

THE MODERATING EFFECT OF DIVIDEND POLICY ON THE IMPACT OF PROFITABILITY ON FIRM VALUE

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Abstract: This research intends to identify and examine the effect of profitability on firm value in which dividend policy acts as a moderating variable. Several previous studies related to profitability and firm value showed inconsistent results, so this research adds dividend policy as a moderating variable because it looks at the company's future prospects and the returns obtained by shareholders. The sample was chosen by the researcher using the purposive sampling technique. A total of 39 samples were acquired in the automotive sector on the Indonesia Stock Exchange (IDX) for 5 years, from 2017 to 2021, based on the criteria established by the researchers. The findings show that the first hypothesis that profitability has an impact on firm value is accepted, as is the second that dividend policy can regulate (indeed, strengthen) the correlation between profitability and firm value.

Keywords: Profitability, Dividend Policy and Firm Value.
