Global Scientific JOURNALS

The Effect of Assets Growth and Return on Assets on Company Value With Dividend Policy as Intervening Variables in LQ45 Companies Listed on The Indonesia Stock Exchange

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ABSTRACT

The purpose of this study was to determine the direct and indirect effect of asset growth and the rate of return on assets mediated by dividend policy on firm value in LQ45 companies listed on the Indonesia Stock Exchange for the period 2012-2014. The population of this research is 45 companies and the research sample is 19 companies. The sampling technique was based on purposive sampling and used the path analysis method using SPSS 20.

The results of this study indicate that asset growth directly has a negative and significant effect on dividend policy, the rate of return on assets has a positive and significant effect on dividend policy, asset growth has no significant effect on firm value, the rate of return on assets has a positive and significant effect on firm value. , dividend policy has a negative and significant effect on firm value. indirectly dividend policy is not able to mediate the effect of asset growth and the rate of return on assets on firm value.

Introduction

The capital market is a place or means of meeting the demand and supply of financial instruments. The capital market is an institution that is very calculated for the economic development of the country because the capital market carries out economic and financial functions, so the government of a country is always interested in participating in regulating the operation of the capital market. Activities carried out in the capital market are generally related to public offerings and securities trading or are called stock exchanges (Suhartono and Qudsi, 2009:39).

Globalization encourages the emergence of increasingly fierce competition. Companies that have gone public are companies traded on the Indonesia Stock Exchange that continue to develop. Therefore, the company tries to improve its performance which is reflected in the value of the company. The value of companies that have gone public is reflected in the market price of the company's shares. The main goal of the company is to increase the value of the company itself.

The value of the company can be measured through the market price of the company's shares because the market price of the company's shares reflects the overall investor's assessment of each equity owned. The stock market price shows a central assessment of all market participants, the stock market price acts as a barometer of the company's management performance (Pujiati and Widanar, 2009).

Investors investing in the capital market need information about stock valuation. According to Hartono (2000:79), there are three types of valuation related to stocks, namely book value, market value, and intrinsic value. Book value is the value of shares according to the books of the issuer. Market value is the book value of shares in the stock market and intrinsic value is the true value of shares.

Investors need to know and understand these three values as important information in making stock investment decisions because they can help investors to find out which stocks are growing and cheap. One approach in determining the intrinsic value of a stock is a price to book value (PBV). Price to book value or the ratio of price per book value is the relationship between the stock market price and the book value per share.

From the investor's point of view, one of the important indicators to see the company's prospects in the future is by looking at the extent of the company's asset growth, which can be seen from assessing the increase from a period relative to the previous period. The rate of return on the company's assets (return on total assets), is also a very important indicator to note to find out how much return will be received by investors on their investments. The growth of the company's assets, the rate of return on assets, and the dividend payment policy are factors that affect the value of the company because the value of the company is the price that prospective buyers are willing to pay if the company is sold.

Data on the average Total Asset Growth (TAG), Return On Total Assets (ROA), Dividend Payout Ratio (DPR), and Price To Book Value (PBV) on LQ45 companies listed on the Indonesia Stock Exchange from 2012 to 2014 are presented in table 1 as follows :

Table 1. Average TAG, ROA, DPR AND PBV
in LQ45 Companies on the IDX 2012-2014

VARIABLES	YEARS		
	2012	2013	2014
TAG (%)	20.32	21.33	18.92
ROA (%)	12.67	10.99	10.77
DPR (%)	42.79	45.43	43.32
PBV (x)	4.05	3.72	4.23

Source : IDX 2012-2014 (Processed Data)

Table 1 shows the fluctuating state of the financial statements, namely in 2012 to 2014 the TAG and PBV values fluctuated. In the TAG variable from 2012, there was an increase in 2013 from 20.32% to 21.33%, as well as PBV which decreased from 4.05 decreased to 3.72 this indicates an opposite movement, while in 2014 TAG decreased to 18.9% while PBV increased to 4.23.

