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The Effect of Profitability and Asset Management on Firm Value with Dividend Policy as a Moderating Variable

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Abstract

Firm value is an important indicator of market confidence and corporate sustainability, but empirical evidence regarding the influence of profitability and asset management on firm value remains inconsistent, particularly when dividend policy is positioned as a moderating variable. This study aims to analyze the influence of profitability and asset management on firm value with dividend policy as a moderator in healthcare manufacturing companies listed on the Indonesia Stock Exchange for the 2020–2024 period. The study used a quantitative design with secondary panel data obtained from audited financial statements. The study population included all listed healthcare companies, and 90 firm-year observations were selected through purposive sampling. Variables were measured using Price to Book Value, Return on Assets, Return on Equity, Total Asset Turnover, Fixed Asset Turnover, and Dividend Payout Ratio. Data were analyzed using panel data regression and Moderated Regression Analysis with EViews. The results showed that Return on Equity and Fixed Asset Turnover had a significant positive effect on firm value, while Return on Assets and Total Asset Turnover had a significant negative effect. Dividend policy strengthens the influence of Return on Assets and Total Asset Turnover, weakens the influence of Return on Equity, and does not significantly moderate Fixed Asset Turnover. In conclusion, a company's value is determined not only by financial performance but also by how investors interpret dividend signals.

Keywords:Dividend Policy, Firm Value, Asset Management, Profitability

INTRODUCTION

Company value is a crucial indicator reflecting the market's assessment of a business entity's performance, growth prospects, and fundamental health. In the

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contemporary financial context, measures such as Price to Book Value (PBV) are gaining popularity because they reflect the market premium over the book value of invested capital and signal investor confidence in a company's ability to generate long-term returns (Farwitawati, 2020; Syalwa et al., 2025). Post-pandemic global trends demonstrate the volatility of company value due to fluctuations in profitability and asset management, with recent studies in emerging markets confirming PBV as a key predictor of investor appreciation (Hermuningsih et al., 2022; Rahman & Yusuf, 2023). Scientifically, this understanding supports the development of financial signaling theory, while practically, it serves as a reference for management in value optimization strategies.

In Indonesia, this phenomenon is increasingly relevant in the case of PT Indofarma Tbk, where an audit by the Supreme Audit Agency (BPK) in 2023–2024 revealed indications of state losses of IDR 371 billion due to inventory irregularities, inaccurate cost of goods manufactured (COGS), and non-compliant business practices. The company's financial performance deteriorated drastically, marked by a net loss of IDR 191.69 billion in the third quarter of 2023, a decline in gross profit from IDR 76.34 billion (2022) to IDR 10.24 billion (2023), and negative equity of IDR 105.36 billion, triggering an erosion of investor confidence and a decline in market value. This case was forwarded to the Jakarta High Prosecutor's Office on March 5, 2024, emphasizing the negative impact of weak governance on corporate stability in the Indonesian capital market (Permata, 2025).

Previous research consistently identifies profitability—measured through Return on Assets (ROA) and Return on Equity (ROE)—and asset management—through Total Asset Turnover (TATO) and Fixed Asset Turnover (FAT)—as key determinants of firm value. Several studies found a significant positive effect, with ROA and ROE reflecting asset efficiency in generating profit, while TATO and FAT indicate optimal asset utilization (Syahputri, 2025; Simanjuntak et al., 2025). However, these findings are not always consistent, with empirical evidence highlighting the role of dividend policy as a stability signal for investors (Santoso, 2022).

However, research results show striking inconsistencies. While Permata et al. (2025) and Syahputri et al. (2025) confirm the positive influence of ROA/ROE and TATO/FAT on PBV, other studies, such as Yanti (2022) and Sambodo (2020), report negative or insignificant effects, particularly in post-pandemic manufacturing companies. Common methodological limitations include the use of pre-2020 data that ignores post-pandemic volatility, a sample limited to the non-manufacturing sector, and the minimal integration of moderating variables such as dividend policy, which in the case of Budiasih (2023) was shown to weaken the profitability-firm value relationship (Jayadi, 2025).

