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The Effect of Debt Policy, Dividend Policy, and Investment Decisions on Firm Value with Profitability as an Intervening Variable on the JII70 Index for the 2022-2024 Period

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Abstract

Firm value is an important indicator for assessing a company's success and prospects in the market. For companies registered with the JII70 (Indonesian Islamic Association of Indonesia) (JII70), firm value has a strategic dimension because, in addition to being required to demonstrate good financial performance, companies must also comply with sharia principles. Financial policies such as debt policy, dividend policy, and investment decisions are factors that can influence firm value, while profitability acts as an intervening variable that strengthens this relationship. This study uses a quantitative method with an associative research type to analyze the relationship between variables. Data were obtained through documentary studies using the financial statements of JII70 companies for the 2022–2024 period. The sampling technique used a non-probability method with purposive sampling. Analysis was carried out using correlation coefficient tests, coefficient of determination, simultaneous tests (F), and partial tests (t). The results of the correlation test indicate that debt policy, dividend policy, and investment decisions have a strong relationship with profitability (R = 0.038) and firm value through profitability (R = 0.679). The coefficient of determination shows that the three independent variables influence profitability by 5.1% and influence firm value through profitability by 46.2%. Simultaneous testing showed that the three policies had no significant effect on profitability, but did significantly influence firm value, with profitability as an intervening variable. Partially, all three variables significantly influenced both profitability and firm value. Debt policy, dividend policy, and investment decisions were shown to contribute significantly to firm value when mediated by profitability. Therefore, management needs to consider effective financial policy integration to enhance Sharia-compliant firm value.

Keywords: Financial Policy, Profitability, Company Value, JII70, Sharia Investment

Introduction

Kurniati (2019) said that, corporate value is a crucial indicator of a company's success and performance in the market. This value reflects investors' perceptions of the company's future prospects, which are influenced by the financial decisions made by management. In the context of companies included in the JII70, corporate value plays a strategic role because these companies are expected not only to demonstrate strong financial performance but also to adhere to the sharia principles underlying their business operations.

Several key financial policies that can impact corporate value include debt policy, dividend policy, and investment decisions (Abor & Bokpin, 2010; Triani & Tarmidi, 2019). Debt policy, for example, is an important source of funding used by companies to meet capital needs. However, in sharia-compliant companies, the use of debt must comply with sharia principles, which prohibit usury (riba), thus limiting the choice of funding sources. Decisions regarding

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the level of debt use can impact capital structure, financial risk, and ultimately, company value (La, 2007).

The JII70 comprises companies with the best sharia-compliant performance on the Indonesia Stock Exchange. As an index reflecting sharia principles in investment, the JII70 focuses on good governance and business sustainability (Norchaevna, 2024). Therefore, Understanding the influence of financial policy on company value, considering profitability as an intervening variable, is relevant, especially in supporting the development of Sharia-compliant companies in Indonesia. Debt policy reflects a company's funding structure, namely how much debt a company uses to finance its operations (Darmawan & Susanto, 2023).

On the one hand, the use of debt can provide benefits in the form of tax shields. However, on the other hand, excessive debt can increase a company's financial risk, which can ultimately negatively impact company value. Therefore, it is important to understand how debt policy affects company value through various mechanisms. In this study, the researchers used the Debt to Equity Ratio (DER) to assess debt policy. According to Saskia (2020), dividend policy refers to how much profit will be distributed to shareholders and how much profit will be reinvested into the company.

By paying large dividends, many investors are attracted to reinvest their capital, thereby increasing company value. Another policy that influences company value is investment decisions. According to Setiono et al. (2017), investment decisions are decisions made by a company to use its funds for purposes other than operational activities and to benefit the company in the future. This aligns with research by Hartika & Norisanti (2024), which found that profitability has a positive and significant impact on company value.

According to Kasmir in Polapa (2021), an income statement is a report that summarizes a company's revenue and expenses over a specific period, which then determines whether the company is experiencing a profit or loss. Reyhan & Arifin (2019) argue that a company's goal is to maximize its value. A high profit margin indicates that investors will improve their performance and have future prospects, thus attracting investors to invest in the company. Optimizing company value can be achieved through the application of financial management functions, where one financial decision influences other financial decisions (Ren, 2022; Sitinjak et al., 2023; Yuniningsih et al., 2019).

Financial management involves decisions made by the company, such as dividend policy and investment decisions (Yuniningsih et al., 2019). Researchers use PBV as a benchmark in measuring company value. In addition to financial decisions, company value is also influenced by financial performance, one of which is profitability. If a company cannot report a profit, it will be difficult to attract investors. Companies with high profits provide a positive signal of improving company performance (Johnson & Soenen, 2003).

This aligns with research that simultaneously and partially shows a significant effect on company value, with a positive relationship. Based on the above background, the researcher was interested in conducting a study entitled "The Effect of Debt Policy, Dividend Policy, and Investment Decisions on Company Value with Profitability as an Intervening Variable in Companies in the JII70 Index for the 2022-2024 Period."

Methods

The type of research used in this study is associative research with a quantitative method approach. According to (Sugiyono, 2024) the quantitative method is called the traditional method because this method has been used for a long time so it has become a tradition as a method for research. According to Sugiyono, associative research is research conducted to

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determine the relationship between two or more variables. So with this research, a theory can be formulated that functions to explain, predict and control a phenomenon. The data collection technique used in this study is a documentary study, namely data collection using written document sources related to the research problem. The research data comes from books, notes or documents, and reports from the Indonesia Stock Exchange. In this study, the author took the audited financial statements of companies in the Population and Sample. According to Sugioyono (2024) Population is all elements that will be used as a generalization area. Population elements are all subjects being measured, which are the units being studied. The population in this study is companies listed on JII70, namely 70 companies. According to Sugiyono (2024), a sample is a portion of the population's size and characteristics. The sampling procedure used in this study was non-probability sampling using a purposive sampling technique.