Research conducted by Martikarini (2012), Winarto (2015), Rahmadhana and Yendrawati (2012), Nasehah and Widyarti (2012) concluded that DPR has a positive and significant effect on PBV, different results are stated by Mardiyati (2012) and Ayuningtias and Kurnia (2013) who concluded that the DPR had a positive and insignificant effect on PBV, different results were also stated by Rakhimsyah and Gunawan (2011) who concluded that the DPR had a negative and significant effect on PBV, while according to Ulya (2014) concluded that the DPR had a negative and significant effect on PBV. not significant to PBV.

Based on the phenomenon that occurred and with the research gap from previous researchers who found different results that led to a gap between one another, the authors are interested in conducting a study entitled "The Effect of Asset Growth and the Rate of Return on Assets on Value Companies With Dividend Policy As Intervening Variables In LQ45 Companies Listed On The Indonesia Stock Exchange

Literature Review
The Value of The Company

Firm value is an investor's perception of the company which is often associated with stock prices. High stock prices make the value of the company also high. As for what is meant by stock prices here are prices that occur when shares are traded on the market (Fakhruddin and Hadianto, 2001:316). The concept of firm value is a combination of assets held and investment options in the future. Understanding the value of the company is reflected in the bargaining power of shares. If the company is estimated as a company that has prospects in the future, the value of its shares will be high. Conversely, if the company is considered to have fewer prospects, the stock price will be low (Mardiyati, 2012).

The main goal of the company is to maximize the value of the company this is used as a meas-

ure of the company's success because increasing company value means increasing the prosperity of the company owners or shareholders. Maximizing shareholder wealth can be translated into maximizing the share price of Brigham and Houston (2010:7).

Price to Book Value (PBV)

Price to Book Value (PBV) describes the level of the company's ability to create value relative to the amount of capital invested. A high Price to Book Value (PBV) indicates a high share price compared to the book value per share. The higher the share price, the more successful the company is at creating shareholder value. The success of the company in creating this value certainly gives hope to shareholders in the form of greater profits (Sartono, 2001).

Companies that run well generally have a Price to Book Value (PBV) above one, which reflects that the market value of the stock is greater than its book value. The higher the value of Price to Book Value (PBV) indicates that the company is getting better. On the other hand, if the Price to Book Value (PBV) is below one, the firm value is not good because the Price To Book Value (PBV) is below one, which indicates that the selling price of the firm is lower than the firm's book value (Martikarini, 2012). The ratio of stock prices to the company's book value or Price to Book Value (PBV) as a proxy for company value shows the company's ability to create value relative to the amount of capital invested (Margaretha, 2014: 19).

Dividend Policy

Dividend policy (dividend policy) is a decision about the profits earned by the company at the end of the year to be distributed to shareholders as dividends or to be retained in the form of retained earnings for investment financing in the future. Retained earnings are one of the most important sources of funds to finance company growth, while dividends are cash flows paid to shareholders, both of which come from profits generated by the company (Margaretha, 2014: 327).

Every company always wants growth for the company on the one hand and can also pay dividends to shareholders on the other, but the two objectives are always contradictory. This is because the higher the level of dividends paid, the less profit is retained and as a result, it inhibits the rate of growth in earnings and share prices. The percentage of income paid to shareholders as cash dividends is called the Dividend Payout Ratio. The dividend payout ratio is the percentage of profit paid in the form of dividends to the total profit available to shareholders (Sartono, 2001:491).

Asset Growth

Investment can reflect the company's growth in carrying out economic and business activities. Making investment decisions is usually difficult because it requires an assessment of future situations that are not easy to predict because of the uncertainty factor in the future.

Total Asset Growth (TAG) is the average growth of the company's wealth. Assets are assets owned by companies that play a role in company operations (Harahap, 2013: 107). If the initial wealth of a company is fixed in number, then at a high asset growth rate, it means that the final wealth of the company is getting bigger and vice versa, at a high asset growth rate if the initial wealth is low. This variable can also be defined as the annual change in fixed assets.

