THE INFLUENCE OF FUNDING DECISIONS, DIVIDEND POLICIES, AND MARKET VALUE ON FIRM VALUE WITH PROFITABILITY AS AN INTERVENING VARIABLE IN CONSUMER NON-CYCLICALS LISTED ON THE INDONESIAN STOCK EXCHANGE

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Abstract

This study aims to look at the influence of funding decisions, dividend policy, and market value on firm value with profitability as an intervening variable on consumer non-cyclical companies listed on the Indonesia Effectssa. The results of the path analysis obtained equation 1: Z = 8,345 - 2,856 X1 - 0.001 X2 + 1,226 X3 and equation 2: Y: 837,156 - 0.004 X1 + 8,862 X2 + 5,010 X3 + 93,745 Z. The results of the correlation coefficient test (R) show that the variables of financing decisions, dividend policy and market value have a very weak relationship with the profitability variable, while the variables of financing decisions, dividend policy, and market value on the variable of firm value with profitability as the intervening variable have a fairly strong relationship. The t-test results show that the funding decision variable, dividend policy and market value do not have a partial effect on profitability and the dividend policy variable with profitability as an intervening variable partially affects the firm value, while the funding decision and market value through profitability as intervening variables do not have a partial effect on the firm value. For further research, it is advisable to include additional variables, such as corporate governance, management decisions, market conditions, or investor sentiment, to provide a more in-depth understanding of the factors that influence firm value.

Keywords: Funding Decisions, Dividend Policy, Market Value, Firm Value, Profitability

INTRODUCTION

The business world continues to progress every year, as shown by the emergence of new companies engaged in various fields, which makes competition in the business world increasingly fierce. Competition is not only in the goods market but also in the capital market. Every year the number of investors in Indonesia continues to increase, as data from the Indonesian Central Securities Depository (KSEI), the total capital market investors in 2021 were 7,487,337 investors or an increase of 92.99% from the previous year, in 2022 as many as 10,311,154 investors or an increase of 37.68% and in 2023 as many as 12,168,061 investors or an increase of 1.17%. 154 investors or an increase of 37.68% and in 2023 as many as 12,168,061 investors or an increase of 1.17% (https://www.ksei.co.id 2024).

The capital market is a market where securities, such as stocks, bonds and other financial instruments, are bought and sold. According to Harjinto & Martono, (2018) explain that the capital market is an entity where long-term funds, both debt and equity, are traded, these traded long-term investment instruments are realized in the form of securities. In other words, the capital market is an investment alternative for people who have excess funds and a source of funding for companies or agencies that need funds. Investment is an activity of investing funds with the expectation of profit within a certain period of time.

The Indonesia Stock Exchange (IDX) is a capital market in Indonesia. The IDX plays a role in the economy, as a means of bringing together two parties, namely those who have excess funds and those who need funds. There are only eleven sectors on the IDX, namely the energy sector, basic materials, industrials, consumer non-cyclicals, consumer cyclicals, healthcare, financials, properties and real estate, technology, infrastructures, and transportation and logistics (Revinka, 2021).

Companies can pay attention to and improve the factors that are often taken into consideration when investing, such as improving company performance by maximizing firm value, as well as considering various ratios such as funding decisions, dividend policies, market value, and profitability, which are ratios that are often taken into consideration by investors when investing. The list of issuers and closing share prices in the consumer non-cyclicals sector has the lowest share price level is a company with issuer code LAPD at IDR 6 per share, in

2023, and the company with the highest share price level, namely the company with issuer code GGRM at IDR 20,325 per share, in 2023 (www.idx.co.id.,2024).

The company's financial statements are information that presents the company's finances in a certain period, which is a crucial aspect that is paid attention to by various stakeholders, such as investors, creditors, analysts, and the management of the company itself. The information presented in the financial statements is useful for various interested parties, both for analysis, investment decision making, and for company management as information signals and as evaluation material.

Funding decisions identify how companies determine and manage the sources of funds that will be used to finance their operational activities. This decision requires the role of a financial manager to determine the optimal capital structure to support the funding of the company's operational activities, as well as to maximize the funds used in the company's operations. This is also a consideration for investors, because the funding structure affects the cost of capital, which is the basis for determining the rate of return they expect. One indicator for measuring funding decisions is the Debt-to-Equity Ratio (DER). The DER ratio has a significant impact on the value of the company, where investors tend to prefer a high DER value, as this indicates the low financial risk faced by the Company (Aini & Suwarno, 2024). The data used to measure the DER is the total debt of companies in the consumer non-cyclicals sector.

