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Analysis Of Insider Ownership, Debt Policy And Dividend Policy As Intervening Variables On The Firm Value Of Companies In The Mining Sector Listed On The (Indonesia Stock Exchange) Period 2019-2023

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Abstract

This study focuses on Indonesia Stock Exchange (IDX) companies in the mining sector for the period 2019-2023 which aims to analyze the role of managerial ownership on firm value, the role of debt policy on firm value, and the role of dividend policy as a mediator on managerial ownership and debt policy on firm value. This study uses quantitative methods and data analysis techniques for this study using SmartPLS-SEM. The results of the study found that managerial ownership (X1), debt policy (X2), dividend policy (Z) have a significant effect on firm value (Y), while the role of managerial ownership (X1) and debt policy (X2) through dividend policy (Z) as a mediator has an insignificant and significant effect.

Kata Kunci: Kepemilikan Manajerial; Kebijakan Hutang; Kebijakan Dividen; Nilai Perusahaan.

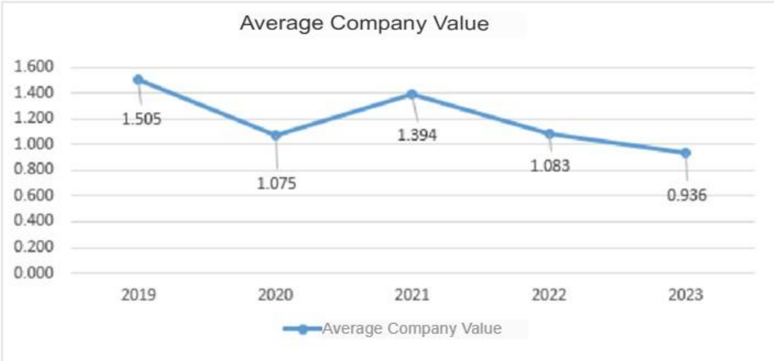
Abstrak

Penelitian ini berfokus pada perusahaan Bursa Efek Indonesia (BEI) pada sektor pertambangan periode 2019-2023 yang bertujuan untuk menganalisis peran kepemilikan manajerial terhadap nilai perusahaan, peran kebijakan utang terhadap nilai perusahaan, dan peran kebijakan dividen sebagai mediasi pada kepemilikan manajerial dan kebijakan hutang terhadap nilai perusahaan. Penelitian ini menggunakan metode kuantitatif dan teknik analisa data penelitian ini menggunakan SmartPLS-SEM. Hasil penelitian menemukan bahwa kepemilikan manajerial (X1), kebijakan hutang (X2), kebijakan dividen (Z) memiliki pengaruh yang signifikan terhadap nilai perusahaan (Y), sedangkan peran kepemilikan manajerial (X1) dan kebijakan hutang (X2) melalui kebijakan dividen (Z) sebagai mediasi memiliki efek tidak signifikan dan signifikan.

INTRODUCTION

In recent years, the mining sector has seen significant growth, leading to a favorable impact on the overall valuation of companies within this industry. Important factors including variations in commodity prices, government regulations, and both international and domestic economic conditions play a crucial role in shaping the sector's performance, which, in turn, reflects the success and efficiency of businesses in the market. As noted by Purnama Research (2019), the evaluation of Price Book Value (PBV) shows that Insider Ownership has a positive effect on the valuation of mining companies listed on the Indonesia Stock Exchange from 2014 to 2018.