Total asset growth (TAG) is a ratio that measures how well the company maintains its economic position, both in its industry and in overall economic activity. The value of asset growth is obtained from the calculation of the reduction in the value of assets in a certain period (assets in year t) to the value of assets in the previous period (assets t-1) divided by the value of assets in the previous period (t-1). High growth causes the need for funds to increase, the greater the company's growth rate, the higher the costs required for investment Harahap, 2013:309).

Conceptual Framework and Hypotheses

Conceptual Framework

This conceptual framework was created to provide an overview of the relationship of each observed variable, namely the effect of asset growth or total asset growth (TAG) and the rate of return on assets or return on total assets (ROA) on firm value as proxied by price to book value (PBV).) with a dividend policy or dividend payout ratio (DPR) as an intervening variable in manufacturing companies listed on the Indonesian stock exchange. Based on the theory and previous studies that have been discussed, the conceptual framework for this research is as follows:

Schematic 1. Conceptual Framework
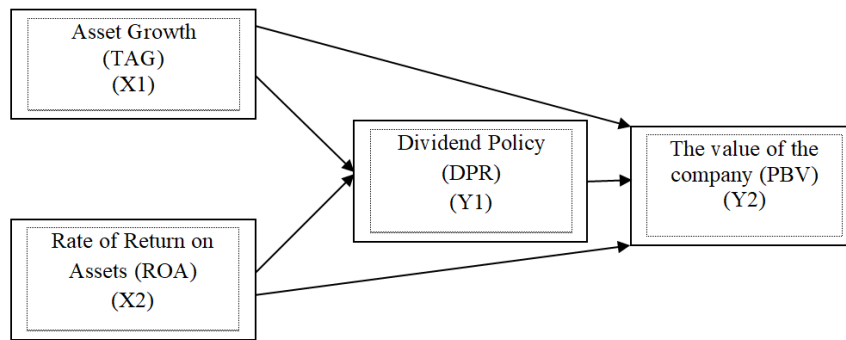
Research Hypothesis
The hypothesis taken in this study is as follows:
1. H1: Asset growth has a negative and significant effect on dividend policy.
2. H2: The rate of return on assets has a positive and significant effect on dividend policy.
3. H3: Asset growth has a positive and significant effect on firm value.
4. H4: The rate of return on assets has a positive and significant effect on firm value.
5. H5: Dividend policy has a positive and significant effect on firm value.
6. H6: Dividend policy can mediate the effect of asset growth on firm value.
7. H7: Dividend policy can mediate the effect of the rate of return on assets on firm value.

Research Methods
Population and Sample
According to Sugiyono (2009:117) Population is a generalization area consisting of objects/subjects that have certain qualities and characteristics which are then concluded. The population in this study is LQ45 companies listed on the Indonesia Stock Exchange with a total population of 45 companies. While the sample is part of the number and characteristics possessed by the population (Sugiyono, 2009:118).

The sampling technique used in this research is purposive sampling, which is a method that limits the sampling to be studied based on certain criteria. Based on the sampling criteria above, there are 45 LQ45 companies listed on the Indonesia Stock Exchange during the study period 2012 to 2014. From a total population of 45 companies, there are only 19 companies that meet the criteria to be sampled in this study.

Types and Sources of Data
Data Type
The type of data used in this study is quantitative data, which is data that can be measured or calculated and contained in the financial statements from 2012 to 2014 derived from the balance sheet and profit and loss.
Data Source
The source of data in this study is secondary data, namely research data obtained by researchers indirectly, namely through intermediary media. Secondary data in this study is the company's financial statements LQ45 published through www.idx.co.id.

Data Collection Procedure
The procedure for collecting data in this study is the documentation technique. Collecting data through documents, mainly in the form of books, research journals, and other literature that supports and relates to the problem under study.