The dividend policy is a decision regarding a company's profit as to whether the profit will be distributed to shareholders in the form of dividends or retained earnings. This dividend policy attracts investors to invest in the company. Companies that distribute dividends have the capacity to create wealth for shareholders, which in turn generates significant value for the company, providing a high dividend ratio with the potential to increase the overall value of the company (Puspitaningrum & Hanah, 2024). To measure the dividend policy in this study, the dividend payout ratio (DPR) is used, which is a ratio to measures the company's management in providing profits for shareholders. The data used to measure the DPR is the dividend payout ratio of companies in the consumer non-cyclicals sector.

Market value is the actual price that occurs in the market where an assets and securities are traded and reflects investors' perceptions and valuations of the asset, which is influenced by various factors such as the level of demand, supply, the company's financial condition, and market conditions. In addition, market value also refers to the company's market price or capitalization. According to Tandelilin (2017), market value is the value of shares in the market, as indicated by the share price in the market. The higher the share price and the greater the number of shares outstanding, the larger the size of the company. To measure market value, multiply the share price by the number of shares outstanding.

The value of the company is important for the company because it relates to the company's prospects in the future, the value of the company is also the investor's perception of the company's performance, the high value of the company shows that the company has good performance and increases investor confidence in the company where the value of the company is often linked to the share price. The company's value reflects the level of public trust in the entity, which has gone through a series of activities over the years, including the company's journey from its establishment to the present day, which shows the achievements that have been made (Rismaya & Kasir, 2024). The higher the share price, the higher the firm value, while the Price Earnings Ratio (PER) is used to measure the firm value.

Profitability is an indicator used to measure how efficiently a company is generating profit or gain from its operations. One way to measure profitability is by using return on assets (ROA). The higher the ROA ratio, the better the company's performance in utilizing its assets to generate profit. The increasing Return on assets makes the company's profitability higher, the higher profitability makes the stock return higher (Kusumah et al., 2020).

REVIEW OF LITERATURE

Funding Decisions

According to Sudana (2019), funding decisions relate to the process of selecting sources of funds that will be used to finance planned investments, including various alternative financing options to find the most effective funding combination. According to Sutrisno (2015), a funding decision is a decision in financial management that requires

consideration and analysis of the most economical combination of funding sources for the company, to meet investment needs and existing business activities. Another definition says that a funding decision is a composition that includes various sources of funding used in company operations, including long-term debt, short-term debt, and equity. This process involves in-depth consideration and analysis of the most efficient and effective sources of funds for the company (Husnah & Pudjiastuti, 2018).

Dividend Policy

According to Rudianto (2019) explains that dividends are a proportion of the profit generated by the company, which is distributed to shareholders as compensation for their investment in the company. According to Hanafi (2015) explains that dividends are a form of compensation given to shareholders, in addition to capital gains. Another definition says that dividends are the distribution of a company's net profit to shareholders, which is done following their respective share ownership proportions (Brigham & Houston, 2019).

Market Value

According to Kasmir (2019), the market value ratio is a ratio that describes the extent to which management can create the market value of its business above investment costs. According to Fahmi (2018), the market value ratio is a ratio that describes conditions that occur in the market. This market is able to provide an understanding for the company's management regarding the conditions of the implementation that will be carried out and its impact on the future. Another definition says that market value is the value of shares in the market as indicated by the share price on the stock market (Hartono, 2017).

Firm value

According to Harmono (2018), firm value is the assessment of investors or shareholders of the company's performance, which is related to the share price. According to Husnan (2018), firm value is defined as the price that a potential buyer can pay when the company is sold. Another definition states that firm value is a condition that has been achieved by an entity as a reflection of public trust in the company, which is formed through a series of activities over the years, starting from the establishment of the company until now (Hery, (2017).

Profitability

According to Husnan & Pudjiastuti (2018), profitability is to measure how far the company's ability to generate profit from its sales from its assets. According to Sartono (2016), profitability is the company's ability to make a profit in relation to sales, total assets, and equity. Another definition says that the profitability ratio is a ratio to measure the overall effectiveness of management as indicated by the level of profit obtained concerning sales and investment (Fahmi, 2018).

RESEARCH METHOD

The type of research used by the author in this study is quantitative with an associative method. According to Sugiyono (2020), the associative research method aims to inquire into the relationship between two or more variables.