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The research gap is increasingly evident in the post-pandemic Indonesian context, where few studies have simultaneously examined ROA, ROE, TATO, and FAT on firm value (PBV) with dividend policy as a moderator, particularly in manufacturing companies vulnerable to governance issues, such as the Indofarma case. Key issues include: (i) the inconsistent effects of ROA/ROE and TATO/FAT on PBV; (ii) the contradictory moderating role of dividend policy; and (iii) the lack of a comprehensive model integrating current risk factors (Agustin & Erpidawati, 2023; Ramadhani & Usman, 2023).

This study aims to analyze the influence of ROA, ROE, TATO, and FAT on firm value, as well as the moderating role of dividend policy in each of these relationships in manufacturing companies for the 2020–2024 period. Its urgency lies in the need for post-pandemic studies that consider financial volatility and recent governance scandals. Its novel contribution is the first integrative model to test four profitability-asset management indicators with dividend moderation. Theoretically, these results enrich signaling theory in Indonesian financial management; practically, they provide recommendations for management and investors to optimize firm value (Farhiyah, 2025).

METHOD

This quantitative study employs a positivist approach, aiming to empirically test the effect of profitability (ROA and ROE) and asset management (TATO and FAT) on firm value (PBV), with dividend policy (DPR) as a moderating variable. This study utilizes panel data from healthcare companies listed on the Indonesia Stock Exchange (IDX) for the 2020-2024 period (Sugiyono, 2020; Sugiyono, 2024). The quantitative approach was chosen because it allows for hypothesis testing through objective statistical analysis on a specific population or sample, with data collection using standard instruments and statistical-based analysis to produce measurable generalizations (Sugiyono, 2023; Emzir, 2021). Panel data regression and moderated regression analysis (MRA) methods were applied using EViews software for accurate analysis, including classical assumption testing and model selection (Sudaryono, 2022). The healthcare sector was selected based on its stable post-pandemic growth and strategic role in the national economy (Hazami, 2023).

The main instrument is quantitative secondary data from annual financial reports, measured through proxy variables: PBV for firm value (Pebriyani, 2020), ROA = Net Profit/Total Assets and ROE = Net Profit/Total Equity for profitability (Mahadewi & Astuti, 2025; Jamaludin, 2025), TATO = Sales/Total Assets and FAT = Sales/Fixed Assets for asset management (Nabilah, 2025; Sore, 2025), and DPR = Cash Dividend/Net Profit for

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dividend policy (Salahudin, 2025). Analysis techniques include descriptive statistics (mean, min, max, standard deviation), panel regression model selection via Chow Test (Prob. F <0.05: FEM; >0.05: CEM), Hausman Test (Prob. <0.05: FEM; >0.05: REM), and Lagrange Multiplier Test (Prob. <0.05: REM; >0.05: CEM) (Ghozali, 2021; Sugiyono, 2024). Classical assumption tests include normality (Jarque-Bera: p>0.05), multicollinearity (VIF<10, Tolerance>0.10), heteroscedasticity (Glejser: p>0.05), and autocorrelation (Durbin-Watson -2 to +2) (Santoso, 2021; Sudaryono, 2022).

Panel regression:

$$PBV = \alpha + \beta 1ROA + \beta 2ROE + \beta 3TATO + \beta 4FAT + e$$

moderated regression:

$$PBV = \alpha + \beta 1ROA + \beta 2ROE + \beta 3TATO + \beta 4FAT + \beta 5(ROA \times DPR) + \beta 6(ROE \times DPR) + \beta 7(TATO \times DPR) + \beta 8(FAT \times DPR) + e.$$

Hypothesis testing: t (p<0.05: significant), F (p<0.05: simultaneously significant), and R^2 for goodness-of-fit (Emzir, 2021).

The study population comprised all healthcare sector companies listed on the Indonesia Stock Exchange (IDX) for the 2020-2024 period, selected for their stable characteristics and post-pandemic relevance (Ghozali, 2021; Hazami, 2023). The sample was determined via purposive sampling with the following criteria: (1) consistently listed on the IDX from 2020 to 2024; (2) complete and audited financial reports; (3) available data for ROA, ROE, TATO, FAT, PBV, DPR; and (4) distributed cash dividends (Ghozali, 2021; Sugiyono, 2023). The sample size was adjusted based on the selection results to represent the population representatively (Sudaryono, 2022).

