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The Effect of Leverage, Profitability, and Investment Opportunity Set on Company Value with Dividend Policy as a Moderating Variable (Study on Non-Financial Companies in 2019-2022)

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Abstract Corporate value is an important concept for investors in evaluating the overall performance of a company for shareholders and other stakeholders. The value of a company that is proxied to the stock price makes the company try to maximize the value of the company by maximizing the stock market price. The company's value also takes into account external factors that affect the company's performance. These are such as market conditions, industrial competition, and government regulations. The purpose of this study is to determine the influence of leverage, profitability, and investment opportunity set, on the value of companies with dividend policy as a moderator. The population of this study is 719 non-financial companies listed on the Indonesia Stock Exchange in 2019-2022. The selection of samples in this study was carried out using the purposive sampling method so that the number of samples in this study amounted to 204 samples. The data analysis technique uses Moderated Regression Analysis (MRA). The results of the study show that partially the variables of leverage, profitability, and investment opportunity set affect the company's value. Meanwhile, the interaction between the variables of disclosure of leverage, profitability, investment opportunity set and dividend policy variables shows that leverage, profitability, and investment opportunity set are not able to moderate the influence of leverage, profitability, and investment opportunity set on the value of companies in non-financial companies listed on the Indonesia Stock Exchange for the 2019-2022 period.

Keywords: Leverage, Profitability, Investment Opportunity Set, Company Value, Dividend Policy

1. INTRODUCTION

Company values are principles and beliefs that guide all members of the organization in carrying out daily activities. These values include aspects such as integrity, honesty, professionalism, innovation, cooperation, and concern for customers and the environment. With company values, every employee has guidelines for behaving and making decisions that are in line with the company's vision and mission. Company values also serve as the foundation for building a positive and productive company culture, which will ultimately contribute to the long-term success of the organization.

Company value is an important concept for investors in evaluating the overall performance of a company for shareholders and other stakeholders (Setyawati & Lim, 2018). Company value reflects investors' expectations of the company's future. The high and low share prices of a company can influence investor perceptions. The stability of the increase in a company's share price over the long term reflects the stability of the company's value, where the higher the share price of a company, the higher the value of the company. A high company value indicates that the company is able to improve its performance well (Sari & Priyadi, 2016).

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The value of the company which is reflected in the share price makes the company try to maximize the value of the company by maximizing the share market price. Share price is an appropriate index for measuring company value (Ragil Saputri & Bahri, 2021).

Companies that have been listed on the Indonesian Stock Exchange (BEI) has the main objective of increasing the prosperity of the owner or shareholders by increasing the value of the company which is reflected in the company's share price. Companies that are registered on the IDX maximize company value as seen from high share prices, because the company value can be reflected in the company's share price. Share prices in the capital market are formed based on an agreement between investor demand and supply, so that the share price is a *fair price* which can be used as a proxy for company value. The higher the share price, the higher investors' perception of the level of success of the company (Harahap & Halim, 2022).

Companies listed on the IDX are grouped into business sectors based on their industry. They did this separation to make classification easier because there are hundreds of business units listed on the capital market today. IDX *Industrial Classification* (IDX-IC) divides companies into 12 fields with 35 subsectors, 69 industries and 130 subsectors. The aim of implementing the new classification is to meet the development needs of various economic sectors. Of these 12 fields, companies can be grouped into two types of group fields, namely companies belonging to the non-financial and financial sectors (Mahdalena & Endang, 2023).

During the period 2019 to 2022, a total of 823 companies were registered on the IDX, divided into 718 non-financial sector companies and 105 financial sector companies. Thus, it can be concluded that the majority of companies listed on the IDX are companies belonging to the non-financial sector. Companies included in the non-financial sector include *the basic materials sector, consumer cyclicals, consumer non-cyclicals, energy, healthcare, industrials, infrastructures, properties & real estate, technology, and transportation & logistics* .

The value of companies in the non-financial sector listed on the Indonesia Stock Exchange experienced a decline, especially in 2020 and 2022. In 2020 it decreased to reach 2.06, while in 2022 it decreased to reach 2.74. (Indonesian Stock Exchange, 2023)

During December 2023, the JCI experienced a decline of 0.70 percent until the close of trading on the IDX. Several sectoral indices in non-financial companies dragged the JCI into the red zone, including the technology sector down 2.22 percent, the industrial sector down 1.13 percent, the raw goods sector down 0.95 percent, the energy sector down 0.90 percent, the property sector and *real estate* fell 0.75 percent, the non-primary consumer goods sector fell 0.64 percent, and the infrastructure sector fell 0.52 percent. However, there were three sectoral indices in non-financial companies that strengthened when the JCI fell, namely the health

sector which strengthened 0.64 percent, the primary consumer goods sector rose 0.34 percent, and the transportation and logistics sector which strengthened slightly by 0.01 percent (Kontan.co.id).