Data Collection Techniques

The data collection technique used in this study is secondary data obtained through documentation. According to Sugiyono (2020), secondary data is a source that does not directly provide data to data collectors. According to Sugiyono (2020), the documentation technique is a record of past events. The documentation used in this study is financial report data from companies in the consumer non-cyclicals sector.

Populations and Sample

The population in this study is all companies in the consumer non-cyclicals sector listed on the IDX in 2023, which amounts to 129 companies. The sample in this study uses the purposive sampling method. According to Sugiyono (2020), purposive sampling is a sampling technique that provides equal opportunities for each element (member) of the population to be selected to be a sample member with sampling based on certain criteria.

Table 1
Determination of Samples Based on Certain Criteria

No	Criteria	Sample Size
1.	Consumer non-cyclicals sector companies listed on the IDX	129 Companies
2.	Consumer non-cyclicals sector companies that publish and publish complete financial reports as of December 31, 2022-2024	123 Companies
3.	Companies that have distributed dividends for three consecutive years.	49 Companies

Source: Processed Data, 2025

Based on the determination of the sample with these criteria, it can be concluded that the sample used in this study is 49 consumer non-cyclical sector companies.

Data Analysis Techniques

In this study, we use the classical assumption test, which is divided into normality test, multicollinearity test, autocorrelation test, heteroscedasticity test, and linearity test. Furthermore, the statistical test is divided into path analysis. According to Ghozali (2016), path analysis is a model to determine the direction of the independent variable in influencing the dependent variable, either together or partially. In this study, equation 1 is used, namely: $Z = a + b_1X_1 + b2X2 + b3X3 + e$ and equation 2 is: $Y = a + b1X1 + b2X2 + b3X3 + b4Z + e$. After that, to the multiple correlation coefficient analysis (R), according to Siregar (2017) Correlation Coefficient is a number that states the strength of the relationship between two or more variables; it can also determine the direction of the relationship between the two variables. After that, the coefficient of determination (R^2), according to Ghozali (2016), the coefficient of determination (R^2) essentially measures how far the model's ability to explains the dependent variable. After that, to the simultaneous test (F Statistical Test), according to Ghozali (2016), the simultaneous influence test is used to determine whether the independent variables together or simultaneously affect the dependent variable. After that, to the t-statistic test, according to Ghozali (2016), the t-test is used to determine how far one independent variable individually explains the dependent variation. This study uses IBM SPSS 19 to calculate and analyze data.

RESULTS AND DISCUSSION

Classic Assumption Test

Normality Test

The data normality test aims to determine the distribution of data in a variable that will be used in research. Good and valid data is data that has a normal distribution. Data normality can be seen using the Kolmogorov-Smirnov normality test. If the Sig value is > 0.05, the residual value is normally distributed, and if the Sig value is < 0.05, the residual value is not distributed. The results of the normality test calculation can be seen in Tables 1 and 2 below:

Table 1
Normality Test for Equation 1

Test	Value
N (Sample)	140
(Kolmogorov-Smirnov Z)	1.149

Asymp.Sig.(2-tailed)	.143[c]

Source: Processed Data, 2025

Based on Table 1, it can be seen that the test results state that the Asymp. Sig value is 0.143, which is greater than 0.05, meaning that the Funding Decisions, Dividend Policy, Market Value, and Profitability data are normally distributed. Since the Asymp. Sig value is greater than 0.05, it can be concluded that the data used in this study meet the assumption of normality. This indicates that the statistical tests to be performed on this data, such as regression or other hypothesis tests, can be relied upon, as the data are normally distributed according to the established criteria. The normality test for equation 2 can be seen in Table 2 below:

Table 2
Normality Test for Equation 2

Test	Value
N (Sample)	143
(Kolmogorov-Smirnov Z)	1.318
Asymp.Sig.(2-tailed)	.062[c]

Source: Processed Data, 2025

Based on Table 2, it can be seen that the test results state that the Asymp. Sig value is 0.062, which is greater than 0.05, meaning that the Funding Decisions, Dividend Policy, Market Value, Profitability, and Enterprise Value data are normally distributed. Since the Asymp. Sig value is greater than 0.05, it can be concluded that the data used in this study meet the assumption of normality.