Classical Assumption Test

Normality Test

According to Ghozali (2013), the normality test is used to determine whether the data population is normally distributed. There are two ways to detect whether the residuals are normally distributed: graphical analysis and statistical tests. A good regression model is one with normally distributed residual values. Another statistical test that can be used to test the normality of residuals is the non-parametric Kolmogorov-Smirnov statistical test. Normally distributed data is data whose data values are centered around the mean. If normality is present, the residuals will be normally distributed and independent. There are two decision-making criteria:

H0: The residual data is normally distributed

HA: The residual data is not normally distributed

If the Sig value is > 0.05, the residual values are normally distributed

If the Sig value is <0.05, the residual values are not normally distributed

Multicollinearity Test

According to Ghozali (2013), the multicollinearity test is used to determine the presence or absence of classical multicollinearity deviations. This means the existence of a linear relationship between independent variables in a regression model. A prerequisite for a regression model is the absence of multicollinearity. The presence or absence of multicollinearity can be determined by examining the Tolerance and Variance Inflation Factor (VIF) values in the regression model. Generally, if the VIF is >10 and the tolerance value is 0.10, the data exhibits multicollinearity. Conversely, if the VIF is <10 and the tolerance value is >0.10, the data does not exhibit multicollinearity.

Autocorrelation Test

According to Ghozali (2013), autocorrelation is used to determine whether there is a deviation from the classical assumption of autocorrelation, namely the correlation between residuals from one observation and other observations in a regression model. The prerequisite is the absence of autocorrelation in the regression model.

The testing method used is the Run Test. This test, as part of non-parametric statistics, can also be used to test whether there is a high correlation between residuals. If there is no correlation between the residuals, the residuals are said to be random. Decision-Making Criteria:

If the sig. value is > 0.05, there is no autocorrelation.

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If the sig. value is < 0.05, there is autocorrelation.

Heteroscedasticity Test

According to Ghozali (2013), "The heteroscedasticity test is used to test whether the regression model exhibits unequal variances from residuals from one observation to another. A good regression model is one that exhibits homoscedasticity or does not exhibit heteroscedasticity." The Glejser test can be used to predict the presence or absence of heteroscedasticity in a model. The Glejser test proposes to regress the absolute value of the residuals against the independent variable using a regression equation. Hypothesis Decision Criteria:

If the calculated t-value is < the table and the sig. value is > 0.05, there is no heteroscedasticity.

If the calculated t-value is > the table and the sig. value is 0.05, there is no heteroscedasticity.

Linearity Test

According to Ghozali (2013), the linearity test aims to determine whether two variables have a significant linear relationship. This test is typically used as a prerequisite in correlation analysis or linear regression. The test used is the Lagrange Multiplier test, which aims to obtain the calculated c2 value or (n x R"). If the calculated c2 value is greater than the tabular c2 value, then the results of the data being studied are nonlinear, and vice versa.

Results and Discussion

Data Analysis

Calculating Price Book Value

Price-to-Book Value (P/BV) describes whether a company's stock is priced cheaply or expensively. This ratio is derived from the company's book value. Meanwhile, book value itself represents the capital held by the company.

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

$$\text{Book Value} = \frac{\text{Equity}}{\text{Outstanding Shares}}$$

For example, the issuer code ACES in 2022.

Share price : Rp. 496

Total Equity : Rp. 6,016,545,063,164

Number of Outstanding Shares : 17,120,389,700 Sheet

$$Book\ Value = \frac{\text{Rp. } 6.016.545.063.164}{17.120.389.700 \text{ sheet}} = 351{,}42$$

$$\text{PBV} = \frac{\text{Rp. } 496}{\text{Rp. } 351{,}42} = 1{,}41 \text{ times}$$

The price-to-book value of ACES is 1.41 times, meaning the company's share price during that period was 1.41 times. The highest Book Value per Share (BVPS) in 2022 was held by the company with the issuer code UNTR at Rp2,3997.52, and the lowest was held by the issuer code PWON at Rp0.43. In 2023, the highest BVPS was held by the issuer code UNTR at Rp22,530.46, and the lowest was held by the issuer code PWON at Rp0.47. In 2024, the highest BVPS was held by the issuer code INDF at Rp12,412.98, and the lowest was held by the issuer code ADRO at Rp2.82.

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After calculating the book value, the next step is to table the PBV calculation results. The highest PBV in 2022 was for the company with the issuer code IMTG, with Rp1,578.95, and the lowest was for the issuer code AUTO, with Rp0.58. In 2023, the highest PBV was for the issuer code PWON, with Rp965.96, and the lowest was for the issuer code SRTG, with Rp0.46. In 2024, the highest PBV was for the issuer code ADRO, with Rp957.45, and the lowest was for the issuer code MIKA, with Rp0.10.

