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The Influence of Earnings Quality and Dividend Policy on Company Value

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Abstract Company value is an important aspect that needs to be considered It highlights the company's performance, which can shape investors' perceptions of the business. The aim of the research is to provide empirical evidence regarding the influence of earnings quality and dividend policy on company value. Company size and leverage are used as control variables in this research. The research uses PBV as a proxy for company value, DACC as a proxy for earnings quality, DPR as a proxy for dividend policy, total assets as a proxy for company size and DER as a proxy for leverage. This research was conducted on companies listed on the Indonesia Stock Exchange (BEI) in 2012-2022. The number of samples taken was 6325 observation samples using the non-probability sampling method, especially using the sampling technique, namely purposive sampling. Data collection was carried out using non-participant observation. The analysis technique used is multiple linear regression analysis technique. The results of this research indicate that earnings quality has no effect on company value and dividend policy has a positive effect on company value.

Keywords: Company Value, Earnings Quality, Dividend Policy, Company Size, Leverage

1. INTRODUCTION

A company is a modern organization that has activities in the production process of goods or services to achieve its goals, both trading companies (merchandising), service companies (service) and manufacturing companies (manufacturing). In general, The company's objective is to generate profits through long-term growth, ensure sustainability, and create a positive image in the eyes of the public, which can enhance the company's value. Company value is the most important part of the company, because increasing company value is the company's goal(Safira & Widajantie, 2021). Companies really need various strategies and policies that are effective and efficient, so that they can become big and strong in the era of globalization. Globalization requires the development of the business world to grow more rapidly, companies definitely want their companies to continue to develop along with the times, so that companies in their operational activities will try to continuously increase the value of the company.

Company value is an important aspect that needs to be considered it demonstrates the company's performance, which has the potential to affect how investors perceive the business and is reflected in the share price.(Fatimah et.al 2019). The higher the share price, the higher the company value. Companies that are considered quality have high company value, and this attracts investors to invest.

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One of the main objectives of a company being founded is to increase company value and to increase shareholder prosperity as reflected in the financial statements (Brigham & Daves, 2019). Financial reports are very important information for investors. This makes company management strive to show increasingly high-quality profits with the aim of increasing company value. Along with economic growth in Indonesia, ownership of companies is no longer solely owned by domestic ownership, but also abroad. The quality of these financial reports will greatly depend on the company's efforts in disclosing and presenting financial reports, while the disclosure and presentation itself will depend on the applicable rules or standards. As a result of these demands, many business actors in a country (especially multinational companies) participate in cross-border business, so they need an international standard that can apply equally in all countries to facilitate the process of business reconciliation and consolidation, one of which is the International Financial Reporting Standard reporting standard (IFRS) (Fauzia & Ahalik, 2022).

International Financial Reporting Standards (IFRS), is an accounting reporting standard created to emphasize the assessment (revaluation) of professional disclosure and transparency regarding the economic substance of transactions, up to explanations to reach certain conclusions. With IFRS, it is hoped that accounting standards can operate with international uniformity (Fauzia & Ahalik, 2022). According to research conductedFebiola & Ahalik (2022)The problem of the need for quality standards led to the adoption of the International Financial Reporting Standard (IFRS) which was based on improving the quality of accounting with uniformity in international standards. IFRS is the answer to the problem of credibility and transparency of financial reporting which must be further improved. IFRS is also an effort to strengthen the global financial architecture and find long-term solutions to the lack of financial transparency. Adopting international accounting standards into domestic accounting standards aims to produce financial reports that have high credibility. IFRS requires requirements for higher disclosure items, so that the company value will also be higher. According toPradila et al. (2023)The pressure to immediately use IFRS also comes from the equity market, which is currently developing increasingly actively and is in an important position in the national and global economy. Investors need information about the company they will invest in and as a consideration before deciding to invest or not. The existence of similar standards is expected to make it easier to assess and compare company performance even though the companies are located in different countries. Investors use this information as a benchmark or guideline in carrying out buying and selling shares of a company. IFRS adoption is one of the factors that can influence company value through earnings quality.