Multicollinearity Test

The Multicollinearity Test aims to analyze the correlation between independent variables. To determine the symptoms of multicollinearity in the regression model, look at the Variance Inflation Factor (VIF) and tolerance level. If the tolerance value is > 0.10 or VIF < 10, then there is no multicollinearity between the independent variables and vice versa. The following are the results of the multicollinearity test in Tables 3 and 4 below:

Table 3
Multicollinearity Test Results Equation 1

Variable	Tolerance	VIF
Funding decision	.996	1.004
Dividend policy	.994	1.006
Market Value	.992	1.008

Dependent Variable: Profitability		

Source: Processed Data, 2025

Table 4
Multicollinearity Test Results Equation 2

Variable	Tolerance	VIF
Funding decision	.994	1.006
Dividend policy	.989	1.011
Market Value	.989	1.011
Profitability	.989	1.011
Dependent Variable: Firm value		

Source: Processed Data, 2025

Based on tables 3 and 4, the results of the tolerance value calculation show that none of the independent variables has a value of < 0.10 and the results of the VIF value calculation also show that none of the independent variables has a value of >10, so it can be concluded that there is no multicollinearity between the independent variables in the regression model. This indicates that each independent variable in the regression model can function independently without any high dependency between the variables.

Autocorrelation Test

The autocorrelation test is used to detect the presence or absence of deviations from classical assumptions in the form of autocorrelation, which is the correlation relationship between residuals in one observation and other observations in the regression model. To determine the presence or absence of autocorrelation, use the Durbin-Watson test. The autocorrelation test results can be seen in Tables 5 and 6 as follows:

Tabel 5
Autocorrelation Test Results Equation 1

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.912[a]	.831	.662	.66514	2.347

a. Predictors: (Constant), Dividend Policy, Market Value, Funding Decisions
b. Dependent Variable: Profitability

Source: Processed Data, 2025

Based on the autocorrelation test results in Table 5 for the first regression, a Durbin Watson value of 2.347 was obtained, where the value 1.7206 < 2.347 < 4-1.3619. This indicates that there is no autocorrelation in this regression, so the Durbin-Watson test on the first regression escapes autocorrelation.

Tabel 6
Autocorrelation Test Results Equation 2

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,579[a]	.335	.316	88.85574	1.966

a. Predictors: (Constant), Profitability, Funding Decisions, Dividend Policy, Market Value

b. Dependent Variable: Firm value

Source: Processed Data, 2025

Based on the autocorrelation test results in Table 6 for this second regression, a Durbin-Watson value of 1.966 was obtained. where the value 1.7206 < 1.966 < 4-1.3619. So, it can be concluded that the second regression does not have significant autocorrelation, and the Durbin-Watson test is declared to have passed in this second regression model.

Heteroscedasticity Test

The Heteroscedasticity Test is used to test whether the regression model shows variance inequality from the residuals of one observation to another. A good regression model is one in which there is homoscedasticity or no heteroscedasticity. The Glejser Test can be used to predict the presence or absence of heteroscedasticity in a model. The results of the heteroscedasticity test with the Glejser test can be seen in Tables 7 and 8 below:

Table 7
Heteroscedasticity Test Results Equation 1

Variable	T	Sig
Funding Decision	-1.528	0.129
Dividend Policy	.154	0.878
Market Value	-.471	0.638

Dependent Variable: Profitability

Source: Processed Data, 2025

Based on Table 7, it can be explained that not all variable data are intercepted, and heteroscedasticity occurs. This can be seen from the probability value (Sig) for the independent variable, showing > 0.05. Funding Decisions are 0.129, Dividend Policy is 0.878, and Market Value is 0.638.

Table 8
Heteroscedasticity Test Results Equation 2

Variable	T	Sig
Funding Decision	-.244	0.807
Dividend Policy	-.014	0.988
Market Value	.856	0.393

Profitability	.282	0.779

Dependent Variable: Firm value

Source: Processed Data, 2025

Based on Table 8, it can be explained that not all the data of the variables are heteroskedastic. This can be seen from the probability value (Sig) for all variables showing > 0.05. Funding Decisions are 0.807, Dividend Policy is 0.988, Market Value is 0.393, and Profitability is 0.779.

Linearity Test

The linearity test is used to determine whether the model specification used has a significant linear relationship or not. The test performed is the Lagrange Multiplier test. The results of the Linearity test calculation of Equation Regression 1 and 2 can be seen in Tables 9 and 10 below:

Table 9
Result of Linearity Test of Equation 1

Variable	Linierity Sig	Description
Profitability * Funding Decisions	0,000	Not Linear
Profitability * Dividend Policy	0,377	Linier
Profitability * Market Value	0,000	Not Linear

Source: Processed Data, 2025

Based on Table 9, the first regression linearity test results show a deviation from Linearity significance value of 0.377, more than> 0.05. So, it can be concluded that there is a linear relationship between dividend policy and profitability. While the significance of deviation from Linearity on funding decisions and market value is 0.000 <0.05, it can be concluded that there is no linear relationship between funding decisions and market value on profitability.

