Dividend Policy as a Mediation of The Effect of Profitability and Debt Policy on Stock Prices in Manufacturing Companies on The Indonesia Stock Exchange (IDX) in 2019-2024

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Abstract

The manufacturing sector is important to Indonesia's economy and attracts many investors. This study examines the effect of Return on Equity (ROE) and Debt to Equity Ratio (DER) on stock prices, with the Dividend Payout Ratio (DPR) as a mediating variable, using data from 34 manufacturing companies listed on the Indonesia Stock Exchange during 2019–2024. The results show that ROE positively affects stock prices and DPR, while DER significantly affects stock prices and negatively affects DPR. However, DPR does not significantly affect stock prices and cannot mediate the relationship between ROE, DER, and stock prices. Overall, stock prices are influenced more directly by profitability and capital structure than by dividend policy.

Keywords: Return on Equity, Debt to Equity Ratio, Dividend Payout Ratio, Stock Price, Manufacturing Company.

Introduction

The manufacturing industry is one of the strategic sectors in the Indonesian economy because it has a large contribution to the Gross Domestic Product (GDP) and is an attractive sector for investors in the capital market. The capital market acts as a means of intermediation between parties who have excess funds and those who need funding for business development (Prabowo and Hasibuan 2025). In the face of competition and business risks, manufacturing companies need to manage their financial performance optimally because these conditions can affect investor perception and the movement of the company's stock price (Nanda and Djawoto 2021).

Stock prices are one of the important indicators in assessing a company's performance and become the basis for investment decision-making. Changes in stock prices are influenced by internal and external factors of the company. Internal factors can be seen through financial statements, while external factors include macroeconomic conditions such as changes in interest rates, inflation, and exchange rates (Muhidin 2022). One of the internal indicators that investors often use is profitability because it shows the company's ability to generate profits from the resources it owns (Zainar Inayah 2022).

The manufacturing sector in Indonesia experienced significant changes during 2019–2024 due to global and domestic economic conditions. The COVID-19 pandemic in 2020 caused a decline in production, profitability, and stock prices due to supply chain disruptions and reduced investor confidence. Along with economic recovery, the sector gradually improved until 2024, supported by economic stability, investment growth, and company efficiency. Dividend policy also showed a positive relationship with stock prices, although the movements were not always consistent each year. Higher dividend payments provided positive signals regarding company performance and future prospects, thereby increasing investor confidence in manufacturing companies listed on the Indonesia Stock Exchange.

High profitability reflects the company's good performance so that it can increase investor confidence and have an impact on increasing stock prices. In addition to profitability, debt policy is also an important factor because an optimal capital structure can increase the value of a company, while excessive use of debt can increase financial risk (Togatorop and Susan 2022).

Previous research has shown inconsistent results related to profitability, debt policy, dividend policy, and stock price. Research (Widodo et al. 2025) found that profitability and capital structure have a significant effect on the value of the company, which shows that financial factors are considered by investors in determining investment decisions. However, research on the role of dividend policy as a mediating variable still produces mixed findings.

This study aims to analyze the effect of Return on Equity (ROE) and Debt to Equity Ratio (DER) on Dividend Payout Ratio (DPR) and stock prices in manufacturing companies listed on the Indonesia Stock Exchange (IDX). In addition, this study also aims to examine the influence of Dividend Payout Ratio (DPR) on stock prices, as well as analyze the role of DPR as a mediating variable in the influence of ROE and DER on stock prices in manufacturing companies on the IDX.

Literature Review

Signal theory (signalling theory) explains that the company relays information to external parties, such as investors and creditors, to reduce information asymmetry regarding the company's condition and prospects. The theory developed by Michael Spence (1973) states that the information provided by a company can be the basis for investors to make investment decisions. In this study, signal theory is used to explain the relationship between dividend policy, profitability, and debt policy on stock prices. Dividend policies and high levels of profitability are seen as positive signals regarding the company's future performance and prospects so that it can increase investor confidence and encourage an increase in the share price (Hartono Raya 2022) (Ayu Anwar 2022) and (Sugianto Istanti 2024)

A stock price is defined as the price that occurs in the real market and is the price that is easiest to determine because it is the price of a stock that is going on in the market. If the market has been closed, then the market price used is the closing price (Closing price). In addition, stock prices are also defined as prices that are formed in the stock market at a certain time and determined by market participants. The high and low stock price is influenced by the demand and supply of shares in the capital market. Stock price is a price that is formed when the market takes place based on the closing price (Closing price) (Husain Fauziah 2021) (Bebasari, et al 2022).