Earnings quality reflects the extent to which reported earnings information reflects the company's actual performance and potential future profits. Earnings quality is a measure to see whether the profits reported in the financial statements reflect the company's actual performance. The efficient quality of company profits can provide more efficient information regarding the company's financial performance which is relevant in making decisions regarding the company. Efficient earnings quality will automatically influence an increase in sustainable company value and vice versa (Jonathan & Machdar, 2018). This is in line with research conducted by Dang et al., (2020),Wairisal & Hariyati, (2021), Ningsih et al., (2023).

It is claimed that the implementation of IFRS will provide benefits for improving the quality of financial reports. According toFajrina et al. (2022) Quality financial reports can be seen from the reduction in earnings management practices and the increased relevance of the value of accounting information. Efforts to reduce earnings management include making corrections to accounting standards. Improving accounting standards that is currently an issue is the adoption of the International Financial Reporting Standard (IFRS).Satria & Jeni (2020) revealed that one of the issues from the IASB is that IFRS aims to simplify the various alternative accounting policies that are permitted and is expected to limit management's discretion regarding earnings manipulation so as to increase earnings quality and company value. However, according toSinatra et al. (2022) IFRS adoption cannot affect earnings management activities, meaning there is no change in either decreasing or increasing earnings management actions. So the quality of the profits from the company itself is questionable and this can reduce the value of the company in the eyes of investors. This is in line with researchJonathan & Machdar (2018) Tanggo & Taqwa (2020), Frances Roi et al. (2023) And Baihaqi & Murtanto (2023).

Another factor that influences company value is dividend policy. Companies that record high profits are certainly seen as being able to pay the rights of shareholders. One of the shareholder rights referred to is dividends. Dividends are the distribution of profits to owners or shareholders based on the proportions agreed at the beginning. The company or management has full authority over the profits earned. Companies are expected to be able to adopt policies that are profitable for both parties, namely investors or shareholders and management. The policy that a company can implement is a dividend policy. Dividend policy basically determines the size of the portion of earnings that will be distributed to shareholders. Dividend policy represents a very important point in determining whether cash flows should be paid out to multiple shareholders or should be held by the company for reinvestment. The amount of dividends paid by shareholders depends on the policies of each company(Husnatarina et al.,

2018). This is in line with researchHendraliany, (2019),Taba et al., (2022),Setiawati, (2021)AndRidwan et al., (2023). In addition, dividend policy is related to decisions regarding how much of the company's net profit will be paid to shareholders as dividends or retained as retained earnings for future financing.(Pamuji & Hartono, 2020). The aim of shareholder investments is to improve their welfare by generating income from invested funds. By retaining profits or deciding to distribute them to shareholders, this will certainly have an influence on the value of the company in the eyes of investors. By distributing dividends, the company will certainly be seen to be able to provide good performance which will then have an impact on increasing the value of the company. However, according to researchSuhartono et al. (2022), Bon & Hartoko, (2022), Rimawan et al. (2023), Taba et al. (2022)states that dividend policy has a negative effect on company value. This is because if the dividends distributed are low, the share price in the market will tend to be low, thus affecting the value of the company in the eyes of investors.

This research uses company size and leverage as control variables.Company size is a measurement of a company identified based on total assets. Based on research Widiastari & Yasa (2018) Company size is used as a benchmark in assessing company performance, where good company performance will be able to increase the total assets owned so that the company size becomes larger. Large companies tend to have more stable conditions so that investors become interested in buying shares in these companies, which has an impact on increasing company value. This is in line with research conducted by Pradana & Astika (2019),Hasanah et al. (2023), Nurmansyah et al. (2023) And Oktaviarni & Suprayitno (2019)which states that company size has a positive effect on company value.

Leverageis a ratio that describes a company's ability to manage its debt so that it can make a profit and can repay the debt. When a company can optimize its debt, this can increase company value. Sources of funds from debt can be used for company operational activities in order to obtain profits that can increase company value. On researchAgustin & Soedarsa (2023)states that leverage has a positive effect on company value, so when leverage increases, the company value also increases. Study Lamba & Orahau (2022), reinforced by research from,Nadhilah et al. (2022), Sari & Purbowati (2023) And Ripaluddin et al. (2023).Regarding the phenomena and research inconsistencies above, researchers feel it is necessary to conduct research on the influence of earnings quality and dividend policy on company value in all companies listed on the Indonesia Stock Exchange (BEI).