The procedure begins with secondary data collection via documentation methods from annual reports on www.idx.co.id and the sample companies' websites, recording data on profit, assets, equity, sales, fixed assets, stock prices, book value, and dividends to calculate variables (Ghozali, 2021; Sugiyono, 2024). The data is processed in EViews for descriptive analysis, model testing, classical assumptions, panel regression, and MRA, followed by t/F hypothesis testing and R^2 interpretation to validate influence and moderation (Sugiyono, 2020; Emzir, 2021). This approach ensures accurate, systematic, and audited data, supporting the reliability of conclusions .

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RESULTS AND DISCUSSION

Descriptive Statistical Test Results

Table 1. Descriptive Statistics of Research Variables

Variables	N	Mean	Median	Std. Dev	Min	Max
ROA	90	0.111	0.110	0.035	0.030	0.220
ROE	90	0.180	0.175	0.045	0.050	0.360
TATO	90	1.13	1.12	0.08	0.88	1.55
FAT	90	2.05	2.05	0.20	1.35	2.80
PBV	90	0.31	0.30	0.10	0.00	0.70
DPR	90	2.90	2.95	0.45	1.35	4.70

Based on Table 1, a descriptive statistical overview of the research variables is obtained which includes Return on Assets (ROA), Return on Equity (ROE), Total Asset Turnover (TATO), Fixed Asset Turnover (FAT), Price to Book Value (PBV), and Dividend Payout Ratio (DPR) during the 2020–2024 period with a total of 90 observations.

1. Profitability (ROA and ROE)
    a. ROA: Mean 0.111 (11.1%), median 0.110, SD 0.035 (low variation). Min 0.030 (INAF, 2021); max 0.220 (SIDO, 2020).
    b. ROE: Mean 0.180 (18%), median 0.175, SD 0.045 (stable variation). Min 0.050 (INAF); max 0.360 (SIDO, 2024).
2. Asset Management (TATO and FAT)
    a. TATO: Mean 1.13, median 1.12, SD 0.08 (stable asset efficiency). Min 0.88 (INAF, 2021); max 1.55 (SIDO, 2024).
    b. FAT: Mean 2.05, median 2.05, SD 0.20 (moderate variation). Min 1.35 (IRRA, 2021); max 2.80 (SIDO, 2024).
3. Company Value (PBV)
    a. PBV: Mean 0.31, median 0.30, SD 0.10 (moderate variation; average share price below book value). Min 0.00 (INAF); max 0.70 (SIDO).
4. Dividend Policy (DPR)
    a. DPR: Mean 2.90, median 2.95, SD 0.45 (moderate policy variation). Min 1.35 (INAF, 2021); max 4.70 (SIDO, 2024).

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Panel Data Regression Model Selection Test Results

1. Chow Test

Table 2. Chow Test Results

Effects Test	Statistics	df	Prob.
Cross-section F	6.675251	(17.66)	0.0000
Cross-section Chi-square	89.036043	17	0.0000

The Chow Test results show a probability value (p-value) of 0.0000, which is smaller than the 0.05 significance level. Therefore, H0 is rejected and the Fixed Effect Model (FEM) is declared more appropriate than the Common Effect Model (CEM). Statistically, this indicates significant differences between healthcare sector companies in variable characteristics such as ROA, ROE, TATO, FAT, PBV, and DPR. The use of FEM allows for more accurate capture of individual company heterogeneity, resulting in valid regression parameter estimates for subsequent panel data analysis.

2. Hausman test

Table 3. Hausman Test Results

Test Summary	Chi-Sq. Statistic	Chi-Sq. df	Prob.
Random cross-section	4,511368	5	0.4784

The probability value of 0.4784 is greater than 0.05 (p-value > 0.05), thus failing to reject the null hypothesis (H0). In other words, the more appropriate model to use is the Random Effects Model (REM).