Calculating Profitability

To calculate profitability, use the following formula:

$$\text{ROE} = \frac{\text{Net profit}}{\text{Equity}} x\ 100\%$$

For example, the issuer code ADRO in 2024

Net Profit : Rp. 25,120,638,876

Equity : Rp. 86,701,340,976

$$\text{ROE} = \frac{\text{Rp. } 25.120.638.876}{\text{Rp. } 86.701.340.976} x\ 100\% = 28{,}97\%$$

A Return on Equity (ROE) of 28.97% indicates that ADRO generated a net profit of 28.97% of its total equity. A higher return on equity reflects good financial performance, indicating the company's ability to efficiently manage shareholder capital to generate profits. Conversely, a low ROE could indicate a lack of effectiveness in utilizing equity to generate profits. The highest Return on Equity (ROE) in 2022 was for the company with the issuer code SMSM, with 282.58%, and the lowest was for the issuer code EXCL, with 4.33%. In 2023, the highest ROE was for the issuer code LPPF, with 219.72%, and the lowest was for the issuer code SRTG, with -20.81%. In 2024, the highest ROE was for the issuer code LPPF, with 254.05%, and the lowest was for the issuer code DSNG, with 1.15%.

Calculating Debt Policy

To calculate Debt Policy, use the following formula:

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

For example, the issuer code ACES in 2023

Total Debt : Rp. 1.570.107.181.450

Equity : Rp. 6.224.388.072.309

$$\text{ROE} = \frac{\text{Rp. } 1.570.107.181.450}{\text{Rp. } 6.224.388.072.309} = 0{,}25$$

The highest DER in 2022 was for the company with the issuer code CMRY, with a value of 183.53, and the lowest was for the issuer code PGAS, with a value of 0.00. In 2023, the highest DER was for the issuer code LPPF, with a value of 19.03, and the lowest was for the issuer code EMTK, with a value of 0.01. In 2024, the highest DER was for the issuer code LPPF, with a value of 14.78, and the lowest was for the issuer code SRTG, with a value of 0.12.

Calculating Dividend Policy

To calculate Dividend Policy, use the following formula:

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$$\text{DPR} = \frac{\text{Dividen per share}}{\text{Earning per share}}$$

For example, the AKRA issuer code for 2024

Dividen per share : Rp.125

Earning per share : Rp. 119,53

$$\text{DPR} = \frac{125}{119{,}53} x\ 100\% = 104{,}58$$

The highest DPR value in 2022 was for the company with the issuer code ADRO, with a value of 212.36, and the lowest was for the issuer code UNTR, with a value of 0.00. In 2023, the highest DPR was for the issuer code ADRO, with a value of 507.28, and the lowest was for the issuer code SRTG, with a value of -0.10. In 2024, the highest DPR was for the issuer code ADRO, with a value of 499.13, and the lowest was for the issuer code UNTR, with a value of 0.00.

Calculating Investment Decisions

To calculate Investment Decisions, the following formula can be used:

$$\text{PER} = \frac{\text{Share price per sheet}}{\text{Earning per share}}$$

For example, the issuer code ACES in 2023:

Share price per share : Rp. 720

Earnings per share : Rp. 45.02

$$\text{PER} = \frac{720}{45{,}02} = 15{,}99$$

The highest PER in 2022 was for the company with the issuer code PWON, with a value of 11,300.00, and the lowest was for the company with the issuer code SMSM, with a value of 0.01. In 2023, the highest PER was for the company with the issuer code PWON, with a value of 9,080.00, and the lowest was for the company with the issuer code SRTG, with a value of -2.19. In 2024, the highest PER was for the company with the issuer code PWON, with a value of 13,500.00, and the lowest was for the company with the issuer code UNTR, with a value of 0.03.

Classical Assumption Test

Normality Test

The normality test is used to determine whether the residuals in a regression model have a normal distribution. A good regression model is one with a normal or near-normal data distribution. The results of the normality test for equation 1 can be seen in Table 1 below:

Table 1. Results of the Normality Test for Equation 1

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		132
Normal Parameters[a,b]	Mean	,0000000

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	Std. Deviation	185,37192007
Most Extreme Differences	Absolute	,381
	Positive	,381
	Negative	-,378
Test Statistic		,381
Asymp. Sig. (2-tailed)		,000[c]
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Source: SPSS Processed Data, 2025

Table 1 shows the Kolmogorov-Smirnov test significance value of 0.000 > 0.05. Therefore, it can be concluded that the data is not normally distributed. Because one of the assumptions in classical regression analysis is that the data must be normally distributed, the researcher transformed the data using the natural logarithm (Ln) formula. This transformation aims to reduce skewness and bring the data distribution closer to normal, thus meeting the basic assumptions in subsequent statistical tests. The results of the normality test for equation 1 after data transformation are shown in Table 2.

Table 2. Results of the Normality Test for Equation 1 After Data Transformation

One-Sample Kolmogorov-Smirnov Test		
		Company_value2
N		18
Normal Parameters[a,b]	Mean	1,8116
	Std. Deviation	,83403
Most Extreme Differences	Absolute	,168
	Positive	,113
	Negative	-,168
Test Statistic		,168
Asymp. Sig. (2-tailed)		,195[c]
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Source: SPSS Processed Data, 2025

Table 2 shows the Kolmogorov-Smirnov test significance value of 0.195 > 0.05. Therefore, it can be concluded that the data is normally distributed. The researcher continued with a normality test for equation 2. This test was conducted to determine whether the data in the equation met the assumption of normality, which is one of the requirements in classical regression analysis. The results of the normality test for equation 2 can be seen in Table 3.