Figure 1. Mining Firm Value Chart



Source: Google Research 2023

The graphical analysis above illustrates the trends in the company's pricing within the mining sector from 2019 to 2023. Notably, the Price to Book Value (PBV) for mining companies began to rise in 2019, peaking at 1. 505. However, a decline followed in 2020, with the PBV dropping to 1. 075. In 2021, there was a modest recovery, with the PBV climbing back up to 1. 394. Unfortunately, this upward trend did not last, as the value decreased again in 2022 to 1. 083, ultimately reaching a low of 0. 936 in 2023. These fluctuations suggest that Insider Ownership within mining companies has stagnated over time, presenting significant challenges, particularly regarding the stability of revenue streams that are susceptible to both internal and external issues. This volatility influences the company’s strategic decisions, such as how managerial stock ownership can impact business strategy, debt management aimed at enhancing performance, and the dividend policy that governs the relationship between owners and managers. Research by Fujianti, Hubbansyah, Siswono, & Sinaga, (2020) highlights that Insider Ownership has a notably positive effect on company valuation. This finding is further supported by Florackis (2008), who suggests that applying agency theory can enhance corporate value. Additionally, a study Moh'd, Perry, & Rimbey, (1995) indicates that dividend policy can mediate the effects on company valuation. Further corroboration is provided by research from Warsini, Suhartati, & Friya Purwa Setya, (2024), emphasizing that dividend policy can influence a firm value in terms of investment appeal. This study is also supported by several previous studies such as Ningsih (2013) "The Effect of Managerial Ownership and Dividend Policy on Company Value. Budianto and Payamta (2014) "Analysis of Managerial Ownership, Debt Policy and Profitability on Dividend Policy" and Sugiarto (2009) "The Effect of Ownership Structure and Dividend Policy on Company Value with Debt Policy as an Intervening Variable" Previous studies also only focused on sub-sectors, while this study focuses on all mining companies listed on the Indonesia Stock ExchangeThe purpose of this study is to explore the relationship between Insider Ownership and Firm value, the impact of debt policy on Firm value, and the influence of dividend policy on Firm value. Specifically, it seeks to examine how Insider Ownership and debt policy affect company valuation, both directly and through the mediation of dividend policy. Companies recognized for their robust value typically signal growth in net profits, which in turn enhances their overall valuation. These insights are vital for companies striving to improve their performance in the future. The stated value reflects the market's perception of the company's future potential and investor confidence in its ability to generate sustainable profits. A variety of factors influence a company's valuation, including internal elements such as management policies, as well as external factors like market conditions and government regulations. This study highlights three critical components: Insider Ownership, dividend policy, and debt policy, with PBV being utilized as the analytical ratio.

Agency Theory

Agency theory governs the relationship between shareholders and management within a corporate framework. Rooted in the research of Jensen and Meckling (1976), this theory essentially outlines a contractual relationship between managers (the agents) and owners (the principals). Shareholders aim to generate substantial profits from their investments, while management seeks significant remuneration and the fulfillment of psychological needs, as noted by Panggabean and Darsono (2009). International studies have also examined the connection between insider ownership and agency theory, highlighting its influence on firm value. Insider ownership plays a critical role in reducing the cost of monitoring a company. Florackis (2008), in his research on British firms, found that insider ownership is closely linked to agency costs, revealing that it promotes more efficient utilization of assets in generating company revenue. Moreover, debt financing is often regarded as an autonomous mechanism that helps manage the costs associated with free cash flow specifically, the surplus cash that exceeds what is necessary to fund all projects with a positive net present value (Michael C. Jensen, 1986). Dividend policies can also play a pivotal role in alleviating agency problems by aligning the interests of managers and shareholders, ultimately influencing a company's overall value. However, within the context of agency theory, these dividend policies do not always effectively address agency issues or enhance firm value, particularly when deep-rooted management practices remain unaddressed. As a result, in some cases, dividend policies may not significantly affect firm value, proving inadequate in tackling the complexities of agency conflicts, as noted by Moh'd, Perry, and Rimbey (1995). Managers may choose to retain profits or divert company resources towards personal investments or projects that benefit them, even when such decisions diverge from the best interests of shareholders, who typically prefer larger dividend payouts as a means of profit distribution. Agency theory offers valuable insights into the nature of these agency dilemmas and their repercussions on decisions affecting firm value, a perspective that is further substantiated by research conducted by Chen, Bao, Chen, and Lu (2023).

Insider Ownership

Insider Ownership, as described by Lajar and Marsudi (2022), refers to the shares held by a firm's management, especially those in key decision-making positions like Directors and Commissioners. This ownership serves as a vital component of the management's stakeholders, actively engaging in the company's decision-making processes. Enhanced governance within an organization has been shown to effectively monitor its performance. Emi (2021) notes that many researchers argue that when a firm faces limited control, the incentives for managing risks increase, which in turn elevates managerial engagement. Furthermore, research by Wibowo and Yuniningsih (2022) highlights that Insider Ownership acts as an internal control mechanism, positively influencing the resolution of organizational challenges, particularly during times of transition. The concept of Insider Ownership can be articulated through the following formulation:

$$Insider\ Ownership = \frac{Number\ Managerial\ Shares}{Number\ shares\ Outstanding}\ x\ 100$$