Tabel 10
Result of Linearity Test of Equation 2

Variable	Linierity Sig	Description
Firm Value * Funding Decisions	1,000	Linier
Firm value * Dividend Policy	0,000	Not Linear
Firm value * Market Value	0,000	Not Linear
Firm value * Profitability	0,906	Linier

Source: Processed Data, 2025

Based on Table 10, the results of the second regression linearity test show the deviation from Linearity significance value on funding decisions of 1,000 and on profitability

of 0.906, which means more than> 0.05. So, it can be concluded that there is a linear relationship between funding decisions and profitability on Firm Value. While the significance of deviation from Linearity on dividend policy and market value is 0.000 <0.05, it can be concluded that there is no linear relationship between dividend policy and market value on firm value.

Statistical Analysis

Path Analysis

Path analysis is carried out to estimate the causal relationship between variables (causal model) that have been predetermined based on theory. This analysis is an extension of multiple linear analysis. The results of the path analysis test of equation 1 can be seen in Table 11 below:

Table 11
Path Test Results Equation 1

Variable	Coefficients	T Statistic	Nilai Significance
(Constant)	8.345	12.535	.000
Funding Decision	-2.856	-.585	.560
Dividend Policy	-.001	-.850	.397
Market Value	1.226	.662	.509
Dependent Variable: Profitability			

Source: Processed Data, 2025

Equation 1:

$$Z = 8{,}345 - 2{,}856\ X1 - 0.001\ X2 + 1{,}226\ X3$$

From the results of the path analysis test of equation 1, it can be explained as follows:

a. The constant value is 8.345, which means that the value of the funding decision, dividend policy, and market value is 0 (zero). So the profitability is 8.345.
b. The value of the funding decision variable is -2.856, which means that if there is an increase in the funding decision variable by one unit, the value of the profitability variable will decrease by 2.856.
c. The value of the Dividend Policy variable is -.001, meaning that if there is an increase in the Dividend Policy variable by one unit, the value of the Profitability variable will decrease by 0.001.

d. The value of the Market Value variable is 1.126, meaning that if there is an increase in the Market Value variable by one unit, the value of the Profitability variable will decrease by 1.126.

The results of the path analysis test of equation 2 can be seen in Table 12 below:

Table 12
Path Test Results Equation 2

Variable	Coefficients	T Statistic	Nilai Significance
(Constant)	837.156	.647	.519
Funding decision	-.004	-.064	.949
Dividend policy	8.862	8.350	.000
Market Value	5.010	.202	.840
Profitability	93.745	.832	.407
Dependent Variable: Firm value			

Source: Processed Data, 2025

Equation 2:

Y: 837,156 - 0.004 X1 + 8,862 X2 + 5,010 X3 + 93,745 Z

From the results of the path analysis test of regression equation 2, it can be explained as follows:

a. The constant value is 837.156, which means that the value of the funding decision, dividend policy and market value through Profitability as an intervening variable is equal to 0 (zero), so the firm value is 837.156.
b. The value of the funding decision variable is -0.004, meaning that if there is an increase in the funding decision variable by one unit, the value of the firm value variable will decrease by 0.004.
c. The value of the dividend policy variable is 8.862, meaning that if there is an increase in the dividend policy variable by one unit, the value of the firm value variable will increase by 8.862.
d. The market value variable is 5.010, meaning that if there is an increase in the market value variable by one unit, the firm value variable will increase by 5.010.
e. The profitability variable is 93.745, meaning that if there is an increase in the profitability variable by one unit, the firm value variable will increase by 93.745.

Correlation Coefficient Analysis (R)

The correlation coefficient (R) analysis is carried out to determine the level of closeness of the relationship between two or more independent variables and the dependent variable. The results of the correlation coefficient (R) test are used to test the associative hypothesis, namely the relationship between variables in the population through data on the relationship of variables in the sample. The results of the calculation of the coefficient of equation 1 can be seen in Table 13 below:

Table 13
Correlation Coefficient Test Results (R) Equation 1

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.107[a]	.011	-.010	6.66304
Predictors: (Constant), Market Value, Funding Decisions, Dividend Policy				
Dependent Variable: Profitability				