3. Legrange Multiplier (LM) Test

Table 4. Results of the Legrengae Multiplier Test

Method	Cross-section (Prob.)	Time (Prob.)	Both (Prob.)
Breusch-Pagan	0.0000	0.1539	0.0000
Honda	0.0000	0.9230	0.0006
King Wu	0.0000	0.9230	0.0911
Standardized Honda	0.0000	0.8934	0.3614
Standardized King Wu	0.0000	0.8934	0.8920
Gourieroux, et al.	--	--	0.0000

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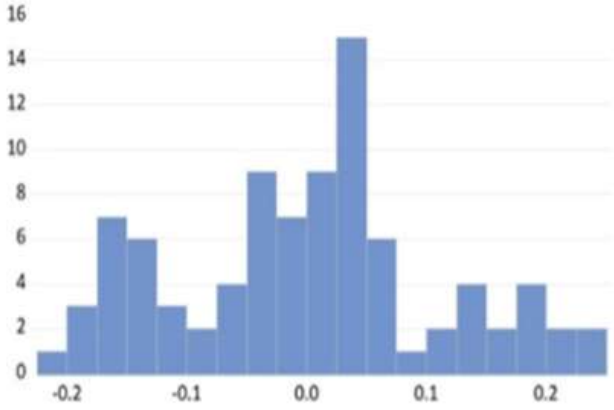
The Breusch-Pagan value obtained was 37.97989 with a probability value of 0.0000. Because the probability value is smaller than the 0.05 significance level, H_0 is rejected. This indicates the presence of a random effect, so the more appropriate model to use in this study is the Random Effects Model (REM).

Classical Assumption Test Results

1. Normality Test

Table 5. Normality Test Results

Descriptive Statistics	Mark
Mean	4.99e-18
Median	0.008135
Maximum	0.249698
Minimum	-0.200558
Std. Dev.	0.110497
Skewness	0.178803
Kurtosis	2.524959
Jarque-Bera	1,311064
Probability	0.519166



Results: p-value = 0.519166 > 0.05 → H0 is accepted; residuals are normal (skewness 0.178803 ≈ 0; kurtosis 2.524959 ≈ 3).

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2. Multicollinearity Test

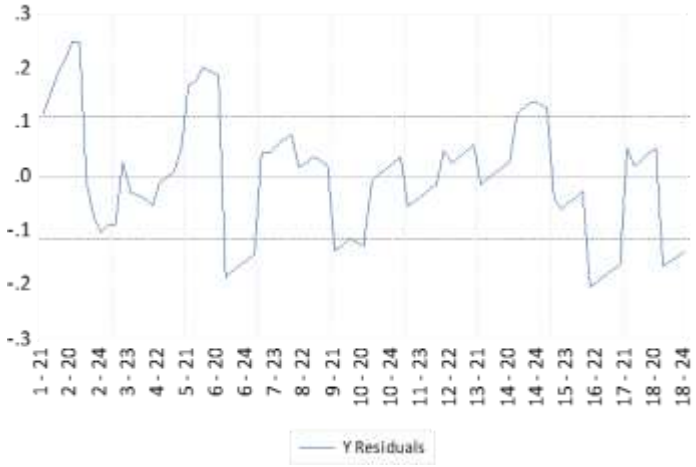
Table 6. Multicollinearity Test Results

Variables	ROA	ROE	TATO	FAT	DPR
ROA	1,000,000	0.990780	0.965741	0.962714	0.965264
ROE	0.990780	1,000,000	0.973358	0.963963	0.951187
TATO	0.965741	0.973358	1,000,000	0.978374	0.940447
FAT	0.962714	0.963963	0.978374	1,000,000	0.959152
DPR	0.965264	0.951187	0.940447	0.959152	1,000,000

The correlation table shows a strong positive relationship between the independent variables (ROA, ROE, TATO, FAT) with moderation (DPR), with the highest correlation of TATO-FAT at 0.978374 reflecting the close relationship between overall asset efficiency and fixed assets, and the lowest correlation of TATO-DPR at 0.940447. Overall, the correlation value is quite strong but still within safe limits for panel data regression analysis.