Debt Policy

Debt policy encompasses a corporation's strategic choices regarding the amount of capital it intends to borrow to fuel its operational activities. Organizations often favor debt financing over issuing additional shares due to its cost-effectiveness. Evaluating debt policy requires a thorough assessment of external funding sources. Diana Uffiah and Ana Kadarningsih (2021) highlight that a corporation's debt policy can significantly impact its overall valuation, as it involves decisions related to expense management through borrowing practices. An increase in a corporation's debt levels may raise the risk of financial distress. Research by Ristianti (2022) indicates that businesses frequently choose to use debt to fund their operations instead of issuing new shares. The analysis of debt policy can be conducted using the Debt to Equity Ratio (DER), which compares a corporation's total liabilities to its equity. This relationship can be expressed succinctly as formulation:

$$Debt\ to\ Equity\ Ratio\ (DER) = \frac{Total\ Debt}{Total\ Equity}$$

Dividend Policy

The dividend policy pertains to the decision to allow the distribution of a firm’s profits to its shareholders, which may be realized in the form of future profits or capital. In the event that the firm decides to retain its earnings, these resources may be reinvested into its growth and development initiatives. The magnitude of the dividends is influenced by the profitability of the firm. This policy can be articulated in the following formulation:

$$Dividend\ Payout\ Ratio\ (DPR) = \frac{Dividend\ Per\ Share}{Earning\ Per\ Share}$$

Firm Values

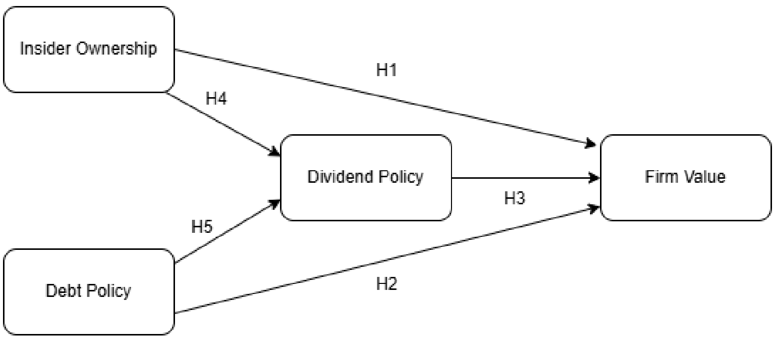
The value of a firm is largely determined by how investors perceive its success, which is closely tied to its share price. A high share price holds significant importance, as an increase in the firm's value enhances the confidence of external stakeholders and investors. Essentially, a firm's worth is reflected in the price that investors are willing to pay if the company were to be sold. Financial metrics serve as indicators of the firm's performance, with a strong share price demonstrating the effectiveness of its operations Moridu, Tomu, Sari, Ridho, & Rahman, (2022) . Consequently, a higher valuation is often associated with greater benefits for shareholders. This makes increasing the firm's value a crucial long-term goal for its founders. The assessment of a firm's valuation typically involves the price-to-book value (PBV) ratio. This ratio compares the stock price to the book value per share, with a higher PBV indicating improved productivity relative to the capital invested. Additionally, the firm's policies, particularly regarding its debt, play a critical role in influencing the book value multiple. The calculation of a firm's value can be explained in the following formulation:

$$Price\ Book\ Value\ (PBV) = \frac{Stock\ Price}{Book\ Value\ Per\ Share}$$

METHOD

This study focuses on several key variables, namely Insider Ownership, Debt to Equity Ratio (DER), Dividend Payout Ratio (DPR), and Firm Value. This study uses secondary data, especially annual reports from 2019 to 2023, which are available on the official website of the Indonesia Stock Exchange (IDX), especially www.idx.co.id. The data analysis technique used is SmartPLS-SEM. Researchers try to determine the strength of the relationship between these variables. By using quantitative methods. Specifically, this study intends to explore the function of dividend policy as a mediator in the relationship between insider ownership and debt policy related to firm value. The sample of this study was obtained through a purposive sampling method. The variables studied in this study are firm value as measured by the Price to Book Value (PBV) ratio. PBV or Price Book Value is a financial metric that measures the relationship between stock price and book value per share. As stated by Agustri Verawati, Nik Amah, and Moh. Ubaidillah (2023), population includes all subjects relevant to the research, which can include tangible objects, abstract concepts, events, or phenomena that are sources of data and have the same characteristics..

