hypothesis (H2_b) is rejected.

3) Effect of QR*DPR on PBV

Based on the results of the calculation of the moderating variable (QR*DPR) having a significance value of 0.0078 < 0.0098, it can be concluded that the hypothesis (H2_c) is accepted.

4) The Effect of TATO*DPR on PBV

Based on the results of the calculation of the moderating variable (TATO*DPR) having a significance value of 0.0470 > 0.0150, it can be concluded that the hypothesis (H2_d) is rejected.

DISCUSSION

The influence of all financial performance variables on the value of food and beverage companies on the Indonesia Stock Exchange cannot be separated from the efforts and actions of management in managing the company by the signaling theory that management's efforts and actions in managing the company become a signal/instruction for investors regarding management's assessment of prospects business in the future as it is known that financial performance is an analysis that describes the condition of a company and provides information based on profitability, leverage, liquidity, and activity ratios, which is beneficial for stakeholders. This means that the management of food and beverage companies has provided good information

to investors so that it can affect the firm's value. Suripto (2015) states that the signaling effect is due to the information asymmetry between management and shareholders.

1. The Effect of Profitability on Companies' value

The test results of this research show that profitability significantly affects companies' value in food and beverage companies on the Indonesia Stock Exchange (IDX) period 2016 to 2020. It is also the most influential and positive financial performance variable.

The results of the profitability ratio calculation show that the average profit of food and beverage companies on the IDX from 2016 to 2019 continues to increase, while in 2020, the average profit declines, as well as the average price stocks show the same thing, the decline in the average ability to earn profits and stock prices in 2020 is the impact of the Covid-19 Pandemic. Therefore, profitability measurement proxied by the Return On Equity (ROE) ratio is essential in assessing the company's financial performance for investors. As shown from the results of the research, the greater the profitability obtained from utilizing capital, the greater the value of the company; in other words, if the level of profitability in a company is high, it will increase investor confidence in the company, because the high level of profitability can be perceived as a positive signal for investors, besides this increase will be considered as the company's growth in the future and determine the companies' value. The results of this research are in line with the results of research conducted by Dwi Atmikasari et. al. (2020) that ROE proxied profitability affects companies' value, while other studies on the effect of profitability on companies' value, Wildan and Vinola, (2019); Muhammad Nurochman et.al (2016); Riska, et. al. (2020); Dita Erdiyaningsih, et. al. (2021); where profitability is proxied by ROA also affects the companies' value.

2. The Effect of Leverage on Companies' value

This research shows that the leverage proxied by DER has a negative and significant effect on the value of food and beverage companies on the Indonesia Stock Exchange (IDX) period 2016 to 2020. This means that the higher the leverage value, the lower the value of food and beverage companies on the Indonesia Stock Exchange (IDX).

Suppose it is associated with the analysis of the results of the Leverage ratio calculation. In that case, it shows that the average increase in total debt of food and beverage companies on the IDX from 2016 to 2018 continues to increase, while in 2019, the average debt value decreases. However, in 2020 it again experienced a drastic decline, which is the impact of the Covid-19 Pandemic, causing many companies to experience financial distress, to carry out financial restructuring, stay afloat and try to prevent bankruptcy. Agency theory states that a high DER ratio indicates that the company has high debt. The high debt of the company can affect the company's financial performance and will have an impact on the appreciation and depreciation of its share price. In addition, the high DER will cause a risk called Financial Risk, the risk charged to shareholders due to using debt by the company. As it is known, the DER ratio determines each rupiah of its capital used for debt guarantees. In other words, the smaller this ratio, the better for investors and the better for the firm's value. This research is not in line with the research of Wildan, and Vinola, (2019); Riska, et. al. (2020); and Abidemi et.al (2021), who conclude that leverage has a positive effect on companies' value. Several previous studies show that Leverage, as proxied by DER, does not permanently harm companies' value, as the theory of Modigliani and Miller, (MM, 1961) states that an increase in debt can reduce companies' value if it has reached its optimal point. The increase in DER value will remain at its optimal point if it is followed by good management by management in increasing profits for the company.

3. Effect of Liquidity on Companies' value

Based on the results of this research, liquidity proxied by QR has a negative and significant effect on the value of food and beverage companies on the Indonesia Stock Exchange (IDX) period 2016 to 2020. This means that the higher the value of the liquidity variable, the lower the value of food and beverage companies on the Indonesia Exchange (IDX).