Profitability is the main indicator in assessing a company's ability to generate profits sustainably (Dasinapa 2023). In addition, the profitability ratio functions as a measure of management's effectiveness in achieving company goals and can be used by management, owners, and external parties to assess the company's performance. According to Nike Aprilya Agatha (2021), the results of the profitability ratio measurement provide an important basis for decision-makers in evaluating the company's long-term growth and stability potential (Nike April 2021). The higher the ROE value, the better the company's ability to create profits from its capital, so this ratio is considered relevant to describe the company's profitability performance and is one of the indicators that investors pay attention to in assessing the company's prospects (Kusuma et al. 2021)

Dividend policy is an important part of a company's financial decisions because it is directly related to the distribution of profits and investors' perception of the company's value. According to Zubaedah (2022), the dividend policy is a company's strategic decision regarding whether the profits earned will be distributed to shareholders in the form of dividends or held to finance future investment and development of the company (Zubaedah 2022). In this context, companies need to consider the impact of dividend policies on stock prices, as they can affect investors' assessment of the company's performance and prospects. The value of a company is often measured by the value of its shares when the value of debt is considered constant (Fauziah & Ningsih 2025). Therefore, the dividend policy is one of the factors that plays an important role in increasing the company's value and attracting investors.

Debt policy describes a company's decision to determine the proportion of the use of external funds (debt) compared to its own capital to finance the company's operational activities. Research conducted by Darmawan and Susanto (2023) found that profitability has a negative effect on debt policies in manufacturing companies listed on the Indonesia Stock Exchange (IDX) (Darmawan & Susanto 2023). In addition, research by Wijaya and Hastuti (2024) shows that asset structure has a positive effect on debt policy, while profitability does not have a significant influence on corporate debt policy (Wijaya & Hastuti 2024).

Hypotheses Development

Return on Equity (ROE) is a profitability ratio that shows the company's ability to generate net profit by using its own capital. The higher the ROE value, the more effective the company is at managing

equity to make a profit. This condition gives a positive signal to investors regarding the company's performance and future prospects. Previous research has shown that profitability has an influence on stock prices. Baita and Masyita (2025) stated that high profitability can increase the attractiveness of the company in the eyes of investors so that it has an impact on the increase in stock prices (Baita and Masyita 2025).The findings are supported by research by Salsabila et al. (2023) which found that profitability has a positive effect on stock returns. This shows that investors tend to respond positively to companies that are able to generate profits consistently because they are considered to have better growth prospects (Salsabila et al. 2023).
H1: Profitability (ROE) has a positive and significant effect on the stock price of manufacturing companies listed on the Indonesia Stock Exchange (IDX).

Debt policy is a company's decision to use funding sources derived from debt to finance the company's operational activities and investments. Debt policy is generally measured using Debt to Equity Ratio (DER). Research on debt policy to stock prices shows that capital structure has an influence on the value of the company. Maiza Eka (2023) states that the use of debt can increase or decrease the value of the company depending on the level of risk posed (Maiza Eka 2023). In addition, Amanda Sri Rejeki (2026) stated that debt policy affects investors' perception of the company, thus having an impact on stock prices (Amanda Sri Rejeki 2026).
H2: Debt policy affects the stock price of manufacturing companies listed on the Indonesia Stock Exchange (IDX).