Figure 2. Conceptual Framework



Source: Google Flowchart, 2024

The "Bird in the Hand" theory suggests that investors prefer dividends over potential capital gains due to the lower perceived risks associated with dividends. Furthermore, the research finds a positive relationship between debt policy and dividend policy, illustrating how this relationship mediates the connection between debt policy and corporate value. Companies typically operate with a diverse set of objectives, which can be divided into short-term and long-term goals. In the short term, the focus is on maximizing profits through the efficient use of available resources. In contrast, the long-term goal is to enhance the overall value of the company, which serves as the core motivation for its establishment. Moreover, investors' perceptions of a company are reflected in its value, ultimately represented by its stock price. The role of dividend policy as a mediation thus helps clarify the relationships among these variables and their impact on firm value, guiding strategic decision making.

DATA RESULT

In this study, we focus on firm value, which is assessed through the Price to Book Value (PBV) ratio. The PBV ratio serves as a crucial financial metric that illustrates the relationship between a company's stock price and its book value per share. As outlined by Ubaidillah (2023), the population for this research encompasses all entities pertinent to the study, including tangible assets, abstract concepts, events, or phenomena that serve as data sources and share similar characteristics. Specifically, our population consists of data from 83 mining companies listed on the Indonesia Stock Exchange (IDX). For our sample, we selected 15 companies that fulfilled the criteria of being listed on the IDX and that had provided complete financial reports for the analysis period. This research utilizes secondary data, particularly the annual reports covering the years 2019 to 2023, which can be accessed via the official website, especially www.idx.com. Moreover, we consider the role of outlier data in our analysis. Outliers, which are values that significantly differ from the majority within a dataset, can offer valuable insights or reveal errors and irregularities in the data.

Figure 4. Discriminant Validity Test Result

	Dividend Policy (Z)	Debt Policy (X2)	Insider Ownership (X1)	Firm Value (Y)
X11			0.764*	
X12			0.825*	
X14			0.944*	
X15			0.779*	
X21		0.985*		
X22		0.98*		
X23		0.976*		
X24		0.982*		
X25		0.932*		
Y11				0.924*
Y12				0.931*
Y13				0.859*
Y14				0.907*
Y15				0.897*
Z11	0.723*			
Z14	0.826*			

Source: Primary Data, 2024

Data is considered normal and valid if its value is greater than 0.5, or sometimes up to 0.9, depending on the context. Validity refers to the accuracy of the measurement instrument. In data analysis using SmartPLS, validity is achieved with high loading factors and AVE above 0.5. Discriminant validity ensures that each construct is different, based on the Fornell-Larcker criteria.

Figure 5. Cronbach Alpha Reability Test Result

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Dividend Policy (Z)	0.782*	0.821*	0.935*	0.682*
Debt Policy (X2)	0.985*	0.994*	0.988*	0.943*
Insider Ownership (X1)	0.853*	0.884*	0.898*	0.69*
Firm Value (Y)	0.944*	0.95*	0.957*	0.817*

Source: Primary Data, 2024

Data is considered normal and valid if the value exceeds 0.5 and very good if the value is 0.9. Reliability and validity assessments indicate that each construct in the model has good measurement quality. Cronbach's Alpha values above 0.7 indicate satisfactory consistency. High rho_A and Composite Reliability values confirm internal consistency, while Average Variance Extracted (AVE) above 0.5 indicates convergent validity is met. The constructs in this model show strong reliability and validity.

Figure 6. Classical Assumption Fit Model Test Result

	Saturated Model	Estimated Model
SRMR	0.116*	0.116*
d_ULS	1.843*	1.843*

Source: Primary Data, 2024

Data is considered valid if the SRMR value is between 0.08 and 0.10, while the d_ULS value must be higher than 0. Models that meet these criteria adhere to the classical assumptions. The accompanying table shows the SRMR and d_ULS values for the Saturated and Estimated models. The observed SRMR value is 0.116, slightly above 0.08, indicating a moderate fit. However, this value may be acceptable in certain research contexts. SRMR measures model accuracy by comparing the empirical correlation matrix and the model predictions. In this case, the d_ULS value is 1.843. This metric is invaluable for assessing model fit in the PLS-SEM framework. Although the specific threshold for d_ULS is not well defined, it is generally accepted that lower values indicate better model fit.