Table 3. Results of the Normality Test for Equation 2

One-Sample Kolmogorov-Smirnov Test		
		profitability1
N		10
Normal Parameters[a,b]	Mean	,1366
	Std. Deviation	1,16287
Most Extreme Differences	Absolute	,263
	Positive	,263
	Negative	-,123

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Test Statistic	,263
Asymp. Sig. (2-tailed)	,048[c]
a. Test distribution is Normal.	
b. Calculated from data.	
c. Lilliefors Significance Correction.	

Source: SPSS Processed Data, 2025

Table 3 shows the Kolmogorov-Smirnov test significance value of 0.048 > 0.05. Therefore, it can be concluded that the data is normally distributed.

Multicollinearity Test

The multicollinearity test aims to detect correlation between independent variables. In a good regression model, there should be no correlation between independent variables. The results of the multicollinearity test for equation 1 can be seen in Table 4.

Table 4. Results of the Multicollinearity Test for Equation 1

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1,620	,293		5,526	,000		
	Debt Policy	-,005	,005	-,244	-,989	,340	,941	1,062
	Dividend Policy	,001	,002	,190	,771	,453	,944	1,059
	Investment Decisions	4,864E-5	,000	,212	,845	,412	,911	1,098
a. Dependent Variable: Company_value2								

Source: SPSS Processed Data, 2025

Table 3 shows the results of the multicollinearity test for equation 1, indicating that no independent variables had a Tolerance value of less than 0.10, and no independent variables had a VIF value of more than 10. Therefore, it can be concluded that there is no multicollinearity among the independent variables in the regression model. After conducting the multicollinearity test on equation 1, the researcher continued the multicollinearity test on the second equation, the equation involving the intervening variables on the dependent and independent variables. The results of the multicollinearity test for equation 2 can be seen in Table 5:

Table 5. Results of the Multicollinearity Test for Equation 2

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-5,902	1,655		-3,565	,070		
	Debt Policy	,024	,007	2,976	3,372	,078	,089	11,268
	Dividend Policy	,003	,001	1,078	2,894	,102	,498	2,008
	Investment Decisions	,000	,000	1,426	3,169	,087	,342	2,928
	Firm Value2	1,474	,496	2,012	2,971	,097	,151	6,633
a. Dependent Variable: profitability1								

Source: SPSS Processed Data, 2025

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Table 5 shows the results of the multicollinearity test for equation 2, indicating that one independent variable has a Tolerance value of less than 0.10, and another independent variable has a VIF value of more than 10. Therefore, it can be concluded that multicollinearity occurs among the independent variables in the regression model.

Autocorrelation Test

The autocorrelation test aims to determine whether there is a correlation between the error confounding factor in period t and the error in period t-1 (the previous period) in the linear regression model. A regression model is considered good if the regression is free from autocorrelation problems. The results of the autocorrelation test for equation 1 can be seen in Table 6.

Table 6. Autocorrelation Test Results for Equation 1

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,521[a]	,272	-,092	1,21538	1,626
a. Predictors: (Constant), Investment Decisions, Dividend Policy, Debt Policy					
b. Dependent Variable: profitability1					

Source: SPSS Processed Data, 2025

Table 6 shows that the Durbin-Watson value for equation 1 is 1.626. This value lies between du = 1.6800, dl = 1.7886, and 4 - du = 2.71. This indicates that the linear regression model in this study does not experience autocorrelation. The results of the autocorrelation test for equation 2 can be seen in Table 7.

Table 7. Results of the Autocorrelation Test for Equation 2

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,986[a]	,972	,916	,22277	1,249
a. Predictors: (Constant), profitability1, Debt Policy, Dividend Policy, Investment Decisions					
b. Dependent Variable: Company_value2					

Source: SPSS Processed Data, 2025

Table 7 shows that the Durbin-Watson value for equation 2 is 1.249. This value lies between du = 1.6800, dl = 1.7886, and 4 - du = 2.690. This indicates that the linear regression model in this study does not experience autocorrelation.

Heteroscedasticity Test

The heteroscedasticity test is used to examine whether there is inequality in the variance of residuals from one observation to another in the regression model. The results of the heteroscedasticity test can be seen in Table 8:

Table 8. Results of Heteroscedasticity Test for Equation

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,008	,698		1,445	,199
	Debt Policy	-,007	,008	-,334	-,879	,413

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	Dividend Policy	-,002	,003	-,280	-,773	,469
	Investment Decisions	-9,938E-5	,000	-,428	-1,146	,295
a. Dependent Variable: profitability1						

Source: SPSS Processed Data, 2025

Table 8 shows the results of the heteroscedasticity test using the Glejser test. The sig. values for Debt Policy, Dividend Policy, and Investment Decisions all have a sig. > 0.05, indicating no signs of heteroscedasticity.

Table 9. Heteroscedasticity Test Results for Equation 2

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3,862	,324		11,932	,007
	Debt Policy	-,016	,002	-1,426	-7,962	,065
	Dividend Policy	-,002	,001	-,497	-3,385	,077
	Investment Decisions	,000	,000	-,659	-3,902	,060
	Profitability1	,553	,186	,405	2,971	,097
a. Dependent Variable: Company value2						

Source: SPSS Processed Data, 2025

Table 9 shows the results of the heteroscedasticity test using the Glejser test. The sig. values for Debt Policy, Dividend Policy, Investment Decisions, and Profitability all have sig. values > 0.05, indicating no signs of heteroscedasticity.

Linearity Test

The linearity test is conducted to determine whether the relationship between the independent and dependent variables is linear. This test is important to ensure that the assumptions in the linear regression analysis are met. The results of the linearity test for Dividend Policy and Capital Structure can be seen in Table 10.