A high ROE indicates that the company has the ability to generate large profits. The company's high profits allow the company to distribute dividends to shareholders in larger amounts. Previous research has shown that profitability has an effect on dividend policy. Hermawan et al. (2025) and Maryati (2022) stated that companies with high profitability have a greater ability to distribute dividends to shareholders (Hermawan et al. 2025) (Maryanti 2022). Farooq and Muhammad (2025) explain that high profits allow companies to set a larger dividend policy (Farooq and Muhammad 2025). In addition, Sofiyah and Nurissaifah (2022) stated that the company's ability to pay dividends is highly dependent on the level of profitability obtained by the company (Sofiyah and Nurissaifah 2022).
H3: Profitability (ROE) has a positive and significant effect on dividend policies in manufacturing companies listed on the Indonesia Stock Exchange (IDX).

Debt policy can affect a company's ability to distribute dividends. Companies that have high debt levels tend to prioritize debt payments and interest payments over dividend distributions to shareholders. Research shows that debt policy affects a company's dividend policy. Tarumingkeng (2025) states that companies with high debt levels tend to withhold profits to meet their obligations so that the dividends distributed become lower (Tarumingkeng 2025). In addition, Maiza Eka (2023) stated that the capital structure affects the dividend distribution decision (Maiza Aka 2023).
H4: Debt policy affects dividend policy in manufacturing companies listed on the Indonesia Stock Exchange (IDX).

The dividend policy is a company's decision regarding the amount of profit that will be distributed to shareholders in the form of dividends. Dividend policies are often measured using Dividend Payout Ratio (DPR). Research shows that dividend policy has a positive influence on stock prices. Gordon (1956) through the theory Bird in the Hand stating that investors prefer definite dividends so that they can increase the stock price. (Intan and Lidia 2025) explained that the dividend policy gives a positive signal to investors regarding the company's prospects so that it increases the stock price. In addition, (Evi Yohan, 2023) stating that the distribution of dividends influences investors' decisions to buy shares which ultimately has an impact on the increase in the stock price.
H5: The dividend policy has a positive and significant effect on the share price of manufacturing companies listed on the Indonesia Stock Exchange (IDX).

High profitability encourages companies to distribute larger dividends to shareholders. The dividend distribution gives a positive signal to investors regarding the company's prospects, thereby increasing investor interest in the company's shares and having an impact on the increase in the stock price. Research shows that dividend policies can mediate the influence of profitability on stock prices. Intan and Lidia (2025) stated that the company's value is influenced by the dividend policy that comes from the company's ability to generate profits (Intan and Lidia 2025). Arlita et al (2023)

explain that high profitability increases the company's ability to pay dividends which then affects the stock price (Arlita et al. 2023). Sidabutar et al. (2025) explained that dividend policy can strengthen the influence of financial factors on company value. Consistent dividend distribution gives positive signals regarding the company's ability to generate profits so that it can increase investor confidence (Sidabutar et al. 2025).
H6: The dividend policy mediates the effect of profitability on stock prices in manufacturing companies listed on the Indonesia Stock Exchange (IDX).

Debt policies affect a company's ability to distribute dividends to shareholders. High debt levels can reduce the profits available to be distributed as dividends because companies must meet debt payment obligations first. Research shows that dividend policy can mediate the influence of debt policy on stock prices. Kurniawati et al. (2021) stated that a high debt level reduces the company's ability to distribute dividends because profits are used to meet the company's obligations (Kurniawati, Wijayanti, and Kholis 2021). Arlita et al. (2023) explained that debt policy affects dividend policy which then has an impact on stock prices (Arlita et al. 2023). Research by Sidabutar et al. (2025) also shows that dividend policy is related to company funding decisions. The level of debt utilization can affect the company's ability to distribute dividends, indirectly affecting the company's value (Sidabutar et al. 2025).
H7: Dividend policy mediates the effect of debt policy on stock prices in manufacturing companies listed on the Indonesia Stock Exchange (IDX).