Figure 7. Classical Multicollinearity Assumption Test Result

	VIF
X11	1.673*
X12	2.296*
X14	4.653*
X15	2.568*
X21	3.215*
X22	2.214*
X23	3.677*
X24	2.092*
X25	3.209*
Y11	4.392*
Y12	3.721*
Y13	3.542*
Y14	4.242*
Y15	2.071*
Z11	1.046*
Z14	1.046*

Source : Primary Data, 2024

A VIF value < 5 is considered good and indicates that there are no serious problems with multicollinearity between the independent variables in your model. Based on the VIF data in this study, it is clear that all variables show VIF values below the threshold, indicating no significant multicollinearity problems among the variables. Variable X14 has the highest VIF value at 4.653, while Y11 follows with a VIF of 4.392, and Y14 shows a VIF of 4.242. However, these values remain within the safe range, below 5, indicating low multicollinearity. Furthermore, additional variables such as X11, X12, X15, X21, X22, X23, X24, X25, Y12, Y13, Y15, Z11, and Z14 show VIF values between 1 and 3, further supporting the absence of significant multicollinearity problems. In conclusion, these data illustrate that the variables in the regression model maintain a high degree of independence from each other, ensuring that the results of the regression analysis will not be affected by multicollinearity.

Figure 8. Path Coefficient Test Results

	Dividend Policy (Z)	Debt Policy (X2)	Insider Ownership (X1)	Firm Value (Y)
Dividend Policy (Z)				0.424*
Debt Policy (X2)	0.705*			0.593*
Insider Ownership (X1)	0.521*			0.322*
Firm Value (Y)				

Source : Primary Data, 2024

Path coefficients greater than 0.3 indicate a strong association. Values ranging from 0.1 to 0.3 suggest a moderate connection, while those below 0.1 reflect a weaker association. From the results obtained through the correlation analysis of the variables, it can be inferred that there is a strong positive correlation between the dividend policy and the value of the firm, evidenced by a correlation coefficient of 0.424. This indicates that a better dividend strategy correlates with an enhancement in the firm's value. Additionally, the debt policy has a notable correlation with the dividend policy at 0.705 and with the firm's value at 0.593, highlighting that debt management is essential in influencing both dividend policies and increasing the firm's overall value. Also, Insider Ownership displayed a positive correlation with the dividend policy at

0.521; however, the relationship between Insider Ownership and corporate value was weaker at 0.322, implying that the effect of leadership on corporate value is less significant compared to that of debt and dividend policies. In summary, these results emphasize the crucial importance of debt and dividend policies in boosting firm value, while Insider Ownership has a relatively lesser impact on corporate value.

Figure 9. Path Analysis Corellation Test Results

	Dividend Policy (Z)	Debt Policy (X2)	Insider Ownership (X1)	Firm Value (Y)
Dividend Policy (Z)				0.692*
Debt Policy (X2)	0.392*			0.376*
Insider Ownership (X1)	0.421*			0.352*
Firm Value (Y)				

Source : Primary Data, 2024

A correlation ranging from 0.3 to 0.5 is deemed moderate, while any value above 0.5 is recognized as a strong correlation. A correlation exceeding 0.7 may suggest a very high or nearly perfect correlation, which can lead to multicollinearity issues within the model. The findings from the correlation analysis indicate that the dividend policy (Z) has the most robust connection with the firm value (Y), as shown by a correlation coefficient of 0.692. This suggests that dividend policy plays a critical role in enhancing the firm's worth; improvements in this area are likely to have a positive effect on overall firm value. On the other hand, the debt policy (X2) demonstrates a positive correlation with the firm value at 0.376, along with a correlation of 0.392 with the dividend policy. Although the influence of debt policy on corporate value is less pronounced than that of dividend policy, it remains significantly relevant. Additionally, Insider Ownership (X1) shows a correlation of 0.421 with dividend policy and 0.352 with firm value, suggesting that Insider Ownership has an impact on both dividend policy and firm value, albeit not as strongly as the dividend policy itself. In summary, the results clearly indicate that the dividend policy is the most crucial element in enhancing firm value, followed by debt policy and Insider Ownership.