2. RESEARCH METHODS

The research design used in this research is a causal associative research design. Associative causal is research that aims to determine the relationship between two or more variables.An associative research design in this study was used to analyze the effect of disclosureQuality of Earnings(X1) andDividend Policy (X2) on Company Value (Y).The research uses PBV as a proxy for company value, DACC as a proxy for earnings quality, DPR as a proxy for dividend policy, total assets as a proxy for company size and DER as a proxy for leverage.

The population of this research is 927 companies listed on the Indonesian Stock Exchange.

Determining the sample used was by using a purposive sampling method, namely a sampling technique based on certain criteria with certain considerations (Jogiyanto, 2011). The number of samples taken was 6325 observation samples using the non-probability sampling method, especially using the sampling technique, namely purposive sampling. Data collection was carried out using non-participant observation. The analysis technique used is multiple linear regression analysis technique.

3. RESULTS AND DISCUSSION

Description of Research Variable Data

Based on descriptive statistical tests, an overview of the research sample data was obtained based on minimum and maximum values, average and standard deviation.

Descriptive Statistical Analysis

Descriptive statistics are statistics used to analyze data which in the process is carried out by describing all the data that has been collected as it is without wanting to make generally accepted conclusions.Descriptive statistical analysis is used to describe the characteristics of samples used in research related to data collection and ranking. Based on data processing using Stata, descriptive statistical results were obtained which provide information regarding the average value, minimum value, maximum value and standard deviation of each research variable. Descriptive statistical results can be seen in Table 1 below.

Table1. Results of Descriptive Statistical Analysis

	N	Minimum	Maximum	Average	Standard Deviation
PBV	6325	-20.43	85.18	2.18	3.78
DACC	6325	0	28.35	0.27	1.07
DPR	6325	0	1.00	0.12	0.21
SIZE	6325	17.98	35.23	28.41	1.95
DER	6325	0.10	32.70	2.70	3.81

Based on Table 1, from 6325 total observations, a general description of the variables used in this research is as follows.

1) Company value as proxied by Price to Book Value (PBV) has a minimum value of -20.43 owned by the company PT. Arkadia Digital Media Tbk in the observation year 2022 and the maximum value is 85.18 owned by the company PT. Unilever Indonesia Tbk in the observation year 2017. This shows that the company value range for the sample companies is the lowest - 20.43 and the highest is 85.18. The company value variable has an average value of 2.18, indicating that most of the companies studied have a low level of company value. A standard deviation value of 3.78 indicates that there is a deviation of 3.78 from the average company value variable.
2) Profit Quality is proxied by discretionary accrual (DACC) with a minimum value of 0 owned by the company PT. Adhi Karya (Persero) Tbk in the observation year 2019, PT. Adi Sarana Armada Tbk in the observation years 2012, 2016, 2017, PT. ABM Investama Tbk in the observation year 2021 and the maximum value of 28.35 owned by the company PT Sumber Global Energi Tbk in 2021. This shows that the lowest range of profit quality for the sample company is 0 and the highest is 28.35. The earnings quality variable has an average value of 0.27, indicating that the majority of companies studied have a good level of earnings quality. A standard deviation value of 1.07 indicates that there is a deviation of 1.07 from the average of the earnings quality variable.
3) Dividend policy, which is proxied by the dividend payout ratio (DPR), has a minimum value of 0 owned by the company PT. Maybank Indonesia Tbk in the observation year 2018, PT. Mandala Multifinance Tbk in the observation year 2018, PT Dayamitra Telekomunikasi Tbk in the observation years 2021, 2022 and a maximum value of 1.00 owned by the company PT. Bukit Asam Tbk in the observation year 2021. This shows that the lowest dividend policy range for the sample company is 0 and the highest is 1.00. The dividend policy variable has an average value of 0.12, indicating that most of

the companies studied have a low level of dividend policy. A standard deviation value of 0.21 indicates that there is a deviation of 0.21 from the average dividend policy variable.