Source: Processed Data, 2025

Based on the results of the correlation coefficient (R) test in Table 13, it can be seen that the value of the funding decision, dividend policy, and market value variables on profitability is 0.107. At this coefficient interval, it is included in the range of 0.00 - 0.199, meaning that the funding decision, dividend policy, and market value have a very weak relationship with profitability. The results of the correlation coefficient (R) test of equation 2 in Table 14 are as follows:

Table 14
Correlation Coefficient Test Results (R) Equation 2

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.579[a]	.335	.316	8887.06218
Predictors: (Constant), Profitability, Funding decisions, Dividend policy, Market Value				
Dependent Variable: Firm value				

Source: Processed Data, 2025

Based on the results of the correlation coefficient (R) test in Table 14, it can be seen that the value of the variables of financing decisions, dividend policy, market value, and profitability on firm value is 0.579. At this coefficient interval, it is included in the range of 0.40 - 0.599, meaning that financing decisions, dividend policy, market value, and profitability have a strong enough relationship with firm value.

Analysis of the Coefficient of Determination R^2

Based on the results obtained in Table 13, the R-squared value is 0.011, which means 1.1% (1 x 0.011 x 100%). This shows that there is an effect on profitability that can be

explained by the variables Funding Decisions, Dividend Policy, and Market Value of 1.1%, while the remaining 98.9% is explained by other variables that are not included in the research variables.

Based on the results obtained in Table 14, the R-square value is 0.355, which means 35.5% (1 x 0.355 x 100%). This shows that there is an effect on firm value that can be explained by the variables of financing decisions, dividend policy, market value, and profitability of 35.5%, while the remaining 64.5% is explained by other variables that are not included in the research variables.

Statistical Test F

The simultaneous influence test is used to determine whether the independent variables together influence the dependent variable. The results of the simultaneous influence test (F test) of equation 1 can be seen in Table 15 below:

Table 15
Statistical Test Results F Equation 1

Model	Sum of Squares	Mean Square	F	Significance
Regression	71.701	23.900	.538	.657[b]
Residual	6215.459	44.396		

Dependent Variable: Profitability
Predictors: (Constant), Market Value, Funding Decisions, Dividend Policy

Source: Processed Data, 2025

Based on the F-test results of equation 1 in Table 15, the probability value Sig is 0.657 > 0.05. This means that the independent variables Funding Decisions, Dividend Policy, and Market Value together have no significant effect on Profitability, or H_0 is accepted and H_a is rejected.

The results of the simultaneous effect test (F-test) of equation 2 can be seen in Table 16 below:

Table 16
Statistical Test Results F Equation 2

Model	Sum of Squares	Mean Square	F	Significance
Regression	5527241241.903	1381810310.476	17.496	.000[b]
Residual	10978202505.757	78979874.142		

Dependent Variable: Firm Value
Predictors: (Constant), Profitability, Market Value, Funding Decisions, Dividend Policy

Source: Processed Data, 2025

Based on the F test results in Table 16, equation 2 states that the probability value Sig is 0.000 < 0.05, which proves that the Funding Decisions, Dividend Policy and Market Value variables through Profitability as intervening variables have a significant effect on the Company's value, or H_0 is rejected and H_a is accepted.

Statistical Test T

T-test is used to analyze the partial effect of each independent variable, namely, Funding Decisions, Dividend Policy, and Market Value, on the dependent variable, Firm Value, with Profitability as the intervening variable. The results of the partial test analysis (T-test) of equation 1 can be seen in Table 17 below:

Table 17
Statistical Test Results T Equation 1

Research Variable	Coefficients	T Statistic	Significance Value
(Constant)	8.345	12.535	.000
Funding decision	-2.856	-.585	.560
Dividend policy	-.001	-.850	.397
Market Value	1.226	.662	.509
Dependent Variable: Profitability			

Source: Processed Data, 2025

Based on Table 17, the results of the partial influence test (T test) of Equation 1, it can be seen how big the influence of each independent variable, namely Funding Decisions, Dividend Policy, and Market Value, is as follows:

a. Funding Decisions on Profitability

Individually, the funding decision variable on profitability shows a t-value of -0.585 and has a probability value of 0.560 > 0.05, so that H_0 is accepted and H_a is rejected, meaning that the funding decision has no partial effect on profitability.

b. Dividend policy on profitability

Individually, the dividend policy variable on profitability shows a t-value of -0.850 and has a probability value of 0.397 > 0.05, so that H_0 is accepted and H_a is rejected, meaning that the dividend policy has no partial effect on profitability.

c. Market Value on Profitability

Individually, the market value variable on profitability shows a t-value of 0.622 and has a probability value of 0.509 > 0.05, so that H_0 is accepted and H_a is rejected, meaning that market value has no partial effect on profitability.