Figure 10. F square test results

	Dividen Policy (Z)	Debt Policy (X2)	Insider Ownership (X1)	Firm Value (Y)
Dividend Policy (Z)				0.424*
Debt Policy (X2)	0.783*			0.154*
Insider Ownership (X1)	0.382*			0.142*
Firm Value (Y)				

Source : *Primary Data, 2024*

F Square Values below 0.02 indicate a minor influence, while those ranging from 0.02 to 0.15 reflect a moderate influence, and values exceeding 0.15 demonstrate a significant influence.

From the correlation analysis, it is evident that the Z dividend policy has the most substantial link to the value of firm Y, characterized by a correlation coefficient of 0.424. This suggests that the dividend policy plays a noteworthy role in increasing the firm's value, albeit not overwhelmingly so. Conversely, the X2 debt policy shows a very strong correlation with the dividend policy, attaining a coefficient of 0.783, which highlights a strong connection between the two. However, the impact of the debt policy on the firm's value is relatively minimal, measuring only 0.154, implying that its role in contributing to the firm's overall value is rather limited. Furthermore, X1 Insider Ownership revealed a weak correlation with the dividend policy, at 0.382, and with the firm's value, at 0.142, indicating that Insider Ownership has little direct effect on the firm's valuation. In summary, the dividend policy stands out as a crucial element influencing a firm's value more than the debt policy or Insider Ownership.

DISCUSSION

Insider Ownership has a significant positive effect on the Firm Value

Insider ownership refers to the shares held by a company's management, particularly those individuals directly involved in its decision-making processes, such as directors and commissioners (Wibowo and Yuniningsih, 2022). This type of ownership can enhance a firm value by aligning the interests of shareholders and management. When managers are shareholders, they tend to engage more actively in decision-making, particularly during crucial moments (Lajar and Marsudi, 2022). According to agency theory, managerial ownership can help mitigate agency problems and strengthen the relationship between shareholders (Principals) and managers (Agents). This alignment of incentives reduces conflicts and improves oversight, positively influencing the firm value. The structure of insider ownership plays a vital role in the dynamics of investment management. An increase in share ownership typically motivates organizations to strive for profit, which subsequently impacts their overall performance and valuation. This strategic ownership can drive up stock prices, serving as a positive signal for the firm value. However, research by Ilham and Hasan; Samad (2022) indicates that insider ownership may not significantly impact the overall value of the company. In contrast, the study conducted by Ariyanti, Nurlaela, and Wijayanti (2020) found that internal ownership does significantly affect firm value

Debt policy has a significant positive effect on the Firm value

According to Wijaya's research (2022), corporate debt policy plays a crucial role in shaping a company's financial and operational resources. Agency theory posits that debt policy can significantly influence Firm Value, as it examines the dynamics between shareholders (principals) and managers (agents), who often have differing interests. The positive impact of debt policy on a firm value is contingent upon prudent and judicious debt management practices. Numerous articles in the management and finance literature support the notion that an appropriate debt policy can enhance the efficiency of a company's management. It is essential for organizations to adopt corporate social responsibility policies and employ debt-to-equity (DER) ratios as performance assessment tools. Generally, a well-structured debt policy tends to positively influence Firm Value. However, effective debt management remains vital to preserving investor confidence. Research conducted by Ummah (2019) reinforces the idea that debt policy can positively affect corporate value. In contrast, findings in the mining sector indicate that debt policy may not have as significant an impact on Firm Values. As outlined in (Asril's, 2021), debt policy has demonstrated a positive and substantial effect on Firm Value.

Dividend Policy has a significant positive effect on the Firm Value

A company's dividend policy encompasses the strategic framework it employs to allocate profits to shareholders, either by distributing dividends or retaining earnings for future growth initiatives. This decision significantly influences the potential returns investors can achieve, directly impacting the benefits shareholders receive. Ultimately, a company's primary objective is to enhance shareholder welfare. According to agency theory, a well-structured dividend policy can positively affect a firm's value by mitigating the agency problems that may arise between shareholders (the principals) and managers (the agents). By serving as a mechanism to encourage managerial discipline, curb excess cash flow, diminish information asymmetry, and bolster shareholder satisfaction, effective dividend policies can contribute to increasing a company’s overall value provided they are thoughtfully crafted and balanced. Research by Febriyanti Pasaribu (2023) indicates that dividend policies align with the principles of an ideal capital market, demonstrating that higher dividends tend to boost stock prices and enhance company valuations, while lower dividends may lead to declines in both stock prices and firm value. Furthermore, a study conducted by Putri and Sudiyanto (2024) reinforced the positive relationship between dividend policy and corporate valuation.