Data Analysis Method
According to Al Rasyid (2005), Path Analysis is a technique for analyzing causal relationships that occur in multiple regression if the independent variable affects the dependent variable not only directly but also indirectly. Assuming: (1) the relationship between variables must be linear and additive. (2) all residual variables do not correlate with each other. (3) the pattern of the relationship between variables is recursive or a relationship that does not involve reciprocal direction of influ-

ence. (4) the level of measurement of all variables is at least an interval.

Research Result
Path Analysis
Model Feasibility Analysis

In the path analysis model, the relationship between variables is linear and additive. This linearity test is used to determine whether the model built meets the fit criteria or not. The only recursive model that can be considered is only a one-way causal system. Ha is accepted if the value of F-count > F-table and the probability value (alpha 5%) if the probability value (0.000) < a (0.05) then it can be said that the model built meets the fit criteria.

Based on the test results, the research significance value for the first equation model is 0.001 < 0.05 and the second equation model with a research significance value of 0.000 < 0.05, because the research significance value is < from alpha, the first and second equation models are feasible to use.

Structural Equation Regression I

Based on the results of the regression data processing, it can be seen that the results of the sub-structure equation I are shown in the following table.

Table 2. Result of Coefficient of Determination of Equation I

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,487[a]	,237	,209	15,56206
a. Predictors: (Constant), ROA, TAG				
b. Dependent Variable: DPR				

Source: SPSS 20 Data Processing Results

Based on the table above, it can be seen that the coefficient of determination R square (R^2) is 0.237 or 23.7%. This figure shows the combined effect of the TAG and ROA variables on the DPR. In other words, the variability of the DPR that can be explained by TAG and ROA variables is 23.7% and the remaining 76.3% is influenced by other factors not included in this study.

Table 3. Path Coefficient Test Results Equation I

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	44,696	4,754		9,401	,000
	TAG	-,482	,152	-,376	-3,160	,003
	ROA	,773	,277	,333	2,793	,007
a. Dependent Variable: DPR						

Source: SPSS 20 Data Processing Results

Individual/partial testing is done by looking at the level of significance. From the test results (t) it is clear that the TAG regression coefficient (X1) has an influential and significant test result, as evidenced by a significance value of 0.003 < α value (0.05) and for the ROA regression coefficient (X2) also has a significant test result. significant, as evidenced by a significance value of 0.007 < α value (0.05). This means that the model formed can be applied but cannot explain well.

Schematic 2. Result of Coefficient Path Diagram Equation I
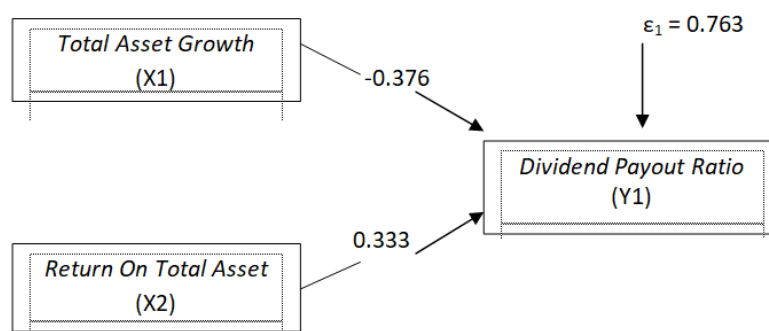
Regression of Structural Equation II

Based on the results of regression data processing, it can be seen that the results of the sub-structure II equation are shown in the following table:

Table 4. Result of Coefficient of Determination of Equation II

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,759[a]	,577	,553	,37208
a. Predictors: (Constant), DPR, ROA, TAG				
b. Dependent Variable: LN_PBV				

Source: SPSS 20 Data Processing Results

Based on the table above, it can be seen that the coefficient of determination R square (R^2) is 0.577 or 57.7%. This figure shows the combined effect of the TAG, ROA and DPR variables on LN_PBV. In other words, the variability of LN_PBV which can be explained by the variables TAG, ROA and DPR is 57.7% and the remaining 42.3% is influenced by other factors not included in this study.