Table 10. Results of the Linearity Test for Equation 1

ANOVA Table							
			Sum of Squares	df	Mean Square	F	Sig.
Company Value * Debt Policy	Between Groups	(Combined)	4697543,800	84	55923,140	,718	,907
		Linearity	5579,773	1	5579,773	,072	,790
		Deviation from Linearity	4691964,028	83	56529,687	,726	,899
	Within Groups		3662033,892	47	77915,615		
	Total		8359577,692	131			

ANOVA Table							
			Sum of Squares	df	Mean Square	F	Sig.
Company Value * Dividend Policy	Between Groups	(Combined)	8359176,378	97	86177,076	7301,065	,000
		Linearity	2425993,403	1	2425993,403	205534,182	,000
		Deviation from Linearity	5933182,975	96	61803,989	5236,136	,000
	Within Groups		401,314	34	11,803		

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	Total	8359577,692	131			

ANOVA Table							
			Sum of Squares	df	Mean Square	F	Sig.
Company Value * Investment Decision	Between Groups	(Combined)	8359576,010	128	65309,188	116477,952	,000
		Linearity	3104144,990	1	3104144,990	5536195,808	,000
		Deviation from Linearity	5255431,021	127	41381,347	73803,008	,000
	Within Groups		1,682	3	,561		
	Total		8359577,692	131			

Source: SPSS Processed Data, 2025

Based on Table 10, the linearity test results show a significant deviation from linearity value of 0.899, exceeding 0.05. Therefore, it can be concluded that there is a linear relationship between debt policy and firm value. Meanwhile, a significant deviation from linearity value of 0.000 <0.005 indicates that there is no linear relationship between dividend policy and investment decisions on firm value.

Table 11. Linearity Test Results for Equation 2

ANOVA Table							
			Sum of Squares	df	Mean Square	F	Sig.
Profitability * Debt Policy	Between Groups	(Combined)	80636,572	84	959,959	20,997	,000
		Linearity	9,892	1	9,892	,216	,644
		Deviation from Linearity	80626,681	83	971,406	21,247	,000
	Within Groups		2148,821	47	45,720		
	Total		82785,393	131			

ANOVA Table							
			Sum of Squares	df	Mean Square	F	Sig.
Profitability * Dividend Policy	Between Groups	(Combined)	29247,656	97	301,522	,191	1,000
		Linearity	49,709	1	49,709	,032	,860
		Deviation from Linearity	29197,947	96	304,145	,193	1,000
	Within Groups		53537,737	34	1574,639		
	Total		82785,393	131			

ANOVA Table							
			Sum of Squares	df	Mean Square	F	Sig.
Profitability * Investment Decisions	Between Groups	(Combined)	59388,222	128	463,970	,059	1,000
		Linearity	101,394	1	101,394	,013	,916
		Deviation from Linearity	59286,828	127	466,825	,060	1,000
	Within Groups		23397,172	3	7799,057		
	Total		82785,393	131			

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ANOVA Table							
			Sum of Squares	df	Mean Square	F	Sig.
Profitability * Company Value	Between Groups	(Combined)	80634,577	117	689,184	4,486	,001
		Linearity	84,401	1	84,401	,549	,471
		Deviation from Linearity	80550,176	116	694,398	4,520	,001
	Within Groups		2150,816	14	153,630		
	Total		82785,393	131			

Source: SPSS Processed Data, 2025

Based on Table 11, the results of the linearity test show a significant deviation from linearity value of 0.1000, exceeding 0.05. Therefore, it can be concluded that there is a linear relationship between Dividend Policy and Investment Decisions on Profitability. Meanwhile, if the deviation from linearity value is 0.000 and 0.001 is <0.005, it can be concluded that there is no linear relationship between Debt Policy and Firm Value on Profitability.

Statistical Tests

Path Analysis

The path analysis method is used to test the influence of intervening variables. Path analysis is an extension of multiple linear regression analysis. Path analysis is used to examine the causal relationships between variables that have been previously determined based on theory. Path analysis not only tests the direct effect but also explains the indirect effect exerted by the independent variables through the intervening variables on the dependent variable. The results of the path test for equation 1 are as follows:

Table 12. Path Analysis Test Results for Equation 1

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3,218	2,363		1,362	,176
	Debt Policy	-,019	,139	-,012	-,138	,891
	Dividend Policy	-,004	,037	-,011	-,116	,908
	Investment Decisions	,000	,001	-,030	-,308	,759
a. Dependent Variable: Profitability						

Source: SPSS Processed Data, 2025

Based on the table, the regression equation 1 is as follows:

$$Y_1 = 3{,}218 - 0{,}019X_1 - 0{,}004X_2 + 0{,}000X_3$$

The regression equation model that can be written from the results in the form of a standardized regression equation is as follows: (1) The regression coefficient (a) of 3.218 explains that if Debt Policy, Dividend Policy, and Investment Decision are equal to zero, then the Profitability value is 3.218; (2) If the Debt Policy value increases by one unit, the Profitability value will decrease by -0.019; (3) If the Dividend Policy value increases by one unit, the Profitability value will increase by -0.004; (4) If the Investment Decision value increases by one unit, the Profitability value will increase by 0.000. The following are the results of path model 1 from path equation 1:

Table 13. Results of Path Model 1

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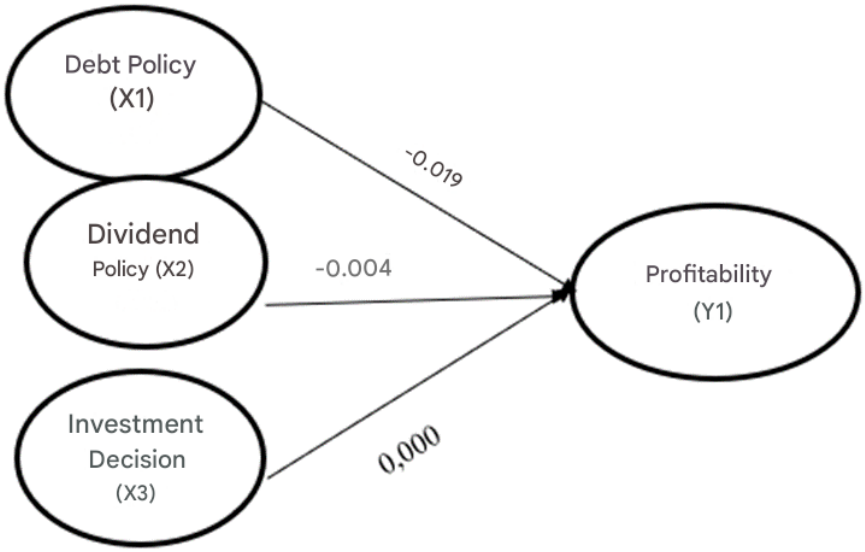
Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,038[a]	,051	-,022	25,41274
a. Predictors: (Constant), Investment Decisions, Debt Policy, Dividend Policy				

Source: SPSS Processed Data, 2025

Table 12 shows the R-squared value of 0.051. This indicates that the influence of X1, X2, and X3 on Y1 is 5.1%. The remainder is contributed by other variables not included in this study. To find the value of e1, use the formula

$$e1 = \sqrt{(1 - 0{,}051)} = 0{,}974$$

Thus, the path diagram of structural model 1 is obtained as follows:



Gambar 1. Structural Model Path Diagram 1
Source: Processed Data, 2025

The results of the path analysis for equation 2 are as follows:

Table 14. Path Analysis Test Results for Equation 2

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	23,579	17,629		1,337	,183
	Debt Policy	-,042	1,026	-,003	-,041	,967
	Dividend Policy	1,248	,271	,335	4,610	,000
	Investment Decisions	,055	,009	,461	6,348	,000
	Profitability	-,077	,655	-,008	-,117	,907
a. Dependent Variable: Company Values						

Source: Processed Data, 2025

Based on the table, the regression equation is as follows:

$$Y_2 = 23{,}579 - 0{,}042X_1 + 1{,}248X_2 + 0{,}055X_3 - 0{,}077Y_1$$

The regression equation model that can be written from these results in the form of a standardized regression equation is as follows: (1) The regression coefficient (a) of 23.579

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explains that if Debt Policy, Dividend Policy, Investment Decision and Profitability are equal to zero, then the Company Value is 23.579; (2) If the Debt Policy value increases by one unit, the Company value will decrease by -0.042; (3) If the Dividend Policy value increases by one unit, the Company value will increase by 1.248; (4) If the Investment Decision value increases by one unit, the Company value will increase by 0.055; (5) If the Profitability value increases by one unit, the Company Value will decrease by -0.077. The following are the results of model path 2 from path equation 2:

Table 15. Results of Path Model 2

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,679[a]	,462	,445	188,25839
a. Predictors: (Constant), Profitability, Debt Policy, Dividend Policy, Investment Decisions				

Source: Processed Data, 2025

Table 14 shows the R-squared value of 0.462. This indicates that the influence of X1, X2, and X3 through Y1 on Y2 contributes 46.2%. The remainder is contributed by other variables not included in this study. To find the value of e2, use the following formula:

$$e2 = \sqrt{(1 - 0{,}462)} = 0{,}733$$

Thus, the path diagram of structural model 1 is obtained as follows:

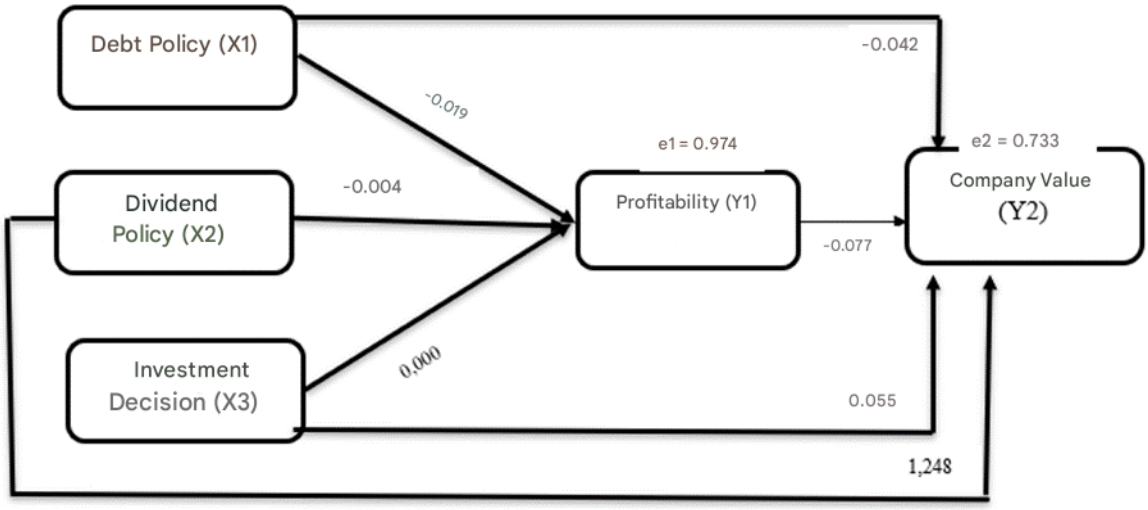

Figure 2. Path Diagram of Structural Model 2
Source: Processed Data, 2025

Analysis of the influence of X1 through Y1 on Y2: It is known that the direct influence given by X1 on Y2 is -0.042. While the indirect influence of X1 through Y1 on Y2 is the multiplication of the beta value of X1 on Y1, with the beta value of Y1 on Y2, which is -0.019 x (-0.077) = 0.001. Then the total influence given by X1 on Y2 is the direct influence plus the indirect influence, which is (-0.041) + 0.001 = -0.040. Analysis of the influence of X2 through Y1 on Y2: It is known that the direct influence given by X2 on Y2 is 1.248. While the indirect influence of X2 through Y1 on Y2 is the multiplication of the beta value of X2 on Y1, with the beta value of Y1 on Y2, which is -0.004 x (-0.077) = 0.003. Therefore, the total effect of X1 on Y2 is the direct effect plus the indirect effect, which is 0.003 + 1.248 = 1.251. Analysis of the effect of X3 through Y1 on Y2: The direct effect of X3 on Y2 is 0.055. Meanwhile, the indirect effect of X3 through Y1 on Y2 is the product of the beta value of X3 on Y1 and the

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beta value of Y1 on Y2, which is -0.000 x (-0.077) = 0. Therefore, the total effect of X3 on Y2 is the direct effect plus the indirect effect, which is 0 + 0.055 = 0.055.

Multiple Correlation Coefficient Analysis (R2)

The multiple correlation test aims to determine the level of closeness (simultaneous) between two or more independent variables and the dependent variable. The results of the multiple correlation coefficient test for equation 1 are as follows:

Table 16. Results of Multiple Correlation Coefficients for Equation 1

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	,038[a]	,051	-,022	25,41274	,001	,063	3	128	,979
a. Predictors: (Constant), Investment Decisions, Debt Policy, Dividend Policy									

Source: Processed Data, 2025

Based on the results of the multiple correlation coefficient (R) test in Table 16, it can be seen that the value of Investment Decisions, Dividend Policy, and Investment Decisions on Profitability is 0.038. This indicates a very strong relationship with the Dividend Policy variable. The results of the multiple correlation coefficient (R) test for equation 2 can be seen in the following table:

Table 17. Results of Multiple Correlation Coefficients for Equation 2

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	,679[a]	,462	,445	188,25839	,462	27,218	4	127	,000
a. Predictors: (Constant), Profitability, Debt Policy, Dividend Policy, Investment Decisions									

Source: Processed Data, 2025

Based on the results of the multiple correlation coefficient (R) test in Table 17, it can be seen that the value of Investment Decisions, Dividend Policy, and Investment Decisions through Profitability as an intervening variable on Firm Value is 0.679. This means that the variables Investment Decisions, Dividend Policy, and Investment Decisions through Profitability as intervening variables have a very strong relationship with Dividend Policy.

Coefficient of Determination Analysis (R2)

The coefficient of determination (R2) aims to measure the model's ability to explain variations in the dependent variable. The coefficient of determination value ranges between zero and one. A value close to one indicates that the independent variable provides almost all the information needed to predict the dependent variable.

Table 18. Results of the Correlation Coefficient of Determination of Equation 1

Model Summary					
Model	R				Change Statistics

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		R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	,038[a]	,051	-,022	25,41274	,001	,063	3	128	,979
a. Predictors: (Constant), Investment Decisions, Debt Policy, Dividend Policy									

Source: Processed Data, 2025

Based on the results obtained in Table 18, the R-square value is 0.051, meaning 5.1%. This indicates that Debt Policy, Dividend Policy, and Investment Decisions influence profitability by 5.1%, with the remainder explained by other variables not included in this study. The results of the Correlation Coefficient of Determination for Equation 2 are as follows.

Table 19. Results of the Correlation Coefficient of Determination of Equation 2

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	,679[a]	,462	,445	188,25839	,462	27,218	4	127	,000
a. Predictors: (Constant), Profitability, Debt Policy, Dividend Policy, Investment Decisions									

Source: Processed Data, 2025

Based on the results in Table 19, the R-square value is 0.462, representing 46.2%. This indicates that Debt Policy, Dividend Policy, and Investment Decisions influence Company Value, with Profitability as the intervening variable accounting for 46.2%, while the remainder is explained by other variables not included in this study.