Leverage is the use of assets and capital at fixed costs by a company to increase potential shareholder returns (Heliani, 2023). The higher *the leverage* , the greater the funds from creditors will make investors cautious. Large *leverage increases investment risk and reduces profitability and company value* (Nopiyani *et al* ., 2018) . In line with research conducted by Dasuha, (2023) states that *leverage* has a negative and significant influence, while (Bon & Hartoko, 2022) states that *leverage* has a positive effect on company value. The use of debt as a source of funding increases the company's operational efficiency, attracts investors, and increases company value.

Profitability is a company's ability to make a profit, influencing investors' perceptions of the company's future goals through effective asset management. High profitability attracts investor interest and increases company value (Dasuha, 2023).

The Investment Opportunity Set (IOS) is a combination of a company's assets and future investment options. In general, it can be said that IOS describes the breadth of investment opportunities for a company, but it really depends on the company's expenditure choices for future interests (Nopiyani *et al* ., 2018). According to Hariyani, (2023), Putri & Gantika, (2022) in their research stated that IOS has a positive effect on company value. This shows that the higher the IOS value a company has, the higher the company value will be. Companies with high IOS scores can create positive perceptions from investors which can then increase company value. Meanwhile, Bon & Hartoko, (2022) in their research stated that IOS has no effect on company value. The high risk and uncertainty of investment returns makes investors reluctant to include *opportunity sets* in influencing company value.

Signal theory is a reference regarding the influence *of leverage* , profitability, *investment opportunity set* (IOS) and dividend policy on company value (Kanta *et al* ., 2021). Agency theory is a reference that dividend policy can maximize company value and becomes a focal point in a company's strategy if you pay attention to *stakeholders* (Jensen & Meckling, 1976). Dividend policy determines whether a company's profits will be distributed as dividends to investors or retained for further investment. Dividend policy is an important aspect in the aim of maximizing company value. The size of the dividends distributed by the company can influence share prices (Hapsari, 2017). Dividend policy has a significant impact on a company's share price. An increase in the amount of cash dividends is considered a positive signal, indicating bright prospects for the company in the future. An increase in cash dividends tends

to trigger an increase in share prices, reflecting an increase in company value. Dividend reductions are often considered a negative signal that can lower share prices and reflect a decline in company value. Dividend policy can also be an interesting moderating variable because it is considered a signal of company performance and a source of income for investors. (Hapsari, 2017). According to Nofika & Nurhayati (2022), their research states that dividend policy is able to moderate and strengthen profitability in company value.

Previously, many studies used manufacturing companies as research objects. Therefore, this research chooses to focus on non-financial sector companies. The rationale behind selecting the non-financial sector is to achieve a more specific and relevant understanding in the context of this sector. The non-financial sector has a wide diversity in variables that can be explored, including manufacturing, services, and technology. This allows researchers to explore additional variables and assess their impact on firm performance in diverse sectors. The selection of the non-financial sector as a research object is also based on practical considerations. Non-financial companies make up the majority of companies listed on the Indonesia Stock Exchange, compared to companies in the financial sector (Mahdalena *et.al* , 2023) . Therefore, this research has the potential to provide broader and more relevant insight into company value in the context of the Indonesian capital market. The motivation behind choosing a non-financial sector is also related to the trend of stock price index movements in that sector. Non-financial stock index fluctuations in December 2023 motivate research on company value and its influencing factors.

Agency theory is a reference that dividend policy can maximize company value and become a focal point in a company's strategy if it pays attention to *stakeholders* (Jensen & Meckling, 1976). Dividend policy determines whether a company's profits will be distributed as dividends to investors or retained for further investment. Dividend policy is an important aspect in the aim of maximizing company value. The size of the dividends distributed by the company can influence share prices (Hapsari, 2017). Dividend policy has a significant impact on a company's share price. An increase in the amount of cash dividends is considered a positive signal, indicating bright prospects for the company in the future. An increase in cash dividends tends to trigger an increase in share prices, reflecting an increase in company value. Dividend reductions are often considered a negative signal that can lower share prices and reflect a decline in company value. Dividend policy can also be an interesting moderating variable because it is considered a signal of company performance and a source of income for investors. (Hapsari, 2017). According to Nofika & Nurhayati (2022), their research states that dividend policy is able to moderate and strengthen profitability in company value.