Method

The population in this study includes all manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2019–2024 period. The selection of the manufacturing sector was carried out because this sector is the largest representation of the real economy in Indonesia, has a dominating number of issuers on the Indonesia Stock Exchange, and has a large market capitalization value so that it makes a significant contribution to the movement of the stock price index in Indonesia. This sampling technique uses the purposive sampling method with the following criteria:

Tabel 1. Sample Criteria

No	Remarks	Quantity
	Manufacturing Companies Listed on the Indonesia Stock Exchange (IDX) for the 2019-2024 period	228
	Sampling based on criteria	
1.	Companies that are not listed consecutively during the period 2019-2024	(60)
2.	Companies that do not present financial statements for the 2019-2024 period	(21)
3.	Companies that do not use rupiah (RP) currency	(27)
4.	Companies that don't make a profit	(58)
5.	Companies that do not distribute dividends	(28)
	Research Sample	34
	Total Sample (n x study period) (34 x 6 years)	204

Source: Data processed, 2026

This research uses quantitative data sourced from secondary data in the form of annual financial statements and annual reports of manufacturing companies listed on the IDX for the 2019–2024 period. The data was obtained through the official website of the Indonesia Stock Exchange (IDX) and was used to analyze the relationship between profitability, debt policy, dividend policy, and stock price.

Data analysis begins with descriptive statistics to describe the characteristics of the research data through mean values, standard deviations, maximum values, and minimums. Next, a normality test was carried out using the Kolmogorov-Smirnov method to ensure normal data distribution before further testing.

Classical assumption testing is carried out through multicollinearity, heteroscedasticity, and autocorrelation tests. The multicollinearity test used the Variance Inflation Factor (VIF) and tolerance values, the heteroscedasticity test used a scatterplot graph, while the autocorrelation test used

Durbin-Watson. This test aims to ensure that the regression model meets the necessary assumptions so as to produce valid and unbiased estimates.

The relationships among variables were analyzed using panel data regression to examine the direct and indirect effects of profitability and debt policy on stock prices through dividend policy as a mediating variable. The dataset consisted of 34 companies observed over a six-year period, resulting in 204 firm-year observations.

The feasibility of the model was evaluated using the coefficient of determination (R^2), while hypothesis testing was carried out through the t-test and the F-test at a significance level of 5%. In addition, The mediating effect of dividend policy was examined using the Sobel test to assess whether dividend policy significantly mediates the relationship between profitability and debt policy and stock prices. The indirect effect was evaluated based on the significance of the Sobel test statistic.

Table 2. Variable Operational Definition

No	Variable	Operational Definition	Formula	Scale
1	Profitability (X1)	The company's ability to generate net profit by utilizing its own capital invested by shareholders.	Return on Equity (ROE) = Net Profit After Tax ÷ Shareholders' Equity	Ratio
2	Debt Policy (X2)	The level of use of loan funds (debt) by the company to finance operational activities and investments compared to its own capital.	Debt to Equity Ratio (DER) = Total amount of debt / Amount of shareholder equity	Ratio
3	Stock Price (Y)	Market value per share reflects investors' perception of a company's performance, financial condition, and prospects in the capital market.	The Closing Price (CP) is the closing price of a stock at the end of the trading period or at the end of the research year that is used as an indicator of the market value of a company's shares.	Nominal
4	Dividend Policy (Z)	Management decisions regarding the proportion of net profit to be distributed to shareholders in the form of cash dividends.	Dividend Payout Ratio (DPR) = Cash Dividend per Share ÷ Net Profit per Share	Ratio

Results And Discussion

Table 3. Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
ROE	204	5.00	1567.00	172.0245	240.82677
DER	204	13.00	2529.00	542.3922	383.06930
DPR	204	3.00	33686.00	602.8480	2443.81889
Harga Saham	204	76	19025	2470.55	3248.729
Valid N (listwise)	204				

Source: Data processed, 2026.

Table 3 presents the descriptive statistics of the variables used in this study based on 204 firm-year observations. The stock price variable has a minimum value of 76, a maximum value of 19,025, a mean of 2,470.55, and a standard deviation of 3,248.73, indicating substantial variation in stock prices across firms and years.

The Dividend Payout Ratio (DPR) ranges from 3.00 to 33,686.00, with a mean of 602.8480 and a standard deviation of 2,443.8189, suggesting considerable dispersion in firms' dividend distribution policies. The Debt-to-Equity Ratio (DER) has a minimum value of 13.00, a maximum value of 2,529.00, a mean of 542.3922, and a standard deviation of 383.0693. Meanwhile, the Return on Equity (ROE) ranges from 5.00 to 1,567.00, with a mean of 172.0245 and a standard deviation of 240.8268.