4) Company size as proxied by total assets that have been naturalized logs has a minimum value of 17.98 owned by the company PT. Lima Dua Lima Tiga Tbk in the observation year 2022, and the maximum value is 35.23 owned by the company PT. Bank Mandiri (Persero) Tbk in the observation year 2022. This shows that the lowest sample company size range is 17.98 and the highest is 35.23. The company size variable has an average value of 28.41, indicating that most of the companies studied have large total assets. A standard deviation value of 1.95 indicates that there is a deviation of 1.95 from the average of the company size variable.
5) Leverage, represented by the Debt to Equity Ratio (DER), has a minimum value of 0.10 owned by the company Arkadia Digital Media Tbk in the 2019 observation year, and a maximum value of 32.7 owned by the company PT. Anabatic Technologies Tbk in the observation year 2019. This shows that the lowest leverage range for the sample company is 0.10 and the highest is 32.7. The leverage variable has an average value of 2.70, indicating that most of the companies studied have a low level of leverage. The standard deviation value of 3.81 indicates that there is a deviation of 0.81 from the average leverage variable.

4. RESULTS OF RESEARCH DATA ANALYSIS

Classic Assumption Test

The classic assumption test is a test carried out before carrying out multiple linear regression analysis. The classical assumption tests in this research include the normality test, autocorrelation test, multicollinearity test, and heteroscedasticity test. The following are the results obtained from the classical assumption test on 4 analysis models.

1) Normality Test

The normality test is used to determine whether the research data is normally distributed or not. Good research, when the regression model is normally distributed or close to normal.This study did not use a normality test because the sample size was large. Panel data that uses large sample sizes, which can benefit from the Central Limit Theorem. This theorem shows that the distribution of sample means will approach a normal distribution as the sample size increases, regardless of the distribution of the data itself. Therefore, the larger the sample,

the less important the assumption of normality is in the context of hypothesis testing and measuring confidence intervals(Pek et al., 2018).

2) Autocorrelation Test

This test was carried out with the aim of determining whether there is a correlation that occurs in the time series between the current and previous periods. If the test results produce A regression model without autocorrelation can be considered a well-performing model. The Pearson product moment correlation test aims to determine the level of closeness of the relationship between variables expressed by the correlation coefficient. The results of the Pearson product moment correlation test are presented in table 2 below.

Table 2.Pearson Product Moment Correlation Test Results

	PBV	DACC	DPR	SIZE	DER
PBV	1,0000				
DACC	0.0200	1,0000			
	0.1120				
DPR	0.0693	-0.0341	1,0000		
	0.0000	0.0067			
SIZE	-0.0160	-0.0690	0.2641	1,0000	
	0.2043	0.0000	0.0000		
DER	0.0154	-0.0296	-0.0617	0.1517	1,0000
	0.2214	0.0185	0.0000	0.0000	

Based on Table 2, the Pearson correlation test carried out using the Person Correlation test shows that,

a) The correlation between PBV and DACC is 0.0200, indicating that this relationship is very weak and positive. With a p-value of 0.1120, this means that this relationship is not statistically significant, so there is not enough evidence to state that there is a real relationship between PBV and DACC.
b) The correlation between PBV and DPR is 0.0693, indicating that this relationship is very weak and positive. With a p-value of 0.0000, this means that this relationship is statistically significant,so we can conclude that there is a real, although very weak, relationship between PBV and DPR.
c) The correlation between PBV and SIZE is -0.0160, indicating that this relationship is very weak and negative. With a p-value of 0.2043, this means that this relationship is not statistically significant,so there is not enough evidence to state that there is a relationship between PBV and SIZE.