Thus, based on the description above, the researcher raised the research title "The Effect of *Leverage* , Profitability and *Investment Opportunity Set* on Company Value with Dividend Policy as a Moderating Variable".

2. RESEARCH METHODS

This research uses a quantitative approach in the form of associative causal relationships. A quantitative approach is a research method based on the philosophy of positivism that examines a particular population or sample, collects data, carries out quantitative or statistical analysis to test hypotheses, and conveys conclusions from the test (Sugiyono, 2019). The associative approach to causal relationships is reflected in the research problem formulation which states the relationship between the independent variable and the dependent variable (Sugiyono, 2019).

The population of this research is 719 non-financial companies listed on the Indonesia Stock Exchange in 2019-2022. The sample selection in this study was carried out using a *purposive sampling method* so that the number of samples in this study was 204 samples. The data analysis technique uses *Moderated Regression Analysis* (MRA).

3. RESEARCH RESULTS AND DISCUSSION

Results of Research Data Analysis

1) Selection of Panel Data Regression Models

The selection of a panel data regression model can be done using three approaches, namely *the Common Effect Model* (CEM), *Fixed Effect Model* (FEM), and *Random Effect Model* (REM) (Pandono & Sofyan, 2018). The Chow test, Hausman test, and Lagrange Multiplier test were carried out to determine the best model to be used in this research. The results of selecting the panel data regression model in this research are as follows.

- Test Chow

The Chow test is carried out to determine the best model between *the Common Effect Model* (CEM) or *Fixed Effect Model* (FEM) to be used in estimating panel data. Model selection is determined based on the probability value for *Cross-section* F. If *the cross section* F > 0.05, the model chosen is *the Common Effect Model* (CEM). If *the cross section* F ≤ 0.05, the model chosen is *the Fixed Effect Model* (FEM).

The results of the Chow test that have been carried out can be seen in Table 1 below:

Table 1. Chow Test Results

Effects Test	*Statistics*	*df*	*Prob.*
Cross-section F	3,189	(203,608)	0,000

Shown in Table 1, the *cross section probability* F of 0.000 is smaller than 0.05 so hypothesis 0 is accepted. Based on the chow test results, the model chosen is *the Fixed Effect Model* (FEM).

- Hausman test

The Hausman test was carried out to determine the best model between *the Fixed Effect Model* (FEM) and *the Random Effect Model* (REM). Model selection is determined based on the probability value for *random cross-section* . If the p value is > 0.05, the model chosen is *the Random Effect Model* (REM). If the p value ≤ 0.05, the model chosen is *the Fixed Effect Model* (FEM). The results of the Hausman test that has been carried out can be seen in Table 2 below:

Table 2. Hausman test

Test Summary	*Chi-Sq. Statistics*	*Chi-Sq. df*	*Prob.*
Random cross-section	5,091	4	0.278

Shown in Table 2, the probability for a random cross-section of 0.278 is greater than 0.05. Based on the Hausman test results, the model chosen was *the Random Effect Model* (REM).

- Lagrange Multiplier Test Results

The Lagrange Multiplier test was carried out to determine the best model between *the Common Effect Model* (CEM) and *the Random Effect Model* (REM). Model selection is determined based on the Breusch-Pagan probability value. If the p value is > 0.05, the model chosen is *the Common Effect Model* (CEM). If the p value <0.05, the model chosen is *the Random Effect Model* (REM). The results of the Lagrange Multiplier test that has been carried out can be seen in Table 3 below

Table 3. *Lagrange Multiplier Test*

	Cross-section	*Time*	*Both*
Breusch-Pagan.	150,006	0,246	150,251
Prob.	0,000	0,000	0,000

Shown in Table 3, the ρ value of 0.000 is smaller than 0.05 so hypothesis 0 is rejected. Based on the results of the Lagrange Multiplier test, the model chosen is *the Random Effect Model* (REM). The results of the Chow test, Hausman test, and Lagrange Multiplier test show that *the Random Effect Model* (REM) is the chosen approach for estimating panel data regression. Based on this, the best model approach used to determine the effect of carbon

emission disclosure on the value of *leverage, profitability* and *investment opportunity set* on company value with dividend policy as a moderating variable is *the Random Effect Model* (REM).

Classic assumption test

Classical assumption testing aims to produce an unbiased regression model. Several classic assumption tests that are generally used in previous research are the Normality Test, Autocorrelation Test, Multicollinearity Test, and Heteroscedasticity Test. However, in this study no normality test and autocorrelation test were carried out, this is based on Gujarati (2000) in Basuki (2021) that in a study that uses panel data analysis techniques, the research will require a normality test if the number of observations is less than 30, p. This is intended to see the closeness of *the error term* to the normal distribution. Because the number of observations in this study was 816 observations, a normality test was not carried out.