Overall, the descriptive statistics indicate substantial variability in the financial characteristics of the sampled firms over the observation period, supporting the use of panel-data analysis to capture both cross-sectional and time-series variations.

Table 4. Normality Test Results

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		204
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	1.15154763
Most Extreme Differences	Absolute	.061
	Positive	.058
	Negative	-.061
Test Statistic		.061
Asymp. Sig. (2-tailed)		.061[c]

Source : Data processed, 2026.

Based on the table shows normal distributed data. This can be seen from the Kolmogorov-Smirnov test which shows a significance level of 0.061 which is greater than the probability value of 0.05. This means that the research data has been distributed normally so that the data can be used in testing.

Table 5. Multicollinearity Test Results

Coefficients[a]

Model		Collinearity Statistics Tolerance	VIF
1	ROE	.775	1.290
	DER	.843	1.187
	DPR	.821	1.218

Source : Data processed, 2026.

On the basis of the table, it can be explained in the equation model showing the value of VIF (Variance Inflation Factor) below 10 with values ranging from 1.187 to 1.290. while the Tolerance value can be seen that the value above 0.10 ranges from 0.775 to 0.843. So it can be said that there is no multicollinearity.

Table 6. Heteroscedasticity Test Results

Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1889.596	409.252		4.617	.000
	ROE	1.268	1.069	.094	1.186	.237
	DER	.784	.645	.092	1.216	.226
	DPR	-.103	.102	-.078	-1.010	.314

Source : Data processed, 2026.

Based on table 6. It can be explained that the variable data used is not indicative of heteroscedasticity. This can be seen from the probability value (Sig.) for all variables showing values above 0.05. That is ranging from 0.226 to 0.314.

Table 7. Autocorrelation Test Results with Durbin-Watson

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.274[a]	.075	.066	1.15726	.493

Source : Data processed, 2026.

Based on the results of the autocorrelation test using the Durbin–Watson statistical test, a Durbin–Watson value of 0.493 was obtained. The value is below (dL) of the Durbin-Watson table for n = 204, so it can be concluded that there are positive autocorrelation symptoms in the regression model. Thus, the classical assumption of the absence of autocorrelation has not been fulfilled.

Table 8. Autocorrelation Test Results (Cochrane-Orcutt)

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.753[a]	.568	.565	.76094277	1.990

Source: Data processed, 2026.

Based on table 8, the results of the autococoration test the Durbin-Watson value increased significantly from 0.493 to 1.990. This value is compared to the value of the table using a confidence degree of 5% (0.05) with a sample (n) of 204 and an independent variable (k) of 3, then in the Durbin-Watson table the dU value of 1.77 to 1.81 is obtained. Therefore, the Durbin-Watson value of 1,990 was proven to meet the criteria.

The results of this comparison prove that the Durbin-Watson value after the transformation is within the range of non-autocorrelated regions and is very close to the ideal value of 2.00. Thus, it can be concluded that the autocorrelation symptoms in this research model have been successfully overcome.

Table 9. Panel Data Regression Analysis Results

Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	4.428	.726		6.102	.000
	ROE	.294	.093	.216	3.151	.002
	DER	.213	.094	.157	2.275	.024
	DPR	.020	.054	.025	.366	.715

Source : Data processed, 2026

Based on the results of data processing using the SPSS program, multiple linear regression results were obtained as follows:

$$Y = 4.428 + 0.294X_1 + 0.213X_2 + 0,020Z + e$$

The regression equation can be interpreted as follows:

1. A constant value of 4.428 indicates that ROE and DER are of constant value or equal to zero, then the value of the Share Price is 4.428.
2. The value of the ROE regression coefficient of 0.294 indicates that every increase in ROE by one unit will increase the Stock Price by 0.294 units assuming other variables are fixed.
3. The value of the DER regression coefficient of 0.213 indicates that each increase in DER by one unit will increase the Share Price by 0.213 units assuming that other variables are fixed.