d) The correlation between PBV and DER is 0.0154, indicating that this relationship is very weak and positive. With a p-value of 0.2214, this means that this relationship is not statistically significant,so there is not enough evidence to state that there is a relationship between PBV and DPR.
e) The correlation between DACC and DPR is -0.0341, indicating that this relationship is very weak and negative. With a p-value of 0.0067, this means that this relationship is statistically significant,so we can conclude that there is a real, although very weak, relationship between the DACC and the DPR.
f) The correlation between DACC and SIZE is -0.0690, indicating that this relationship is very weak and negative. With a p-value of 0.0000, this means that this relationship is statistically significant,so we can conclude that there is a real, although very weak, relationship between DACC and SIZE.
g) The correlation between DACC and DER is -0.0296, indicating that this relationship is very weak and negative. With a p-value of 0.185, this means that this relationship is not statistically significant,so we can conclude that there is no real relationship, although very weak, between DACC and DER.
h) The correlation between DPR and SIZE, namely 0.2641, shows that this relationship is quite strong and positive. With a p-value of 0.0000, this means that this relationship is statistically significant,so we can conclude that there is a real, quite strong relationship between DPR and SIZE.
i) The correlation between DPR and DER is -0.0617, indicating that this relationship is very weak and negative. With a p-value of 0.0000, this means that this relationship is statistically significant,so we can conclude that there is a real, although very weak, relationship between DPR and DER.
j) The correlation between SIZE and DER, namely 0.1517, shows that this relationship is very weak and positive. With a p-value of 0.0000, this means that this relationship is statistically significant,so we can conclude that there is a real, although very weak, relationship between SIZE and DER.

3) Multicollinearity Test

This test is carried out to determine the occurrence of correlation between independent variables. A good regression model should have no correlation between variables. If independent variables are correlated with each other, then these variables are not orthogonal. The purpose of the multicollinearity test is to determine whether there is a correlation between the independent variables in the regression. Multicollinearity is assessed using the tolerance

and variance inflation factor (VIF) values. The criteria state that if the tolerance value exceeds 10 percent(0.10) and the VIF value is < 10, then it can be said that there are no symptoms of multicollinearity and vice versa. The results of the multicollinearity test are presented in table 3 below.

Table3. Multicollinearity Test

Variable	VIF	1/VIF (tolerance)	Information
DACC	1.01	0.9945	Multicollinearity free
DPR	1.09	0.9193	Multicollinearity free
SIZE	1.11	0.8989	Multicollinearity free
DER	1.04	0.9654	Multicollinearity free

Based on Table 3, the tolerance value for each variable in each model is greater than 10% (0.10) and the VIF value for all variables is less than 10. Thus, the regression equation model in this study is free from multicollinearity.

4) Heteroscedasticity Test

This study did not use a heteroscedasticity test becausein datasets with very large sample sizes, the effect of heteroscedasticity on coefficient estimates becomes less significant. This is because a large sample size tends to reduce the bias of parameter estimates even in the presence of heteroscedasticity. In addition, in panel data analysis, other assumptions may take precedence over normality and heteroscedasticity, such as the existence of endogeneity and correlation problems between variables. These elements can have a more direct and significant impact on the validity of model estimates and are often given precedence in model testing and fitting(Mansournia et al., 2021).

Multiple Linear Regression Analysis

This analysis is useful for examining and modeling the relationship between each variable or it can be said to find out the extent to which two or more independent variables influence the dependent variable. This research consists of a dependent variable, namely Company Value, two independent variables, namely dividend policy and earnings quality, and two control variables, namely company size and leverage.

The results of multiple linear regression are presented in table 5 below.

Table 5. Multiple Linear Regression Results

Variable	Coef.	Std. Error	t	P Value
DACC	0.073	0.044	1.66	0.098
DPR	1,470	0.233	6.30	0,000
SIZE	-0.078	0.025	-3.06	0.002
DER	0.026	0.012	2.13	0.033
(Coef. Constant)	4,133	0.717	5.76	0,000

Based on Table 5, the constant value (β0) is 4.133; DACC regression coefficient (β1) of 0.073; DPR regression coefficient (β2) is 1.470; the regression coefficient for the control variable SIZE (β3) is -0.078; The regression coefficient for the control variable DER (β4) is 0.026. Thus, the multiple linear regression equation is as follows:

$$PBV = 4{,}133 + 0{,}073DACC + 1{,}470DPR + 0{,}078SIZE + 0{,}026DER \text{.....(10)}$$

a) The constant value (α) is 4.133, which can be interpreted as if there is influence from other variables or independent variables, then the constant value of the company value variable as proxied by PBV is 4.133.