When viewed from the analysis of the results of the calculation of the liquidity ratio proxied by QR, it shows that the average increase in total current assets of food and beverage companies on the IDX from 2016 to 2020 continues to increase, as well as the average total inventory and current debt also increases, but not as big as the increase in current assets. This means that the average total current assets of food and beverage companies on the IDX from 2016 to 2020 can meet their short-term obligations on time. The signaling theory states that the higher the liquidity ratio of a company will reflect that the company's ability to fulfill its short-term obligations on time will signal to investors that the company's financial condition is in good condition because the company has funds to fulfill its obligations. However, according to Hasanah (2018), high liquidity also shows that many company funds are idle, reducing the company's profit capability. In line with the opinion of Sudiani dan Darmayanti (2016), if the current assets consisting of cash, accounts receivable, and inventory is higher, it means that there are idle funds in the company, which results in the company not being able to optimally utilize its current assets so that it cannot prosper shareholders. This research is in line with the research of Dita Erdiyaningsih, et. al. (2021) Liquidity has a negative and insignificant effect on companies' value, as well as research conducted by Riska, et. al. (2020) Liquidity has no significant effect on companies' value.

4. The Effect of Activities on Companies' value

Based on the results of this research, the activity proxied by TATO has a negative and significant effect on the value of food and beverage companies on the Indonesia Stock Exchange (IDX) for the period 2016 to 2020. This means that the higher the value of the activity variable, the lower the value of food and beverage companies on the Indonesia Exchange (IDX).

The analysis of the calculation of the activity ratio shows that the average total net sales of food and beverage companies on the IDX from 2016 to 2020 continued to increase in sales, while the average total assets from 2016 increased dramatically in 2017 and continue to increase until the year 2020 increases drastically. This means that the average total assets of food and beverage companies on the IDX from 2016 to 2020 are substantial. However, according to Sawir (2001:17) total asset turnover is slow. This indicates that the assets owned are too large compared to the ability to sell. This causes investors to pay less attention to and consider the activity ratio (Total Assets Turn Over) in investing, so it will not affect the firm's value. According to Fahmi, (2017), for investors three most dominant financial ratios are used to see the condition of a company's performance, namely profitability ratios, leverage ratios, and liquidity ratios. From this opinion, it can be concluded that the activity proxied by TATO has a negative and significant effect on companies' value, due to a lack of attention by investors to this ratio, due to the total asset turnover being too slow, this indicates that the assets owned are too large compared to the ability to sell. The results of this research are not in line with the research conducted by Kahfi et. al, (2018); Marli (2018), and Misran and Chabachib (2017), which state that Total Assets Turnover has a positive and significant effect on Price Book Value.

5. Moderation of Dividend Policy on the Effect of Profitability on Companies' value

The research's results show that dividend policy does not moderate the effect of profitability variables on the value of food and beverage companies on the Indonesia Stock Exchange (IDX) period 2016 - 2020. This means that dividend policy cannot strengthen the influence of profitability variables on companies' value.

The results of this research indicate that dividend policy cannot moderate the effect of profitability on companies' value. This is related to the opinion of Sudana, (2015: 193) that dividend policy is a passive cash dividend payment because it is part of the spending decision. This means that investment opportunities fluctuate according to the size of the company's dividend payout from time to time. Dividend policy as a decision on the rest of the company's passive profits has irrelevant investments. Investors are indifferent between dividends and retained earnings. This opinion clarifies the research results, where dividend policy is a passive cash dividend payment because it is part of the spending decision, while profitability is the company's ability to earn profits. This means that the size of the policy on dividend payments will not increase or decrease the company's ability to earn profits which may affect the firm's value. The results of the research align with research conducted by Dita Erdiyaningsih, et. al. (2021). Dividend Policy cannot moderate Profitability to Companies' value.

6. Moderation of Dividend Policy on the Effect of Leverage on Companies' value

Based on the results of data analysis that has been carried out, it can be concluded that dividend policy cannot moderate the effect of leverage on the value of Food and Beverage companies on the Indonesia Stock Exchange (IDX) period 2016 to 2020. This means that dividend policy cannot strengthen the effect of leverage on companies' value.