Table 5. Path Coefficient Test Results Equation II

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,805	,185		4,359	,000
	TAG	,005	,004	,117	1,200	,235
	ROA	,057	,007	,767	8,010	,000
	DPR	-,007	,003	-,228	-2,227	,030
a. Dependent Variable: LN_PBV						

Source: SPSS 20 Data Processing Results

Individual/partial testing is done by looking at the level of significance. From the individual test results (t) it is clear that the ROA regression coefficient (X2) has a significant test result, as evidenced by a significance value of 0.000 < value α (0.05) and the DPR regression coefficient (Y1) also has a significant test result, evidenced by a significance value of 0.030 < the value of α (0.05), while the regression coefficient on the TAG variable (X1) has an insignificant test result because it has a significant value of 0.235 > the value of α (0.05). This means that the path coefficient X1 is not significant, so the structural equation II needs to be reprocessed through the trimming model. The results can be seen in table 6 as follows:

Table 6. Result of Path Coefficient of Equation II After Trimming

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,950	,140		6,773	,000
	ROA	,058	,007	,790	8,368	,000
	DPR	-,009	,003	-,276	-2,928	,005
a. Dependent Variable: LN_PBV						

Source: SPSS 20 Data Processing Results

Based on the results of trimming in the structural equation II on the coefficient of determination R2, there is a combined effect of the ROA and DPR variables on LN_PBV of 0.565 or 56.5% and the remaining 43.5% is influenced by other variables not involved in this study.

Individual testing clearly shows that the ROA regression coefficient (X2) has a significant test

result, as evidenced by a significance value of $0.000 < \alpha$ value (0.05) and the DPR regression coefficient (Y1) also has significant results as evidenced by a significance value of $0.005. < \alpha$ (0.05). Based on this trimming test, the structural equation obtained is

$$\gamma 2 = \rho_4 \chi_2 + \rho_5 \gamma_1 + \varepsilon_2$$

The adjusted R² value can be calculated using the following formula:

Adjusted R²   = $1 - (1 - R^2{}_1) (1 - R^2{}_2)$
               = $1 - (1 - 0.237) (1 - 0.565)$
               = $1 - (0.763) (0.435)$
               = $1 - (0.323)$
               = 0.677 atau 67.7%

The coefficient of determination of the total structural equation of the research model according to the calculation obtained the adjusted R value = 0.677. a total coefficient of determination of 0.677 means that 67.7% of the information contained can be explained by the model formed, while the remaining 32.3% is explained by other variables outside the model formed.

In schema 2 is a direct relationship coefficient between variables. The effect of total asset growth (X1) has a negative and significant effect on the dividend payout ratio (Y1) of -0.376, while the effect of return on total assets (X2) on the dividend payout ratio (Y1) has a positive and significant effect of 0.333. The effect of return on total assets (X2) on price to book value (Y2) has a positive effect of 0.790 and the effect of dividend payout ratio (Y1) on price to book value (Y2) has a negative effect of -0.276. Based on scheme 4.4, the indirect and total effects can be calculated which are shown in the following table:

Table 7. Coefficient of Direct, Indirect Effect and Total Effects Between Variables

Variables	Influence Calculation		
	Direct Influence	Indirect Influence (Multiplication)	Total Influence (Sum)
X1 ⟶ Y1	-0.376	-	-0.376
X2 ⟶ Y1	0.333	-	0.333
X1 ⟶ Y2	-	-	-
X2 ⟶ Y2	0.790	-	0.790
Y1 ⟶ Y2	-0.276	-	-0.276
X1 ⟶ Y1 ⟶ Y2	-	-	-
X2 ⟶ Y1 ⟶ Y2	-	-0.091908	0.057

Source: Data Processing Results

Based on table 4.14 it can be explained that the direct effect (PL) of the Total Asset Growth (X1) variable on the dividend payout ratio (Y1) is -0.376, there is no indirect effect in this path so that the total effect (PT) remains at -0.376. while the direct effect of the return on total assets (X2) variable on the dividend payout ratio (Y1) is 0.333, there is no indirect effect in this path so that the total effect remains 0.333.