Apart from that, the autocorrelation test was not carried out because this test was only carried out on time series data, if it was carried out other than time series data such as *cross section* or panel data, then the test would be in vain because panel data has more dominant *cross section characteristics.* Thus, the classical assumption tests used in this research are only the multicollinearity test and the heteroscedasticity test, which produces the following test results.

1) Multicollinearity Test

The multicollinearity test was carried out to determine whether or not there was a correlation between the independent variables. Decision making is made based on the VIF value. If the VIF value ≤ 10, the regression model does not have a multicollinearity problem. If the VIF value is > 10, multicollinearity occurs in the regression model. The results of the multicollinearity test that has been carried out can be seen in Table 4.8, which is as follows.

Table 4. Multicollinearity Test Results

Coefficient	*Centered VIF*
C	NA
DER	1,017
ROE	1,921
MBVA	1,933
DPR	1,007

Based on Table 4, the VIF value of *leverage* is 1.017; profitability of 1.921; *investment opportunity set* of 1.933; dividend policy of 1.007. The test results show that the VIF values for

the three variables are smaller than 10. Thus, the regression model does not have symptoms of multicollinearity.

2) Heteroscedasticity Test

The heteroscedasticity test is carried out to determine whether in the regression model there is an inequality of variance from the residuals of one observation to another observation. The heteroscedasticity test used is the BreuschPagan test. Decision making is made based on the probability value (p). The regression equation is free from heteroscedasticity if the value of Prob. *The F-statistic* is greater than 0.05. The results of the heteroscedasticity test that has been carried out can be seen in Table 5, namely as follows:

Table 5. Heteroscedasticity Test Results

F-statistic	10,478	Prob. F(4.811)	0,000

Based on Table 5, the value of Prob. *The F-statistic* is 10.478 (p > 0.05) so there is no heteroscedasticity problem in the regression model.

***Moderated Regression Analysis (MRA)* Test**

Based on the classical assumption test, the data in this study were declared free of symptoms of heteroscedasticity and free of symptoms of multicollinearity. The next test uses *Moderated Regression Analysis* (MRA) to determine the effect of *leverage* , profitability, and *investment opportunity set* on company value as well as the ability of dividend policy to moderate *leverage* , profitability, and *investment opportunity set* on company value. The MRA test results can be seen in table 6 below.

Table 6. *Moderated Regression Analysis* (MRA) Test Results

Variables	Coefficient	Std. Error	t-Statistic	Prob. 0
C	1,265	0,676	1,871	0,062
DER	-0,044	0,677	-0,065	0,948
ROE	0,277	0,195	1,423	0,155
MBVA	-0,200	0,064	-3,119	0,002
DPR	-0,652	0,697	-0,935	0,350
DER_DPR	0,421	0,699	0,602	0,547
ROE_DPR	-0,080	0,215	-0,372	0,710
MBVA_DPR	0,118	0,068	1,737	0,083
Adjusted R-squared	0,022			
F-statistic	3,662			
Prob(F-statistic)	0.001			

Based on table 6, the constant value (*β0*) is 1.265, the *leverage regression coefficient* (*β1*) -0.044, the profitability regression coefficient (*β2*) 0.277, the *investment opportunity set regression coefficient* (*β3*) -0.200, the dividend policy moderation variable regression coefficient (*β4*) - 0.651, *leverage regression coefficient* with dividend policy as moderation (*β5*) 0.421, profitability regression coefficient with dividend policy as moderation (*β6*) -0.080, *investment opportunity set regression coefficient* with dividend policy as moderation (*β7*) 0.118. The linear regression model equation with moderating variables is as follows:

PBV = 1.265– (-0.043) DER + 0.277 ROE + -0.200 IOS + -0.651 DPR + 0.420 DER_DPR + -0.080 ROE_DPR – 0.118 MBVA_DPR + e

The explanation of the regression equation above is as follows:

1) A constant value of 1.265 means that if *leverage* , profitability, *investment opportunity set* , and dividend policy as moderation are equal to zero, then dividend policy increases by 1.265.

2) *The leverage* regression coefficient value is -0.044, meaning that if *leverage* increases by one unit with the other variables remaining constant, then the company value will increase by -0.044.

3) The profitability regression coefficient value is 0.277, meaning that if profitability increases by one unit with the other variables remaining constant, then the company value will increase by 0.277.