Table 10. Results of Linear Analysis of ROE and DER

Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	4.477	.693		6.465	.000
	ROE	.291	.097	.207	2.988	.003
	DER	.210	.101	.144	2.077	.039

Source : Data processed, 2026.

Based on the results of data processing using the SPSS program, multiple linear regression results were obtained as follows:

$$Y = 4.477 + 0.291X_1 + 0.210X_2 + e$$

The regression equation can be interpreted as follows:

1. A constant value of 4.477 indicates that the ROE and DER are constant or equal to zero, then the value of the Stock Price is 4.477.
2. The value of the ROE regression coefficient of 0.291 indicates that every increase in ROE by one unit will increase the Stock Price by 0.291 units assuming other variables are fixed.
3. The value of the DER regression coefficient of 0.210 indicates that every increase in DER by one unit will increase the Share Price by 0.210 units assuming other variables are fixed.

To determine the influence of ROE and DER on the Dividend Payout Ratio (DPR) as a mediation variable, a regression analysis was carried out with the DPR as a dependent variable. The test results result in the following equation:

$$Z = 6.906 + 1.000X_1 - 0.999X_2 + e$$

The equation shows that:
The ROE coefficient is 1,000 with a significance value of 0.000. This shows that ROE has a positive and significant effect on the DPR.
The DER coefficient is -0.999 with a significance value of 0.000. This shows that DER has a negative and significant effect on the DPR.

Table 11. Results of Mediation Variable Pathway Analysis

Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	6.906	.003		2010.894	.000
	ROE	1.000	.000	.804	2068.511	.000
	DER	-.999	.001	-.775	-1992.204	.000

Source : Data processed, 2026

Path analysis is used to determine the direct and indirect influence of Return on Equity (ROE) and Debt to Equity Ratio (DPR) on stock prices through Dividend Payout Ratio (DPR) as a mediation variable. The calculation of the direct influence uses the Standardized Coefficients Beta value, while the indirect effect is obtained from the multiplication of the path coefficient of the independent variable on the mediating variable with the path coefficient of the mediating variable on the dependent variable.

Based on the results of the regression analysis, the path coefficients were obtained as follows:
ROE → DPR = 0.804
DER → DPR = -0.775
DPR → Stock Price = 0.025
ROE → Stock Price = 0.216
DER → Stock Price = 0.157

The results of the analysis show that the Return on Equity (ROE) has a direct influence on the stock price of 0.216. This value shows that ROE has a positive effect on the stock price, which means that the higher the company's profitability level, the stock price tends to increase.

Meanwhile, the indirect influence of ROE on Stock Price through the House of Representatives is obtained by multiplying the coefficient of the ROE path to the House of Representatives with the coefficient of the House of Representatives to the Stock Price price. (0.804 x 0.025 = 0.020). These results show that the indirect influence of ROE on the Stock Price through the DPR is 0.020. Thus, the direct influence of ROE on the Stock Price is greater than the indirect influence through the DPR.

The results of the analysis show that the Debt to Equity Ratio (DER) has a direct influence on the Stock Price of 0.157. This shows that the Debt Policy has a positive influence on stock prices. Meanwhile, the indirect influence of DER on Stock Prices through the House of Representatives is obtained by multiplying the coefficient of the DER path to the House of Representatives with the coefficient of the House of Representatives on the price of the Stock Price (-0.775 x 0.025 = -0.019). These results show that the indirect influence of DER on the Stock Price through the House of Representatives is -0.019. The negative value shows that the increase in DER tends to lower the DPR, which then negatively impacts the Stock Price.

Table 12. Determination Coefficient Test Results (R^2)

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.753[a]	.568	.565	.76094277	1.990

Source: Data processed, 2026.

Based on table 12 above, the Adjusted R Square result is 0.565

Table 13. Partial Test (T test)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.428	.726		6.102	.000
	ROE	.294	.093	.216	3.151	.002
	DER	.213	.094	.157	2.275	.024
	DPR	.020	.054	.025	.366	.715

a. Dependent Variable: Harga Saham

Source: Data processed, 2026.