This research shows that the effect of leverage on companies' value does not have a close relationship with the level of dividend policy. Then, the coefficient value obtained is positive, meaning that dividend policy moderates the effect of leverage on companies' value, ie if the company decides to increase its debt (DER), it considers dividend distribution, and vice versa. As agency theory states, a high DER ratio indicates that the company has high debt. The high debt of the company can affect the company's financial performance and will have an impact on the appreciation and depreciation of its share price. In contrast, the dividend policy is a passive cash dividend payment because it is part of the spending decision (Sudana, 2015: 193). It is not logical to pay dividends when the company's debt condition is high because it will impact its cost burden, which is increasingly difficult if it has to pay dividends. The results of this research align with research conducted by Riska, et. al. (2020) concludes that dividend policy can moderate the effect of leverage on companies' value.

7. Moderation of Dividend Policy on the Effect of Liquidity on Companies' value

Based on the results of data analysis that has been carried out, it can be concluded that dividend policy can moderate the effect of liquidity on the value of Food and Beverage companies on the Indonesia Stock Exchange (IDX) period 2016 to 2020. This means that dividend policy can strengthen the positive influence of liquidity on companies' value.

The results of this research indicate that a dividend policy can increase the effect of the company's ability to pay off its short-term obligations on companies' value. When the company decides to pay dividends, the company's performance will increase due to reducing the agency conflict (Schmid et al., 2010). Increased company performance will make the market respond well

to increase the firm's value. On the other hand, if it is associated with tax preference theory, dividend policy harms the company's stock market price. That is, the greater the number of dividends distributed by a company, the lower the share price of the company concerned. There is a difference between the personal tax rate on dividend income and capital gains. If the dividend tax rate is higher than the capital gains tax, investors will be happier if the company retains the profits earned to spend on investments. Thus, in the future, there is expected to be an increase in capital gains with lower tax rates. Based on the research results, if it is associated with the effect of liquidity on the companies' value above, it can be said to be correlated with the negative effect of dividend policy according to Tax preference theory. This means that if the dividend payment policy becomes retained earnings to finance investments made by the company, it will have an impact on decreasing the value of liquidity, which will have a positive effect on the company's value. The results of this research align with the research of Riska, et. al. (2020) dividend policy, which can moderate the effect of liquidity on the value of manufacturing companies on the IDX.

8. Moderation of Dividend Policy on the Effect of Activities on Companies' value

Based on the results of data analysis that has been carried out, it can be concluded that dividend policy cannot moderate the effect of activity on the value of food and beverage companies on the Indonesia Stock Exchange (IDX) period 2016 to 2020. This means that dividend policy cannot strengthen the effect of activity on companies' value.

The results of this research indicate that greater flexibility of the company's resources will be the company's consideration in paying dividends. Activities describe the extent to which a company uses its resources to support company activities, where the use of activities is carried out to the maximum to obtain maximum results. In theory, dividend policy can significantly moderate the effect of activity on companies' value. However, the results of this study indicate that dividend policy cannot moderate the effect of activity on companies' value. This relates to the ability to sell, which means that there is an opportunity and the ability to earn a profit by the company, so for investors; this is an opportunity to increase profits, so the decision on retained earnings rather than dividend distribution is more profitable. The results of this research align with the research of Rutin, et. al. (2019) states that dividend policy does not moderate the effect of activity on companies' value.

CONCLUSIONS

Based on the results of data analysis on the effect of financial performance on companies' value through dividend policy as a moderating variable, it can be concluded that:

1. The direct influence analysis results can be concluded that profitability significantly positively affects the value of Food and Beverage companies on the Indonesia Stock Exchange (IDX) period 2016 to 2020. While Leverage, liquidity and activity each have a negative and significant effect on the value of Food and Beverage companies. Beverages on the Indonesia Stock Exchange (IDX) period 2016 to 2020.
2. The indirect effect analysis results can be concluded that dividend policy cannot moderate the effect of profitability, leverage, and activity on the Value of Food and Beverage Companies on the Indonesia Stock Exchange (IDX) period 2016 to 2020. However, a dividend policy can moderate the effect of liquidity on companies' value of Food and Beverages on the Indonesia Stock Exchange (IDX) period 2016 to 2020.

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