Total asset growth (X1) on price to book value (PBV) has no direct effect. The direct effect of return on total assets (X2) on price to book value (Y2) is 0.790 and the indirect effect of return on total assets (X2) on price to book value (Y2) through dividend payout ratio (Y1) is -0.091908 which is obtained from (0.333 x (-0.276)), so the total effect is 0.057 which is obtained from (0.333 + (-0.276)). The direct effect (PL) of the dividend payout ratio (Y1) on the price to book value (Y2) is -0.276, there is no indirect effect (PTL) on this path, so the total effect (PT) remains at -0.276.

Discussion
The Effect of Total Asset Growth on Dividend Policy (Dividend Payout Ratio)

The results of testing the first hypothesis are obtained that total asset growth has a negative and significant effect on the dividend payout ratio of LQ45 companies listed on the Indonesia Stock Exchange for the period 2012-2014. Asset growth is a ratio that shows the company's ability to grow from retained earnings. The greater the asset growth ratio means the greater the retained earnings for investment needs so that the dividend distribution ratio is getting smaller. If the company's asset growth increases every year, it means that the company invests every year (Sartono: 2001,214).

The results of this study are consistent and support research conducted by Janifairus, Hidayat and Husaini (2013), Manneh and Nazer (2015) which state that total asset growth has a significant effect on the dividend payout ratio and the results of research conducted by Puspita (2009), Marietta and Sampurno (2013) states that there is a negative effect between total asset growth and dividend

payout ratio.

The Effect of Return on Assets on Dividend Policy (Dividend Payout Ratio)

The results of testing the second hypothesis are obtained that the return on total assets has a positive and significant effect on the dividend payout ratio in LQ45 companies for the period 2012-2014. In this study, a positive sign on the regression coefficient indicates that if the return on total assets increases, the dividend payout ratio also increases.

The results of this study explain that the level of company profitability will have an impact on increasing dividend distribution by the company. The positive sign in this study is by the theory of "information content or signaling hypothesis" according to Modigliani-Miller (MM) an increase in dividends is a signal to investors that management predicts an income in the future.

The results of this study support the research conducted by Manneh and Nazer (2015), Anisa (2014), Ayuningtias (2013), Marietta and Sampurno (2013) which state that the return on total assets variable has a positive and significant effect on the dividend payout ratio. This shows that dividend payments tend to increase along with the increase in corporate profits.

Effect of Asset Growth on Firm Value (Price To Book Value)

The results of testing the third hypothesis are obtained that total asset growth has no significant effect on the price to book value in LQ45 companies for the period 2012-2014. The growth rate of assets or total asset growth is one of the considerations for investors in assessing a stock. Stocks with high growth expectations will attract investors to give a higher valuation to the stock.

The results that have no significant effect in this study indicate that asset growth will not reduce the firm value, because the firm value is influenced by shares. For investors, companies with high growth cause the need for funds to increase (the tendency of retained earnings). This type of company will only focus its funds on company growth compared to the welfare of its shareholders.

The results of this study do not support the research conducted by Rahmadhana and Yendrawati (2012), Nasehah and Widyarti (2012) which state that total asset growth affects the price to book value and the results of research conducted by Ningsih, Efni, and Halim (2014) state that there is no significant effect between total asset growth and price to book value.

The Effect of Return on Assets on Firm Value (Price To Book Value)

The results of testing the fourth hypothesis are that return on total assets has a positive and significant effect on the price to book value in LQ45 companies for the period 2012-2014. High profitability indicates good company prospects, so investors will respond positively to the signal and the company value will increase.