Based on the table above, describing the results of the statistical test t shows the following results:

1. The Effect of Return on Equity (ROE) on Stock Price
   Based on the test results in table 12, the ROE variable has a significance value of 0.002. The value is less than 0.05 (0.002 < 0.05). Thus, H01 is rejected and Ha1 is accepted. This shows that ROE has a significant effect on the stock price.
2. The Effect of Debt to Equity Ratio (DER) on Stock Price
   Based on the test results, a significance value of 0.024 was obtained. The value is less than 0.05 (0.024 < 0.05). Thus, H02 is rejected and Ha2 is accepted. This shows that DER has a significant effect on stock prices.
3. The Effect of Dividend Payout Ratio (DPR) on Stock Price
   Based on the test results, a significance value of 0.715 was obtained, the value was greater than 0.05 (0.715 > 0.05). Thus H3 was rejected. This shows that the DPR does not have a significant effect on the Stock Price.
4. The Effect of Return on Equity (ROE) on Dividend Payout Ratio (DPR)
   Based on the test results, a significance value of 0.000 was obtained. The value is smaller than 0.05 (0.000 < 0.05). Thus H4 was accepted. This shows that ROE has a significant effect on the DPR.
5. The Effect of Debt to Equity Ratio (DER) on Dividend Payout Ratio (DPR)
   Based on the test results, a significance value of 0.000 was obtained. The value is smaller than 0.05 (0.000 < 0.05).Thus H5 was accepted. This shows that DER has a significant effect on the DPR.

The statistical test F basically shows whether all the independent or independent variables included in the model have a cumulative effect on the dependent or bound variables.

Table 14. Statistical Test Results F

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.952	3	7.317	5.440	.001[b]
	Residual	269.025	200	1.345		
	Total	290.977	203			

Source : Data processed, 2026

In the statistical test f above, it shows that the F value is calculated as 5,440 and the significance value is 0.001 < 0.05 indicating that the model used in this study is feasible.

A variable is considered a mediating variable if it influences the relationship between the independent variable and the dependent variable. The mediation hypothesis was tested using the Sobel Test.

1. Dividend policy mediates the effect of profitability on stock prices in manufacturing companies listed on the Indonesia Stock Exchange (IDX).

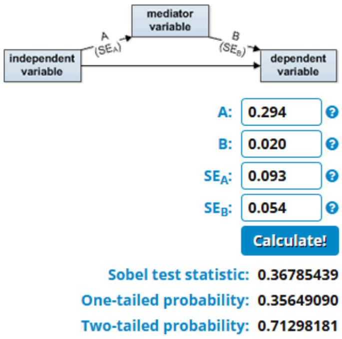

Figure 3. Sobel Test 1

Based on the mediation analysis using the Sobel Test, the Sobel test statistic was 0.368 with a p-value of 0.713. Since the p-value is greater than the significance level of 0.05 (0.713 > 0.05), the mediation effect of dividend policy on the relationship between profitability and stock prices is not statistically significant. Therefore, dividend policy is not able to mediate the effect of profitability on stock prices in manufacturing companies listed on the Indonesia Stock Exchange (IDX). Accordingly, the mediation hypothesis is rejected.

2. Dividend policy mediates the effect of debt policy on stock prices in manufacturing companies listed on the Indonesia Stock Exchange (IDX).

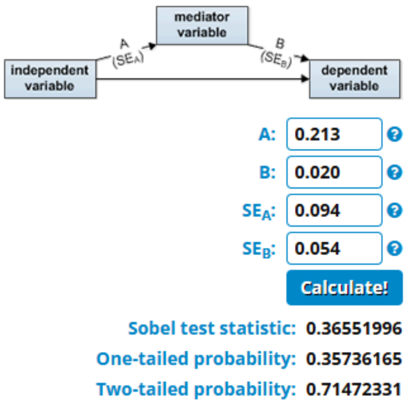

Figure 4. Results of the Mediation Effect Test

Based on the mediation analysis using the Sobel Test, the Sobel test statistic was 0.366 with a p-value of 0.715. Since the p-value is greater than the significance level of 0.05 (0.715 > 0.05), the mediation effect of dividend policy on the relationship between debt policy and stock prices is not statistically significant. Therefore, dividend policy is not able to mediate the effect of debt policy on stock prices in manufacturing companies listed on the Indonesia Stock Exchange (IDX). Accordingly, the mediation hypothesis is rejected.