b) β1 value = 0.073. This means that if the value of earnings quality increases by 1 percent, then the company value will increase by 0.073 assuming other variables remain constant. This result is significant at alpha 5% of the t test results.

c) β2 value = 1.470. This means that if the value of the dividend policy increases by 1 percent, the company value will increase by 1,470 assuming other variables remain constant. This result is significant at alpha 5% of the t test results.

d) β3 value = -0.078. This means that if the value of company size increases by 1 percent, then the value of the company will increase by -0.078 assuming other variables remain constant. This result is significant at alpha 5% of the t test results.

e) β4 value = 0.026. This means that if the leverage value increases by 1 percent, the company value will increase by 0.026 assuming other variables remain constant. This result is significant at alpha 5% of the t test results.

Model Feasibility Test (F Test)

The F test in this research was carried out to determine the effect of earnings quality and dividend policy on company value. If the significance value (probability value or p-value) F≤0.05 so then the research model can be said to be unfit to use. Otherwise, if the value is significant F > 0.05soSo it can be said that the model in this research is suitable for use.The following are the results of the F test of this research.

Table 6. Model Feasibility Test Results (F Test)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	649.52	4	162.38	11.45	0,000
	Residual	89,641.58	6,320	14,18		
	Total	90,291.10	6,324	14.27		

The results of the model feasibility test (F Test) presented in Table 6 show a calculated F value of 11.45 with a significance value of 0.000, which is smaller than 0.05. Thus, earnings quality and dividend policy (together with the control Company size and leverage variables together have a significant impact on the firm's value.

Determination Coefficient Test (R^2)

The R^2 test in this research was carried out to determine the ability of the independent variables in the regression model to explain variations in the value of the dependent variable. The R^2 value that is closer to 1 indicates the better the ability of the independent variable to explain the dependent variable. The results of testing the coefficient of determination in this study are shown in Table 7 below.

Table 7. Determination Coefficient Test Results (R^2)

Model	R Square	Adjusted R Square	MSE Root
1	0.0072	0.0066	3.7661

The results of the R^2 adjusted coefficient of determination test presented in table 7 show that the magnitude of the influence of the independent variable on the dependent variable is 0.0066. This value means that 0.66% of the variation in company value can be explained by earnings quality, dividend policy, company size and leverage while the remaining 99.34% is explained by other factors not included in the model.

Hypothesis Test (t Test)

The t test is used to test the effect of variable X on variable Y. In this research the t test is used to test the effect of dividend policy and earnings quality on company value. The t test is carried out by comparing significance levelsα= 0.05. If the significance value of the independent variable coefficient is < the significance level and the variable coefficient is

positive, then the hypothesis Is accepted, indicating that the independent variable positively influences the dependent variable. The following are the results of the partial significance test (t-test), as shown in
Table 8.

Table 8. Hypothesis Test Results (t Test)

Variable	t	Sig.
DACC	1.66	0.098
DPR	6.30	0,000
SIZE	-3.06	0.002
DER	2.13	0.033
Constant	5.76	0,000

Based on the results of the partial significance test (t test) presented in Table 8, it can be explained as follows.

1) The influence of earnings quality on company value

   Based on the results of the regression model analysis tested using a real level of 0.05, it shows that earnings quality has no effect on company value. Earnings quality as proxied by DACC (Discretionary Accrual) obtained a t value of 1.66 with a significance value of 0.098 which is greater than alpha of 0.05. This means that H1 of the research which has been supported by data is rejected. If tested using a significance level of 0.10, it shows that earnings quality has a positive effect on company value.

2) The influence of dividend policy on company value

   Based on the results of the regression model analysis tested, it shows that dividend policy has a positive effect on company value. The dividend policy proxied by the DPR obtained a t value of 6.30 with a significance value of 0.000 which is smaller than the alpha of 0.05. This means that H2 of the research has been supported by accepted data.