Simultaneous Effect Test (F)

The simultaneous effect test is used to determine whether independent variables jointly or simultaneously influence the dependent variable. The results of the simultaneous effect test for equation 1 are as follows:

Table 20. Simultaneous Test Results for Equation 1

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	122,076	3	40,692	,063	,979[b]
	Residual	82663,318	128	645,807		
	Total	82785,393	131			
a. Dependent Variable: Profitability						
b. Predictors: (Constant), Investment Decisions, Debt Policy, Dividend Policy						

Source: Processed Data, 2025

Table 20 shows that the independent variables collectively do not significantly influence the dependent variable. This is evidenced by the probability value (sig) of 0.979 > 0.05, indicating that the Debt Policy, Dividend Policy, and Investment Decision variables collectively have no effect on profitability. The results of the simultaneous test of equation 2 are as follows:

Table 21. Simultaneous Test Results for Equation 2

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3858542,509	4	964635,627	27,218	,000[b]

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	Residual	4501035,184	127	35441,222		
	Total	8359577,692	131			
a. Dependent Variable: Company Values						
b. Predictors: (Constant), Profitability, Debt Policy, Dividend Policy, Investment Decisions						

Source: Processed Data, 2025

Table 21 shows that the independent variables collectively have a significant effect on the dependent variable. This is evidenced by the probability value (sig) of 0.000 < 0.05, indicating that Debt Policy, Dividend Policy, and Investment Decisions jointly influence Firm Value through Profitability as an intervening variable.

Partial Test (t-Test)

A partial test is conducted to examine the partial effect of all independent variables on the dependent variable. The results of the partial test for equation 1 are as follows:

Table 22. Partial Test Results for Equation 1

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3,218	2,363		1,362	,176
	Debt Policy	-,019	,139	-,012	-,138	,891
	Dividend Policy	-,004	,037	-,011	-,116	,908
	Investment Decisions	,000	,001	-,030	-,308	,759
a. Dependent Variable: Profitability						

Source: Processed Data, 2025

The table above shows the results of the partial influence test (t-test) calculation, producing a sig value that will be interpreted as follows: (1) The significance level for Debt Policy is 0.891 > 0.05, meaning that Debt Policy partially has an insignificant effect on Profitability; (2) The significance level for Dividend Policy is 0.908 > 0.05, meaning that Dividend Policy partially has an insignificant effect on Profitability; (3) The significance level for Investment Decisions is 0.759 > 0.05, meaning that Investment Decisions partially have an insignificant effect on Profitability; (4) The results of the Partial Test of Equation 2 are as follows:

Table 23. Partial Test Results for Equation 2

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	23,579	17,629		1,337	,183
	Debt Policy	-,042	1,026	-,003	-,041	,967
	Dividend Policy	1,248	,271	,335	4,610	,000
	Investment Decisions	,055	,009	,461	6,348	,000
	Profitability	-,077	,655	-,008	-,117	,907
a. Dependent Variable: Company Values						

Source: Processed Data, 2025

Based on Table 23, the influence of each variable Debt Policy, Dividend Policy, and Investment Decision on Company Value, with Profitability as an intervening variable, is as follows: (1) The significance level for Debt Policy is 0.967 > 0.05, meaning that Debt Policy partially has an insignificant effect on Company Value, with Profitability as an intervening variable; (2) The

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significance level for Dividend Policy is 0.000 < 0.05, meaning that Dividend Policy partially has a significant effect on Company Value, with Profitability as an intervening variable; (3) The significance level for Investment Decision is 0.000 < 0.05, meaning that Investment Decision partially has a significant effect on Company Value, with Profitability as an intervening variable. The significance level for Profitability is 0.907 > 0.05, meaning that Profitability partially has an insignificant effect on Company Value.

Conclusion

Based on the results of the multiple correlation coefficient test (R) equation 1 the value obtained is 0.038. This means that the variables Debt Policy, Dividend Policy, and Investment Decision have a very strong relationship to the Profitability variable. The multiple correlation coefficient test (R) equation 2 the value obtained is 0.679. This means that the variables Debt Policy, Dividend Policy, and Investment Decision through Profitability as an intervening variable have a very strong relationship to the Firm Value variable. The results of the correlation coefficient test of determination equation 1 state that the influence of the variables Debt Policy, Dividend Policy, and Investment Decision on Profitability is 5.1%, while the rest is explained by other variables not included in the variables of this study, while for equation 2 states that the influence of Debt Policy, Dividend Policy, and Investment Decision on Firm Value with Profitability as an intervening variable is 46.2%, while the rest is explained by other variables not included in the variables of this study. Based on the simultaneous influence test (F) equation 1 states that Debt Policy, Dividend Policy, and Investment Decisions together do not have a significant effect on Profitability in JII70 companies listed on the Indonesia Stock Exchange, with a significant value of 0.979 > 0.05. The results of the simultaneous influence test (F Test) equation 2 states that Debt Policy, Dividend Policy, and Investment Decisions together have a significant effect on Company Value with Profitability as an intervening variable in JII70 companies listed on the Indonesia Stock Exchange, with a significant value of 0.000 < 0.05. Based on the Partial Test (t Test) equation 1 states that Debt Policy, Dividend Policy, and Investment Decisions partially have a significant effect on Profitability. Partial Test (t Test) equation 2 states that Debt Policy, Dividend Policy, and Investment Decisions partially have a significant effect on Company Value with Profitability as an intervening variable.

Suggestion

Investors are advised to be more discerning in making investment decisions, particularly in selecting JII70 companies. Investors need to pay attention to financial indicators such as Debt Policy, Dividend Policy, and Investment Decisions, as these have been shown to influence company value. Furthermore, profitability should also be an important consideration, as it can be a positive signal regarding company performance and stability. Investors also need to consider external factors such as inflation rates, interest rates, and the rupiah exchange rate, which can indirectly affect a coreympany's financial performance. For further research, it is recommended to expand the scope of variables used beyond Debt Policy, Dividend Policy, Investment Decisions, and Profitability, in order to provide a more comprehensive picture of the factors influencing Company Value. Furthermore, future research can also expand the research object to include other industrial sectors, or conduct comparisons between sectors to see differences in influence between industries.

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