3. Heteroscedasticity Test

Table 7. Heteroscedasticity Test Results



The White Test results show a p-value > 0.05, thus accepting H0 and showing no signs of heteroscedasticity—constant residual variance (homoscedasticity). The residuals are randomly distributed around zero without any specific pattern, confirming the fulfillment of the assumptions and the suitability of the regression model for further analysis.

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Panel Data Regression Analysis

Table 8. Panel Data Regression Estimation Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C (Constant)	0.547230	0.235996	2,318812	0.0228
ROA	13.49260	2.033220	6.636074	0.0000
ROE	-0.645223	1.541686	-0.418517	0.6766
TATO	-0.040549	0.427834	-0.094777	0.9247
FAT	0.335839	0.206600	1.625551	0.1078
DPR	-0.075936	0.301488	-0.251872	0.8018

Model Test Statistics (Goodness of Fit)

Information	Mark	Information	Mark
R-squared	0.979708	F-statistic	811,1317
Adjusted R-squared	0.978501	Prob(F-statistic)	0.000000
Durbin-Watson stat	0.583154	SE of regression	0.113843

In general, the panel data regression results show that ROA and FAT have a positive effect on PBV, while ROE, TATO, and DPR have a negative effect on PBV. The variable with the most dominant influence on PBV is ROA because it has the largest coefficient value and the strongest significance level (0.0000).

Hypothesis Testing

1. t-test (Partial Test)

Table 9. Summary of Hypothesis Results

Hypothesis	Influence of Variables	Coefficient	Prob.	Information
H1	ROA	-8,581756	0.0203	Accepted (Negative)
H2	ROE	18.90904	0.0000	Accepted (Positive)
H3	TATO	-1.466574	0.0000	Accepted (Negative)
H4	FAT	0.585787	0.0139	Accepted (Positive)

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H5	ROA*Z	40.49736	0.0000	Accepted (Strengthen)
H6	ROE*Z	-35,79763	0.0000	Accepted (Weakened)
H7	TATO*Z	3.395993	0.0001	Accepted (Strengthen)
H8	FAT*Z	-0.343796	0.4918	Rejected

H1: The Effect of ROA on Company Value

The test results show that ROA has a coefficient of -8.581756 with a probability value of 0.0203 < 0.05. This indicates that ROA has a negative and significant effect on Firm Value. This means that an increase in Return on Assets is accompanied by a decrease in firm value during the study period. H1 is accepted.

H2: The Effect of ROE on Company Value

The test results show that ROE has a coefficient of 18.90904 with a probability value of 0.0000 < 0.05. This indicates that ROE has a positive and significant effect on Company Value. A high rate of return on equity provides a positive signal regarding the company's ability to generate profits for shareholders. H2 is accepted.

H3: The Effect of TATO on Company Value

The test results show that TATO has a coefficient of -1.466574 with a probability value of 0.0000 < 0.05. This indicates that TATO has a negative and significant effect on Firm Value. Increasing the efficiency of using total assets to generate sales is actually followed by a decrease in firm value. H3 is accepted.

H4: The Effect of FAT on Firm Value

The test results show that FAT has a coefficient of 0.585787 with a probability value of 0.0139 < 0.05. This indicates that FAT has a positive and significant effect on Firm Value. The more efficient a company is in utilizing fixed assets, the higher the firm's value in the eyes of investors. H4 is accepted.

H5: Moderation of Dividend Policy (DPR) on the Influence of ROA

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The test results show that the ROA*DPR interaction has a coefficient of 40.49736 with a probability value of 0.0000 < 0.05. This indicates that Dividend Policy is able to significantly moderate the effect of ROA on Firm Value in a strengthening direction. H5 is accepted.

H6: Dividend Policy (DPR) Moderates the Effect of ROE

The test results show that the ROE*DPR interaction has a coefficient of -35.79763 with a probability value of 0.0000 < 0.05. This indicates that Dividend Policy significantly moderates but weakens the relationship between ROE and Firm Value. H6 is accepted.