5. DISCUSSION AND RESEARCH RESULTS

The Influence of Earnings Quality on Company Value

Based on table 8, the results of the hypothesis test show that the significance value of earnings quality is 0.098 with a real level or alpha of 0.05, which means that earnings quality has no effect on company value. If tested using a real level of 0.10 with a profit quality hypothesis test result of 0.098, it shows that earnings quality has a positive effect on company value. The hypothesis in this research which states that earnings quality has a positive effect on company value is rejected. The results of this study are not in line withDang et al., (2020),Wairisal & Hariyati, (2021),Ningsih et al., (2023)which states that earnings quality has

a positive effect on company value. However, this study obtained the same results as the research conductedTanjung et al. (2023) Tanggo & Taqwa (2020),and Rahyulia et al. (2024)which states that earnings quality has no effect on company value.

This research is not in line with value relevance theory and signaling theoryThis theory argues that relevant accounting information, especially financial information such as profits, cash flows, and book value, has a positive signal with the company's market value. Basically, value relevance theory assumes that investors and market analysts use relevant accounting information In the process of making investment decisions, relevant accounting information is data that greatly impacts investors' evaluations of the company's future performance and potential.

Earnings quality Does not impact firm value, indicating that whether it is high or low earnings quality as proxied by discretionary accruals will not affect firm value. This is because many companies in Indonesia commit fraud in their financial reports by recording high profits but having a small rate of return. Investors who are aware of this practice do not trust reported earnings figures and therefore do not use earnings quality as a primary basis for assessing company value. Where investors are more interested in investing in companies that have small profits but show sustainable growth in company value. This can happen because investors focus more on the high rates of return and profits they can get from their investments rather than the reported profit figures. In addition, investors pay more attention to other factors such as high and low share prices, investment returns and growth in company value rather than reported profits.

In this study, the control variable company size has a negative effect and leverage has a positive effect on company value. Where in the regression analysis controlling company size and leverage as control variables helps isolate the effect of earnings quality on company value. If this control The variable exhibits a negative effect, indicating that company growth or an increase in company size is not always directly proportional to an increase in company value or performance in the market. If the control The variable shows a positive effect, suggesting that more balanced leverage can reduce the impact of earnings quality on company value.

The Effect of Dividend Policy on Company Value

Based on table 8, the results of the hypothesis test show that the significance value of dividend policy is 0.000, which means that earnings quality has a positive effect on company value. The hypothesis in this research which states that dividend policy has a positive effect on company value is accepted. It can be concluded that the dividend policy in this study shows a

positive influence on company value in all companies listed on the Indonesia Stock Exchange (BEI). This means that companies that distribute dividends will cause the value of the company to increase, this indicates that companies that regularly distribute dividends will affect the value of the company. Regular dividend distribution will make investors interested in investing in the company. This research is in line with the bird in the hand theory, where this theory states thatinvestors value dividends paid today more than potential future profits. In the context of dividend policy, this theory argues that a stable and high dividend policy can increase company value.

In this study, the control variable company size has a negative effect and leverage has a positive effect on company value. Where in the regression analysis controlling company size and leverage as control variables makes it possible to separate the direct effect of dividend policy on company value from the effects that may be caused by other company characteristics. If the control variable has a negative effect, this could indicate that large company size does not always increase Firm value increases as the company grows larger, leading to greater the operational and managerial challenges it faces. If the control variable has a positive effect, this can indicate that leverage can increase company value when dividend policy is implemented well.The results of this study are in line withSetiawati (2021),Dessriadi et al. (2022) Hendraliany (2019),Taba et al., (2022),Setiawati, (2021)AndRidwan et al., (2023)which states that dividend policy has a positive effect on company value.

6. CONCLUSION

1) Earnings quality has no effect on company value with a real level of 0.05, whereas if tested with a real level of 0.10, the results are that earnings quality has a positive effect on company value. These results indicate that many companies in Indonesia commit fraud in their financial reports by recording high profits but having a small rate of return. Investors who are aware of this practice do not trust reported earnings figures and therefore do not use earnings quality as a primary basis for assessing company value. Where investors are more interested in investing in companies that have small profits but show sustainable growth in company value.
2) Dividend policy has a positive effect on company value. The results of this research indicate that all companies listed on the IDX that distribute dividends regularly will tend to get a quick response from investors, because they are perceived as relevant information. Dividend policy as proxied by DPR in statistical tests has a positive effect on company value.

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