4) *The investment opportunity set* regression coefficient value is -0.200, meaning that if *the investment opportunity set* increases by one unit with the other variables remaining constant, then the company value will increase by -0.200.

5) The dividend policy regression coefficient value is -0.652, meaning that if the size of the company increases by one unit with the other variables remaining constant, then the value of the company will increase by -0.652.

6) The regression coefficient value *for leverage* moderated by dividend policy is 0.421, meaning that *leverage* moderated by dividend policy increases by one unit, assuming the other variables are constant, then the company value will increase by 0.421.

7) Profitability regression coefficient value which is moderated by the dividend policy of -0.080, which means profitability which is moderated by dividend policy increasing by

one unit with the view that other variables are constant, then dividend policy will increase by -0.080.

8) The regression coefficient value *of the investment opportunity set* moderated by the dividend policy measure is 0.118, meaning that if *the investment opportunity set* moderated by the dividend policy measure increases by one unit with the other variables remaining constant, then the dividend policy will increase by 0.118.

Model Feasibility Test (F Test)

The F test is carried out to determine whether the estimated regression model is suitable or not suitable for use. If the significance value (*probability value* or p-value) F is less than or equal to 0.05, then the estimated regression model is suitable for use. If the significance value (*probability value* or p-value) F is greater than 0.05 then the regression model is not suitable for use.

The results of the F test in this study can be seen in Table 6. The F test shows a significance value of 0.001, which is smaller than 0.05. This means that the regression model is suitable for use in this research. These results mean that *leverage* , profitability, *investment opportunity set* , with dividend policy as a moderator simultaneously influence company value, namely being able to predict or explain the phenomenon of company value in non-financial companies listed on the Indonesia Stock Exchange for the 2019-2022 period.

Coefficient of determination test (R^2)

The coefficient of determination test (R^2) was carried out to determine the ability of the independent variables, moderating variables and control variables in the regression model to explain variations in the values of the dependent variable. An R^2 value that is getting closer to 1 indicates that the ability of the independent variable and moderating variable to explain the dependent variable is getting better. In this research, the coefficient of determination value can be seen in Table 6. Based on table 6, it is known that the *Adjusted R-squared* (R^2) value is 0.022 or 0.022 percent. This means that 0.022 percent of the variation in company value is influenced by *leverage* , profitability and *investment opportunity set* . The remaining 99.978 percent is influenced by other variables outside the regression model. This value can be categorized as a low value.

Hypothesis Test (t Test)

The t test in this research was carried out to determine the influence of *leverage* , profitability, and *investment opportunity set* , and dividend policy as a partial moderator on firm value. The results of the hypothesis test can be seen in table 6.

1) Based on table 6, the *leverage variable* has a prob value. (p-value) is 0.948, which is greater than 0.05. This shows that the *leverage disclosure variable* has no effect on firm value. Thus, the first hypothesis (H1) is rejected, meaning that *leverage* has no effect on firm value.

2) Based on table 6, the profitability variable has a prob value. (p-value) is 0.155, which is greater than 0.05. This shows that the profitability variable has no effect on company value. Thus, the second hypothesis (H_2) is rejected, meaning that profitability has no effect on company value.

3) Based on table 6, *the investment opportunity set variable* has a prob value. (p-value) is 0.002, which is smaller than 0.05. This shows that the *investment opportunity set disclosure variable* has a positive effect on company value. Thus, the third hypothesis (H_3) is accepted, meaning that *the investment opportunity set* has an effect on company value.

4) Based on table 6, the interaction between the *leverage disclosure variable* and the dividend policy variable has a prob value. (p-value) is 0.547, which is greater than 0.05. This shows that dividend policy is unable to moderate the relationship between *leverage* and firm value. Thus, the fourth hypothesis (H_4) is rejected, meaning that dividend policy is unable to moderate the effect *of leverage* on firm value.

5) Based on table 6, the interaction between the profitability disclosure variable and the dividend policy variable has a prob value. (p-value) is 0.710, which is greater than 0.05. This shows that dividend policy is unable to moderate the relationship between profitability and firm value. Thus, the fifth hypothesis (H_5) is rejected, meaning that dividend policy is unable to moderate the effect of profitability on firm value.

6) Based on table 6, the interaction between the *investment opportunity set disclosure variable* and the dividend policy variable has a prob value. (p-value) is 0.083, which is greater than 0.05. This shows that dividend policy is unable to moderate the relationship between profitability and firm value. Thus, the sixth hypothesis (H_6) is rejected, meaning that dividend policy is unable to moderate the influence of *investment opportunity set* on firm value.