H7: Moderation of Dividend Policy (DPR) on the Influence of TATO

The test results show that the TATO*DPR interaction has a coefficient of 3.395993 with a probability value of 0.0001 < 0.05. This indicates that Dividend Policy is able to moderate and strengthen the influence of TATO on Firm Value. H7 is accepted.

H8: Moderation of Dividend Policy (DPR) on the Effect of FAT

The test results show that the FAT*DPR interaction has a coefficient of -0.343796 with a probability value of 0.4918 > 0.05. This indicates that Dividend Policy is unable to moderate the effect of FAT on Firm Value. H8 is rejected.

2. F test

Table 10. F Test Results

Information	Mark
F-statistic	2248,162
Prob (F-statistic)	0.000000
Significance Level (α)	0.05
Decision	Significant
Conclusion	H_0 rejected

Based on Table 10, the Fstatistic value of 2248.162 with a probability (pvalue) of 0.000000 shows that the pvalue is much smaller than the significance level of 0.05, so H_0rejected and H_a accepted. This means that the independent variables (ROA, ROE, TATO, FAT, dividend policy, and interaction variables) simultaneously have a significant effect on company value (Y), so the regression model used in this study is deemed appropriate to explain the relationship between these variables.

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3. Coefficient of Determination (R^2)

Table 11. Coefficient of Determination

Information	Mark
R-squared	0.996062
Adjusted R-squared	0.995619

Based on Table 11, the Rsquared value of 0.996062 indicates that 99.61% of the variation in Firm Value (Y) can be explained by the independent variables in the model, namely ROA, ROE, TATO, FAT, Dividend Policy, and moderating interaction variables, while the remaining 0.39% is influenced by other variables outside the model. The Adjusted Rsquared value of 0.995619 (99.56%) indicates that after adjusting for the number of variables, the model's ability to explain variations in the dependent variable remains very high. Thus, the regression model in this study has very good quality in explaining firm value.

DISCUSSION

1. The Influence of ROA on Company Value

Based on the results of the hypothesis testing, the Return on Assets (ROA) variable has a coefficient of -8.581756 with a probability value of 0.0203 <0.05. This indicates that ROA has a negative and significant effect on Firm Value, thus the first hypothesis (H1) is accepted. The results of this study indicate that an increase in a company's ability to generate profits from its total assets is actually followed by a decrease in firm value. This condition can occur if the increase in profits generated from assets is not fully responded positively by investors. Investors may consider other factors such as profit stability, business risk, and the company's asset management strategy in assessing the company's future prospects.

According to Signaling Theory, information regarding a company's financial performance can serve as a signal for investors in assessing the company's prospects. However, not all increases in profitability indicators directly provide a positive signal if there are other factors influencing market perception of the company. The results of this study differ from those conducted by (Mellizcha, 2023) and (Luh & Widhiastuti, 2022), which found that ROA had a positive effect on firm value. The differences in these research results may be due to differences in industrial sectors, research periods, and economic conditions that influence investor perceptions of firm performance. Therefore, it can be concluded that in this study, an

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increase in ROA does not necessarily increase firm value, because investors consider various other factors in assessing company performance.

2. The Influence of ROE on Company Value

Based on the results of the hypothesis testing, the Return on Equity (ROE) variable has a coefficient of 18.90904 with a probability value of 0.0000 <0.05. This indicates that ROE has a positive and significant effect on Firm Value, thus the second hypothesis (H2) is accepted. The results of this study indicate that the higher the rate of return on capital owned by shareholders, the higher the company's value in the eyes of investors. A high level of ROE reflects the company's ability to manage its capital to generate optimal profits for shareholders.

According to Signaling Theory, a company capable of generating a high return on equity will send a positive signal to investors regarding the company's performance and future growth prospects. This can boost investor confidence, leading to increased demand for the company's shares, which in turn increases the company's value.

The results of this study align with research conducted by (Yanti et al., 2022), which found that ROE has a positive effect on firm value. Another study by (Putri & Sholichah, 2023) also showed that a high return on equity can increase investor confidence in a company. Therefore, it can be concluded that ROE is a crucial indicator influencing firm value because it reflects a company's ability to generate profits for shareholders.