Discussion

ROE is a profitability ratio that shows the company's ability to generate net profit through the capital owned by shareholders. The higher the ROE value indicates the more effective the company is in managing its capital to generate profits. A high level of profit will increase investors' confidence in the company's prospects so that it can increase the demand for stocks in the capital market. The results of this study are in line with Safitri's research (2024) which shows that profitability has a positive effect on company value (Farid & Safitri 2025). In addition, Salsabila et al. (2023) also prove that profitability is able to increase stock returns so that it is the main consideration for investors in making investment decisions. (Salsabila et al. 2023)

DER describes the level of debt utilization in a company's capital structure. The level of debt that a company has can be considered by investors in assessing investment risk. The higher the debt level, the higher the risk that the company must bear. However, the use of optimally managed debt can improve a company's ability to expand its business and increase profits (Kirani 2025).

The results show that Return on Equity (ROE) has a significant effect on Dividend Payout Ratio (DPR). Thus, the H3 hypothesis is accepted. High profitability reflects the company's ability to generate large profits. The profit is the main source of dividend distribution to shareholders. The higher the profit the company earns, the greater the company's chances of distributing dividends to investors (Purba et al. 2025).

These results show that Debt to Equity Ratio (DER) has a significant effect on Dividend Payout Ratio (DPR). Thus, the H4 hypothesis is accepted. A negative regression coefficient indicates that an increase in DER will lower the DPR. This is because companies that have a high level of debt have to allocate part of their profits to meet interest and principal payment obligations so that the funds available to be distributed as dividends become smaller (Sinaga and Nabila 2025).

The results show that Dividend Payout Ratio (DPR) does not have a significant effect on stock prices. Thus, the H5 hypothesis is rejected. These findings indicate that investors do not make dividends a key consideration in investment decision-making, based on Signalling Theory, dividends can be a positive signal regarding the company's prospects (Wijanarko and Sugiono 2025). However, in this study, the signal was not strong enough to affect stock prices. Investors tend to pay more attention to the company's fundamental factors, such as profitability and capital structure, rather than the amount of dividends distributed.

The results show that Dividend Payout Ratio (DPR) is unable to mediate influence Return on Equity (ROE) on the stock price. Thus the H6 hypothesis is rejected. ROE has a significant effect on the House of Representatives and the stock price, while the House of Representatives has no significant effect on the stock price. Therefore, the effect of ROE on stock prices occurs directly without going through the House of Representatives (Hartati 2025).

Based on the results of the partial test (t-test), a regression coefficient value of 0.294 was obtained which was greater than 0.05. These results show that the Dividend Payout Ratio (DPR) is not able to mediate the influence Debt to Equity Ratio (DER) to the share price. Thus the seventh hypothesis of H7 is rejected. The DER has a significant effect on the DPR and the stock price, while the DPR has no significant effect on the stock price. This condition causes the indirect influence of DER on stock prices through the DPR to be insignificant, so that the influence of DER on stock prices occurs directly without going through the DPR (Musdalifa and Mardiana 2024).

Conclusion

Based on the results of the study, it can be concluded that Return on Equity (ROE) has a positive and significant effect on stock prices, while Debt to Equity Ratio (DER) also has a significant effect on the share prices of manufacturing companies listed on the IDX for the 2019–2024 period. ROE has a positive effect on the Dividend Payout Ratio (DPR), while DER has a negative effect on the DPR. However, the House of Representatives has not been proven to have a significant effect on stock prices or mediate the relationship between ROE and DER on stock prices. These findings show that stock price movements are more directly influenced by the company's profitability performance and capital structure than through dividend policies. Further research is recommended to expand the object of study, add other fundamental and macroeconomic variables, and use a more comprehensive analytical approach to gain a deeper understanding of the factors that influence stock prices.

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