The results of the partial influence test (T test) of equation 2 can be seen in Table 18 below:

Table 18
Statistical Test Results T Equation 2

Research Variable	Coefficients	T Statistic	Significance Value
(Constant)	837.156	.647	.519
Funding decision	-.004	-.064	.949
Dividend policy	8.862	8.350	.000
Market Value	5.010	.202	.840
Profitability	93.745	.832	.407
Dependent Variable: Firm value			

Source: Processed Data, 2025

Based on Table 18, the results of the partial influence test (T test) of Equation 2, it can be seen how big the influence of each independent variable, namely Funding Decisions, Dividend Policy, and Market Value through Profitability as an intervening variable on Firm Value, is as follows:

a. The Funding Decision variable on the Firm value shows a t-value of -0.064 and has a probability value of 0.949 > 0.05, so that H_0 is accepted and H_a is rejected, meaning that the funding decision through Profitability as an intervening variable has no partial effect on the firm value.
b. The Dividend Policy Variable on Firm Value shows a t-count value of 8.350 and has a probability value of 0.000 < 0.05, so that H_a is accepted and H_0 is rejected, meaning that the dividend policy through Profitability as an intervening variable partially affects the firm value.
c. The Market Value variable on the Firm value shows a t-value of 0.202 and has a probability value of 0.840 > 0.05, so that H_0 is accepted and H_a is rejected, meaning that Market Value through Profitability as an intervening variable does not partially affect the firm value.

d. The Profitability Variable on the Firm value shows a t-calculated value of 0.832 and has a probability value of 0.407 > 0.05, so that H_0 is accepted and H_a is rejected, meaning that profitability as an intervening variable has no partial effect on the firm value.

The Effect of Funding Decisions on Profitability

Based on the results of research on the effect of funding decisions on profitability, it is known that the significance value is 0.455 > 0.05. This shows that funding decisions do not have a significant effect on profitability. In other words, the hypothesis H_0 is accepted, while the hypothesis H_a is rejected. The results of this study indicate that the level of debt owned by a company, whether high or low, does not affect the company's profitability. This may be because in the Indonesian capital market, stock price movements and the creation of company added value are more influenced by market psychological factors than by the company's funding structure. Investors tend to pay more attention to how the company's management can manage resources effectively and efficiently to increase added value, rather than just looking at the amount of debt the company has. Thus, the company's profitability is not affected by funding decisions. This finding is in line with the research of Ardila et al., (2021), which also states that funding decisions do not have a significant effect on company profitability.

The Effect of Dividend Policy on Profitability

Based on the results of the study of the effect of dividend policy on profitability, a significance value of 0.397, > 0.05, was obtained. This shows that dividend policy does not have a significant effect on company profitability. Thus, hypothesis H_0 is accepted, while hypothesis H_a is rejected. This shows that the amount of dividends distributed by the company does not determine its level of profitability. Investors are more likely to pay attention to how the company's management manages assets and resources effectively and efficiently to increase added value, compared to how much dividends are paid. This indicates that decisions related to dividend distribution are not the main factor in determining the company's profitability. Thus, the company's profitability does not depend on the dividend policy implemented. This study is in line with the research of Yanti & Setiawan, (2022), which also states that dividend policy does not have a significant effect on the company's profitability.

The Effect of Market Value on Profitability

Based on the results of research on the effect of market value on profitability, a significance value of 0.509, > 0.05, was obtained. This indicates that market value does not have a significant effect on profitability. Thus, the null hypothesis H_0 is accepted, while the alternative hypothesis H_a is rejected. This result shows that market value does not affect profitability, because stock price movements are more influenced by external factors such as market sentiment, investor speculation, and economic conditions. On the contrary, company profitability depends more on internal factors, such as operational performance, cost efficiency, and management strategies in generating profits. Thus, fluctuations in stock prices in the market do not directly increase or decrease company profitability. This finding is in line with the research of Toliang et al. (2024), which also states that market value has no significant effect on company profitability.