4. DISCUSSION OF RESEARCH RESULTS

The Effect of *Leverage* on Company Value

Based on the results of *moderated regression analysis (MRA), a leverage* coefficient value of -0.044 was obtained with a probability value of 0.948, which is greater than the research real level, namely 0.05 (5%). This shows that *leverage* in non-financial sector companies listed on the Indonesia Stock Exchange for the 2019-2022 period does not have a significant effect on PBV as a proxy for company value. Based on this, the first hypothesis (H1) is rejected, namely *leverage* has no effect on company value.

The results of this study are not in line with signal theory. Signal theory provides a reference that *leverage* is a positive signal that can attract investors' attention. The existence of debt is also interpreted as a sign of optimism from management regarding investment, which is then expected to improve the company's prospects in the future (Kolamban *et al* ., 2020). Therefore, this can be considered a negative indicator for investors considering investing, as it is possible that the company's profitability may decrease. On the other hand, if the company's debt level is low, the profits it earns tend to be higher because the company's obligation to pay off debt is not too burdensome. This situation reflects the company's financial health and can build investor confidence in the company. Research results showing the negative influence *of leverage* on company value indicate that investors interpret *leverage* as a negative signal.

Research results showing that leverage does not have a significant effect on company value can be strengthened by the fact that investors often focus more on the stability and financial health of the company rather than the potential benefits of debt. High leverage can increase financial risks, including possible difficulties in meeting debt obligations, which can ultimately reduce investor confidence and company value. Additionally, if a company relies too heavily on debt, this can lead to decreased profitability and undesirable volatility, which investors highlight more than the benefits of additional cash flow generated by debt. Thus, although leverage can offer some advantages, the associated risks are often the primary determining factor in investors' evaluation of a company's value.

These results are in line with research conducted by Harahap & Halim (2022), Kolamban et al., (2020), and Fajarian & Isnalita, (2018) showing that *leverage* has no effect on company value. The same thing was also expressed by Widyawati & Subadriyah (2020) in his research, the results showed that leverage did not have a significant effect on company value.

The Effect of Profitability on Company Value

Based on the results of *moderated regression analysis* (MRA), a profitability coefficient value of 0.277 was obtained with a probability value of 0.155, which is greater than the research real level, namely 0.05 (5%). This shows that profitability in non-financial sector companies listed on the Indonesia Stock Exchange for the 2019-2022 period does not have a significant effect on PBV as a proxy for company value. Based on this, the second hypothesis (H2) is rejected, namely profitability has no effect on company value.

The results of this study are not in line with signal theory. Signal theory provides a reference that the greater the profitability, the greater the market price, because the magnitude of profitability provides an indication that the return that investors will receive will be high so that investors will be interested in buying the shares, and this causes the stock market price to tend to rise. , which has an impact on increasing company value (Aryani, 2020). Research results showing the negative influence of profitability on company value indicate that investors interpret profitability as a negative signal.

The research results showing that profitability does not have a significant effect on company value can be strengthened by the fact that investors may not always consider profitability as the main indicator of company value. Although high profitability is usually expected to increase the value of a stock, investors may pay more attention to other factors such as the stability of earnings, long-term growth prospects, and the risks associated with profitability. High profitability in the short term does not necessarily reflect a company's future performance or long-term financial health. Additionally, companies with large profit margins but with high earnings fluctuations may not be considered stable by investors, which may result in low stock market value despite high profitability. Thus, although profitability is an important aspect, company value is often influenced by various other factors that can override the direct impact of profitability itself.

These results are in line with research conducted by Monika & Utami, (2023), Sinaga & Malau, (2019) and Kolibu & Saerang, (2020) stating that profitability has no significant effect on company value.

The Effect of *Investment Opportunity Set* on Company Value

Based on the results of *moderated regression analysis* (MRA), *the investment opportunity set coefficient value* was -0.200 with a probability value of 0.002, which is smaller than the research real level, namely 0.05 (5%). This shows that *the investment opportunity set*

in non-financial sector companies listed on the Indonesia Stock Exchange for the 2019-2022 period has a significant effect on PBV as a proxy for company value. Based on this, the third hypothesis (H3) is accepted, namely that *investment opportunity set* has an effect on company value.

The results of this research are in line with signal theory. Signal theory provides a reference that signal theory is a reference that *the investment opportunity set* or IOS provides a positive signal to investors, so that investors will also give a positive response to companies that have high IOS, because they are more promising returns in the future (Eka Nopiyani *et al* ., 2018). Inappropriate decisions in investing in the future can result in returns that do not match expectations or even result in losses, which in turn has an impact on company performance. Research results showing the positive influence of IOS on company value indicate that investors interpret IOS as a positive signal.