3. The Influence of TATO on Company Value

Based on the results of hypothesis testing, the Total Asset Turnover (TATO) variable has a coefficient of -1.466574 with a probability value of 0.0000 <0.05. This indicates that TATO has a negative and significant effect on Company Value, so the third hypothesis (H3) is accepted. The results of this study indicate that increasing the efficiency of using total assets in generating sales is actually followed by a decrease in company value. This condition can occur if the increase in sales resulting from the use of assets is not followed by a significant increase in company profits. Investors generally pay more attention to profitability indicators than operational efficiency alone. If the increase in sales is not followed by an increase in profits, then it will not have a positive impact on company value.

The results of this study are inconsistent with those of Santoso & Junaeni (2022), which found that TATO can increase company value. However, they align with those of Rahmawati et al. (2023), which showed that asset management does not necessarily increase company value if it is not accompanied by increased profitability. Therefore, it can be concluded that

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asset management, in generating sales, does not always increase company value if it is not accompanied by improvements in the company's overall financial performance.

4. The Effect of FAT on Company Value

Based on the results of hypothesis testing, the Fixed Asset Turnover (FAT) variable has a coefficient of 0.585787 with a probability value of 0.0139 <0.05. This indicates that FAT has a positive and significant effect on Company Value, so the fourth hypothesis (H4) is accepted. The results of this study indicate that the higher the company's efficiency in utilizing fixed assets to generate sales, the higher the company's value in the eyes of investors. The efficient use of fixed assets indicates that the company is able to utilize its resources optimally to improve operational performance.

Companies that are able to utilize fixed assets efficiently will have better operational performance, thereby increasing investor confidence in the company. The results of this study are in line with research (Niya, 2024) which found that asset management has a positive effect on company value. Research (Nurodin, 2024) also shows that companies that are able to manage fixed assets effectively tend to have higher company value. Thus, it can be concluded that asset management can improve a company's operational performance and provide a positive signal to investors, thus having an impact on increasing company value.

5. Dividend Policy Moderates the Effect of ROA on Firm Value

The result of the ROA*DPR interaction has a coefficient of 40.49736 with a probability of 0.0000 < 0.05. This indicates that Dividend Policy (DPR) is able to significantly moderate and strengthen the influence of ROA on Firm Value, so H5 is accepted.

High dividend payouts act as a "booster" for asset profitability. While ROA has a negative effect on its own in this model, when a company is able to pay out large dividends, investors feel confident that the profits from those assets are actually in the form of real cash (not just accounting figures), thus increasing the company's value.

According to Signaling Theory, dividend policy can be a positive signal to investors regarding a company's future prospects. Companies that generate high profits and distribute dividends tend to be perceived as having good financial performance, which can increase company value.

The results of this study align with research conducted by Ramdany et al. (2022), which found that dividend policy can strengthen the relationship between profitability and firm value. Research by Rahmawati et al. (2023) also shows that companies with high profitability and a stable dividend policy tend to have higher firm value in the eyes of investors.

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Thus, it can be concluded that dividend policy plays an important role in strengthening the influence of profitability on company value because it provides a positive signal to investors regarding the company's ability to generate and distribute profits.

6. Dividend Policy Moderates the Effect of ROE on Firm Value

The result of the ROE*DPR interaction has a coefficient of -35.79763 with a probability of 0.0000 < 0.05. This indicates that Dividend Policy significantly weakens the effect of ROE on Firm Value, so H6 is accepted.

Although ROE has a positive effect, excessive dividend distributions when ROE is high are perceived by the market as reducing the company's opportunity to reinvest its profits. Investors may appreciate it more if a company with a high ROE retains its earnings for future expansion rather than distributing them as dividends.

Dividend distribution decisions often involve conflicts of interest between management and shareholders. Excessive dividend distributions can deplete a company's internal funds, which could be used for business expansion or new investments that could potentially increase the company's value.