The Effect of Funding Decisions on Firm Value

Based on the research results, a sig value of 0.949 > 0.05 was obtained, which means that funding decisions have no significant effect on firm value through profitability as an intervening variable. This means that profitability is unable to mediate the relationship between funding decisions and firm value. In other words, changes in the funding structure, such as an increase or decrease in debt, do not directly impact profitability, and profitability also does not have a strong enough influence on firm value. This condition is caused by the tendency of investors to consider the effectiveness of using debt in creating added value for the company, rather than just focusing on the level of profitability. In addition, external factors such as market conditions and investor psychology are likely to have a more dominant role in determining firm value compared to profitability as an intermediary in the relationship between financing decisions and firm value. The results of this study are in line with the findings of Hasanah (2023), who also states that funding decisions have no significant effect on firm value.

The Effect of Dividend Policy on Firm Value

Based on the research results, a sig value of 0.000 < 0.05 means that dividend policy has a significant effect on firm value both directly and through profitability as an intervening variable. This shows that dividend policy not only sends a positive signal to investors

regarding the company's financial stability, but also contributes to increased profitability, which ultimately has an impact on increasing the company's value. In other words, an optimal dividend policy can increase investor confidence, drive demand for shares, and strengthen the company's profitability, which in turn strengthens the company's value. In addition, investors tend to appreciate companies that are able to consistently distribute dividends, as it reflects healthy performance and good financial management. The results of this study are in line with research by Tanjung et al. (2022), which states that dividend policy has an influence on profitability as an intervening variable.

The Effect of Market Value on Firm Value

The results showed that the significance value of 0.840 > 0.05, which means that market value has no significant effect on firm value. This is because stock price fluctuations are more influenced by external factors such as market conditions and investor sentiment. On the contrary, profitability acts as an intervening factor that better reflects the fundamental value of the company. Investors tend to assess companies based on operational performance and profitability rather than relying solely on market value. This finding is in line with research by Haryadi et al. (2016), which states that market value has no significant effect on firm value.

The Effect of Profitability on Firm Value

The results showed that the significance value was 0.407 > 0.05, which means that profitability does not have a significant effect on firm value. This could be due to the instability of the company's profit during the study period, where there were fluctuations in profit from year to year, with some periods experiencing an increase while others experienced a decrease. In addition, other factors such as erratic market conditions, the dominance of capital structure in determining firm value, and external factors influencing investor perceptions may also contribute to these results. This study is in line with research conducted by Umbung et al. (2021), which concluded that profitability has no significant effect on firm value.

CONCLUSION

Based on the results of the correlation coefficient (R) test in equation 1, the value of the funding decision, dividend policy, and market value variables on profitability is 0.107. This means that the funding decision, dividend policy, and market value variables have a very weak relationship with the profitability variable. And the test results of the correlation coefficient of equation 2, namely showing that the value of the variables of financing decisions, dividend policy, and market value towards the variable firm value with profitability as the intervening variable is 0.579. This means that the variables of financing decisions, dividend policy, and market value towards the variable firm value with profitability as the intervening variable have a fairly strong relationship.

The results of the analysis of the coefficient of determination of equation 1, namely, it is known that the R square value is 0.011, which means that 1.1%, shows that there is an effect on profitability which can be explained by the variables of financing decisions, dividend policy, and market value of 1.1%, while the remaining 98.9% is explained by other variables that are not included in the research variables. And the results of the analysis of the coefficient of determination of equation 2, namely the R-square value is 0.355, which means that 35.5%, shows an effect on firm value that can be explained by the variables of financing decisions, dividend policy, market value, and profitability of 35.5%, while the remaining 64.5% is explained by other variables that are not included in the research variables.

Based on the results of the simultaneous effect test (F test), equation 1 states that the F count value is 0.538 with a significance level of 0.657 > 0.05. This means that the independent variables of financing decisions, dividend policy, and market value do not simultaneously affect profitability, and the results of the simultaneous effect test (F test) of equation 2, namely the F count value of 17.496 with a significance level of 0.000 < 0.05. This means that the independent variables of financing decisions, dividend policy, and market value, with profitability as the intervening variable, together or simultaneously affect the firm value.

Based on the partial influence test (T test) of equation 1, it can be concluded that individually, the variables of financing decisions, dividend policy, and market value do not have a partial effect on profitability. And in equation 2, the partial influence test results (T

test) can be concluded that individually the dividend policy variable with profitability as an intervening variable partially influences the firm value, while the funding decision and market value through profitability as intervening variables have no partial influence on the firm value.

For further research, it is advisable to add other variables that can affect the company's value or replace the analysis tool with other, more relevant and accurate indicators. In addition, the number of samples can be expanded, not only limited to companies in the non-cyclical consumer sector, but also including companies from other sectors listed on the Indonesia Stock Exchange, so that the research results can be more extensive and useful.

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