The research results showing that the investment opportunity set (IOS) has a significant positive effect on company value is strengthened by the fact that IOS reflects the company's potential for future growth and profitability. A high IOS indicates that the company has many promising investment opportunities, which can increase future return expectations and attract investor interest. When a company has many profitable investment opportunities, investors tend to evaluate the company more positively, thereby increasing demand for shares and the company's market value. In addition, companies with high IOS are often considered to have good investment strategies and solid growth prospects, which strengthens investors' confidence that the company will produce good performance and provide added value in the long term.

These results are in line with research conducted by Lestari & Triyani, (2018), Prambanan, (2022), Denata *et al* ., (2021), Suryono, (2022), Sa'diyah *et al* ., (2021), Frederica, (2019), Febrianty & Mertha, (2021) and Kusuma *et al* ., (2022) state that investment opportunity set (IOS) has a positive and significant effect on company value

The influence of Dividend Policy moderates the influence of *Leverage* on Firm Value

Based on *moderated regression analysis* (MRA), the interaction coefficient value between *leverage* and dividend policy is 0.421 with a probability value of 0.547, which is greater than the research real level, namely 0.05 (5%). This shows that dividend policy in non-financial companies listed on the Indonesia Stock Exchange for the 2019-2022 period cannot moderate the effect of *leverage* on company value. Based on this, the fourth hypothesis (H4)

in this research is rejected, namely that dividend policy cannot moderate the effect of *leverage* on firm value.

This research is not fully in accordance with signal theory and agency theory which serve as a reference that dividend policy can moderate the effect of *leverage* on firm value. Based on the results of moderated regression analysis (MRA), the interaction coefficient value between *leverage* and dividend policy was found to be insignificant, so the fourth hypothesis (H4) was rejected. Signal theory states that dividend policy can provide a positive signal to investors regarding the company's prospects, but in this research, dividend policy was unable to reduce the perception of risk caused by high *leverage* . Investors may focus more on the financial risks caused by high *leverage , so that positive signals from dividend policy become less relevant.* In addition, according to agency theory, highly *leveraged companies* tend to prioritize debt payments and interest expenses over dividends, which can reduce the effectiveness of dividend policy as a moderation tool. The results of this research are consistent with previous research such as Reynanda (2022), Setiawan & Rahmawati (2020), and others, which also found that dividend policy was unable to moderate the effect of *leverage* on company value.

The research results showing that dividend policy does not moderate the effect of leverage on firm value can be strengthened by the argument that in situations where the company has a high level of leverage, investors' main focus often shifts to greater financial risks, such as the company's ability to meet its debt obligations. and interest payments. Under these conditions, dividend policy may be considered less relevant because it cannot significantly reduce the perception of risk posed by high debt levels. Additionally, highly leveraged companies often prioritize debt repayment over dividend distribution, which makes dividend policy less effective as moderation. Thus, although dividend policy can provide a positive signal, its effect may not be strong enough to overcome the impact of risks resulting from high debt use.

The results of this research are in line with research conducted by Reynanda, (2022), Setiawan & Rahmawati, (2020), Fajarian & Isnalita, (2018), Prihanta *et al* ., (2023), Gregorius & Dominicius, (2017), Kanta *et al. al* ., (2021) and Ihsan *et al* ., (2019) state that dividend policy is unable to moderate the effect of *leverage* on firm value.

The influence of Dividend Policy moderates the influence of Profitability on Firm Value

Based on *moderated regression analysis* (MRA), the interaction coefficient value between profitability and dividend policy is -0.080 with a probability value of 0.710 which is greater than the research real level, namely 0.05 (5%). This shows that dividend policy in non-financial companies listed on the Indonesia Stock Exchange for the 2019-2022 period cannot moderate the influence of profitability on company value. Based on this, the fifth hypothesis (H5) in this research is rejected, namely that dividend policy cannot moderate the effect of profitability on company value.

This research is not fully in accordance with signal theory and nostalgia theory which serve as a reference that dividend policy can moderate the effect of profitability on firm value. Based on the results of *moderated regression analysis* (MRA), the interaction coefficient value between profitability and dividend policy was found to be insignificant, so the fifth hypothesis (H5) was rejected. Signal theory provides a reference that dividend policy can provide a positive signal to investors regarding the company's prospects, while agency theory emphasizes that dividend policy can reduce conflicts of interest between management and shareholders through profit distribution. However, the results of this research indicate that dividend policy does not strengthen the influence of profitability on company value. Although high profitability can provide a positive signal to investors, dividend policy is unable to strengthen investors' assessment of the company. This may be caused by uncertainty in high dividend distribution even though company profits are increasing, or because investors react more quickly to changes in profitability without significantly considering dividend policy. Setiawan & Rahmawati (2020).