The results of this study are in line with research (Syalwa et al., 2025) which found that dividend policy can weaken the relationship between profitability and firm value if investors prioritize company growth over dividend distribution. Research (Pebriyani, 2020) also shows that dividend policy does not always strengthen the influence of profitability on firm value because investors often consider the company's long-term growth strategy. Thus, it can be concluded that although ROE indicates a company's ability to generate profits for shareholders, an excessively large dividend policy can reduce the company's reinvestment potential, thereby weakening the effect of ROE on firm value.

7. Dividend Policy Moderates the Effect of TATO on Firm Value

The result of the TATO*DPR interaction has a coefficient of 3.395993 with a probability of 0.0001 < 0.05. This indicates that Dividend Policy strengthens the influence of TATO on Firm Value, so H7 is accepted.

Dividends serve as a confirmation signal of operational efficiency. High sales to asset turnover (TATO), coupled with a commitment to dividend distribution, reassure investors that the company's operations are sound and generating sufficient cash flow for shareholders.

Strong asset management demonstrates a company's ability to manage its resources optimally to generate sales. When this efficiency is coupled with a stable dividend policy,

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investors tend to perceive the company as having strong operational and financial performance.

The results of this study align with research by Lukwardani et al., 2025, which found that efficient asset utilization coupled with a sound dividend policy can increase company value. Research by Rahmasari, 2020, also shows that dividend policy can strengthen the relationship between a company's operational performance and its value.

Thus, it can be concluded that dividend policy is able to strengthen the influence of efficient use of assets on company value because it provides confidence to investors that the company is not only able to generate high sales but is also able to distribute profits to shareholders.

8. Dividend Policy Moderates the Effect of FAT on Firm Value

The FAT*DPR interaction result has a coefficient of -0.343796 with a probability of 0.4918 > 0.05. This indicates that Dividend Policy is unable to moderate the effect of FAT on Firm Value, so H8 is rejected.

This means that asset management (FAT) has been independently assessed by the market as good, and the size of the dividends distributed does not change investors' perceptions of the efficiency of these fixed assets in influencing the company's value.

This indicates that the size of dividend distributions neither strengthens nor weakens the relationship between asset management and company value. Investors are unlikely to consider the efficiency of fixed asset use as a primary factor in assessing a company's value, especially if it is not accompanied by an increase in overall company profitability.

The results of this study align with those of Yanti et al., 2022, which found that asset management does not always influence firm value, either directly or through dividend policy. Research by Putri & Sholichah, 2023, also showed that dividend policy was unable to moderate the relationship between fixed asset efficiency and firm value because investors prioritized profitability indicators over fixed asset efficiency. Therefore, it can be concluded that dividend policy does not play a significant role in strengthening or weakening the relationship between fixed asset efficiency and firm value.

CONCLUSION

This study found that profitability and asset management have varying effects on firm value (PBV) in healthcare manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2020–2024 period, with dividend policy acting as a selective moderating variable. ROE and FAT have a positive and significant effect on firm value,

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reflecting that investors highly value a company's ability to generate profits from its equity and efficient use of fixed assets. Conversely, ROA and TATO have a negative effect on PBV, indicating that increased profits and total asset efficiency are not always interpreted as positive signals by the market, especially when perceived as potentially detrimental to cash flow or long-term reinvestment opportunities. Dividend policy is shown to strengthen the effect of ROA and TATO on firm value, but weakens the effect of ROE and is unable to moderate the effect of FAT, thus illustrating that signaling mechanisms and conflicts of interest between dividend distribution, growth, and fixed asset utilization are highly contextual in the healthcare sector.

Methodologically, this study is limited by its coverage of the healthcare sector and the 2020–2024 period, so generalization to other sectors or markets requires further testing. Furthermore, the use of quantitative data does not capture qualitative governance dynamics, such as corporate practices or non-financial events, which may influence investor perceptions. Future research is recommended to combine qualitative approaches and cross-sector data, and expand the post-pandemic period, to assess the consistency of the findings in a broader context. Practically, these findings suggest that management should not only focus on improving ROA and TATO efficiency, but also consider their impact on dividend expectations and reinvestment needs, while strengthening the transparency and credibility of dividend policies as a signal of long-term trust to investors.

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