Dividend policy mediation Insider Ownership to the Firm Value

Insider ownership refers to shares held by management, who are actively involved in the company's decision-making process. A substantial level of insider ownership is essential for effective oversight of an organization's operations. A study by Paulina et al. (2022) highlighted that dividend policy acts as a mediating factor in the relationship between insider ownership and firm value, showing an insignificant impact. This significance arises from the ability of dividend policy to address challenges that can negatively impact firm value. According to agency theory, managerial ownership is not always in line with the interests of owners and limited influence, other dominant factors, and dependence on the company. Therefore, companies must consider other factors to increase firm value.

Dividend policy mediation the debt policy to the Firm value

Dividend distribution plays a significant role in enhancing a firm value. Research by Febriansyah (2023) indicates that dividend policy effectively mediates the impact of debt policy on corporate value. This suggests that, in certain circumstances, dividend policies can indeed boost a company's worth. These findings align with those of Jenali and Amanah (2019), who also demonstrate that dividend policy can partially moderate the relationship between debt policy and corporate value. Both debt and dividend policies can serve as mechanisms to align the interests of shareholders and management, thereby mitigating agency problems that may arise. According to agency theory, an effective debt policy can positively influence a firm value by addressing agency issues, particularly concerning the management of free cash flow. Meanwhile, dividend policy acts as a mediating factor by promoting managerial discipline, signaling positively to the market, and reducing uncertainty about shareholder returns. Together, these two policies enhance the efficiency of corporate management, minimize the risk of resource misallocation, and ultimately contribute to an increase in firm value.

CONCLUSION

Data examination reveals captivating revelations regarding the relationships between different factors. It is particularly notable that insider ownership (X1) shows a moderate effect on the value of the firm (Y), as evidenced by a correlation coefficient of 0.322. This finding is consistent with agency theory, which asserts that having insiders as owners positively influences firm value. When owners become involved in management, their objectives are often aligned with those of the shareholders, helping to alleviate agency challenges such as disputes between managers and shareholders through improved firm performance. Additionally, the study shows that debt policy (X2) significantly affects firm value (Y), demonstrated by a stronger correlation of 0.593. This supports the principle of agency theory that prudent debt management can reduce agency-related issues and enhance shareholder value. Likewise, dividend policy (Z) also appears to affect firm value (Y), with a moderate correlation of 0.424. This further strengthens the perspective in agency theory that dividend policies can aid in resolving tensions between managers and shareholders. By paying dividends, companies not only improve operational effectiveness but also limit managerial freedom with funds, conveying a reassuring message to investors. Interestingly, while dividend policy (Z) does somewhat temper the relationship between insider ownership (X1) and firm value (Y), its influence is minor, at 0.161. This indicates that dividend policy does not significantly mediate the relationship between insider ownership and firm value. Elements like shareholder interests, the degree of insider ownership, severe agency disputes, and difficult market situations might explain why this effect is not substantial. Hence, even with robust insider ownership, the dividend policy might fail to effectively boost shareholder value. In contrast, in the context of debt policy (X2) and firm value (Y), dividend policy (Z) acts as a moderate mediation, showing an effect size of 0.331. Agency theory suggests that dividend policy is vital for reconciling debt management with the distribution of profits to shareholders. Nonetheless, while this mediation exists, it is more moderate than strong.

Future investigations could examine these qualitative aspects to enhance the understanding of the complex interactions at play. Moreover, the slight mediating effect of dividend policy in the relationship between insider ownership and firm value suggests that other factors may have more critical influences. Future research could look into alternative mediations, such as corporate governance systems or market dynamics, that might more effectively illuminate the relationships among these variables. Additionally, studying how economic variables or changes in regulations impact the relationships between insider ownership, debt policy, dividend policy, and firm value would yield valuable insights about the implications of these factors.

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