There is a positive and significant influence between return on total assets and price to book value due to positive sentiment from investors so that the stock price increases and the increase in stock price make the company value also increase. Thus, the greater the profit generated, it will give birth to a very strong positive sentiment for investors, because investors believe that an increase in profits can provide a large return to shareholders, and investors will be attracted by this condition so that the stock price will rise. and have a positive impact on firm value. The results support research conducted by Winarto (2015), Ulya (2014), Ayungtias and Kurnia (2013), Ikbal, Sutrisno, and Djumhuri (2010) which state that return on total assets has a positive and significant effect on the price to book value.

The Effect of Dividend Payout Ratio on Firm Value (Price To Book Value)

The results of testing the fifth hypothesis indicate that the dividend payout ratio has a negative and significant effect on the price to book value in LQ45 companies for the period 2012-2014. These results indicate that companies that have a high dividend payout ratio will not necessarily provide large dividends, because growing companies will use the profits earned by their companies more to be reinvested.

Investors who like cash dividends should of course choose companies that have high profitability with little growth opportunities. Thus, company managers no longer need to be burdened with determining the optimal dividend policy because the clientele effect theory applies. This is evidenced by the results of research which states that the dividend payout ratio has a negative and significant effect on firm value (price to book value).

The results of this study support research conducted by Ulya (2014) and Hidayati (2010) which states that the dividend payout ratio hurts price to book value and research conducted by

Rakhimsyah and Gunawan (2011) which states that the dividend payout ratio has a significant effect on the price to book value.

Effect of Asset Growth on Firm Value Mediated by Dividend Policy

Path analysis test results found that total asset growth does not have an indirect effect on the price to book value through dividend policy which is proxied by dividend payout ratio. So to be able to achieve high firm value, LQ45 companies should be able to better manage the dividend payout ratio based on the growth of the resulting assets. The results of this study found that the dividend policy proxied by the dividend payout ratio could not mediate between total asset growth and price to book value.

The results of this study support the research conducted by Ningsih, Edyanus, and Herman (2014) which states that dividend policy proxied by the dividend payout ratio does not have an indirect effect on total asset growth and price to book value.

The Effect of Return on Assets on Firm Value is Mediated by Dividend Policy

The results of the path analysis test found that return on total assets had a positive and significant direct effect on the price to book value, but the return on total assets had no indirect effect through dividend policy which was proxied by dividend payout ratio. This means that dividend policy is not able to mediate the effect of return on total assets on price to book value. The results of this study support the research conducted by Ikbal, Sutrisno, and Djamhuri (2010) which states that dividend policy is not able to mediate the effect of profitability on firm value.

Conclusions and Suggestions

Conclusion

Based on the results of research and analysis that have been discussed in the previous chapter, the following conclusions can be drawn:

1. Asset growth has a negative and significant effect on dividend policy in LQ45 companies listed on the Indonesia Stock Exchange.
2. The rate of return on assets has a positive and significant effect on dividend policy in LQ45 companies listed on the Indonesia Stock Exchange.
3. Asset growth does not affect firm value in LQ45 companies listed on the Indonesia Stock Exchange.
4. The rate of return on assets has a positive and significant effect on firm value in LQ45 companies listed on the Indonesia Stock Exchange.
5. Dividend policy has a negative and significant effect on firm value in LQ45 companies listed on the Indonesia Stock Exchange.
6. Dividend policy is not able to mediate the effect of asset growth on firm value in LQ45 companies listed on the Indonesia Stock Exchange.
7. Dividend policy is not able to mediate the effect of the rate of return on assets on firm value in LQ45 companies listed on the Indonesia Stock Exchange.

Suggestion

Based on the conclusions and discussion above, the author's suggestions are as follows:

1. For investors

   Before investing, you should consider the company's performance because, with good performance, the company will provide more value and high dividends to shareholders. Thus the expected return of each shareholder will be met.

2. For researchers
   a. Future research is expected to add exogenous variables and other intervening variables outside of the variables used in this study that affect firm value so that this research is more perfect.
   b. Future research is expected to be able to take samples from other industries and increase the research period.

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