This research shows that dividend policy does not moderate the effect of profitability on firm value, which can be explained by several key reasons. First, although high profitability provides a positive signal to investors regarding the company's prospects, dividend policy may not be significant enough to strengthen that effect because investors tend to focus more on the profitability indicators themselves rather than dividend distribution decisions. Second, inconsistent or insignificant dividend policies can increase uncertainty among investors, reducing the positive impact of profitability on company value. Third, investors may respond to changes in profitability more quickly and directly than changes in dividend policy, making them less relevant as a moderation. Thus, dividend policy does not always function as an effective reinforcer in this context, as reflected in the results of this study.

These results are consistent with previous research such as Aryani (2018), Devi & Suardana (2022), Setiawan & Rahmawati (2020), Kanta et al. (2021), and Silvia & Toni (2020) who also found that dividend policy was unable to moderate the effect of profitability on firm value.

The influence of Dividend Policy moderates the influence of *the Investment Opportunity Set* on Firm Value

Based on *moderated regression analysis* (MRA), the interaction coefficient value between *investment opportunity set* and dividend policy is 0.118 with a probability value of 0.083, which is greater than the research real level, namely 0.05 (5%). This shows that dividend policy in non-financial companies listed on the Indonesia Stock Exchange for the 2019-2022 period cannot moderate the influence of *investment opportunity set* on company value. Based on this, the sixth hypothesis (H6) in this research is rejected, namely that dividend policy cannot moderate the influence of *investment opportunity set* on company value.

This research is not in accordance with signal theory and agency theory which serve as a reference that dividend policy can moderate the influence of *the investment opportunity set* (IOS) on firm value. Based on the results of *moderated regression analysis* (MRA), the interaction coefficient value between IOS and dividend policy was found to be insignificant, so the sixth hypothesis (H6) was rejected. Signal theory states that a high dividend policy can provide a positive signal to investors regarding the company's prospects, while agency theory emphasizes that dividend distribution can reduce conflicts of interest between management and shareholders by increasing transparency and profit distribution. However, the results of this study indicate that dividend policy does not strengthen the influence of IOS on firm value. This may be due to the company's preference to retain profits rather than distribute them as dividends, which reduces the positive signals that investors should receive. In addition, a high dividend policy may not be enough to offset investors' concerns about the risks and uncertainties associated with company investment decisions (Kusaendri & Mispiyanti 2022).

This research shows that dividend policy does not moderate the effect of investment opportunity set (IOS) on firm value, and several factors can explain this finding. First, although dividend policy can provide a positive signal, a company's preference to retain profits rather than distribute them as dividends can reduce the effectiveness of this signal. Second, a dividend policy that is not significant or consistent enough may not be able to offset investors' concerns about the risks and uncertainties associated with the company's investment decisions. Third,

investors may focus more on the potential return from investment opportunities rather than the dividend policy itself, so that dividend policy does not strengthen the positive impact of IOS on firm value. Thus, these results indicate that dividend policy may not function as an effective moderation tool in this context.

The results of this research are in line with research conducted by Nadalia *et al* ., (2023), Junaid, (2018), Juwinta *et al* ., 2021 which states that dividend policy is unable to moderate the relationship between *investment opportunity set* and company value.

5. CONCLUSION

Based on the results of research and hypothesis testing, the conclusions of this research are as follows.

1) *The Leverage* variable has no effect on the company value of non-financial companies on the Indonesian Stock Exchange during the 2019-2022 period.
2) Profitability variable has no effect on the company value of non-financial companies on the Indonesian Stock Exchange during the 2019-2022 period.
3) *The Investment Opportunity Set* variable has a positive effect on company value in non-financial companies on the Indonesia Stock Exchange during the 2019-2022 period.
4) The dividend policy variable cannot moderate the influence *of leverage* on firm value in non-financial companies on the Indonesia Stock Exchange during the 2019-2022 period.
5) The dividend policy variable cannot moderate the influence of profitability on firm value in non-financial companies on the Indonesia Stock Exchange during the 2019-2022 period.
6) The dividend policy variable cannot moderate the influence of *the investment opportunity set* on company value in non-financial companies on the Indonesia Stock Exchange during the 2019-2022 period.

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