

The Influence Of Financing Decisions, Dividend Policy, And Financial Distress On Company Value With Financial Performance As A Mediating Variable (Study On Miscellaneous Industry Sector Issuers Listed In The Indonesian Sharia Stock Index (Issi) Period 2019-2023)

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Abstract

This study aims to analyze the effect of funding decisions, dividend policies, and financial difficulties on company value with financial performance as a mediating variable in Miscellaneous Industry issuers listed on the Indonesian Sharia Stock Index (ISSI) for the period 2019– 2023. This study uses a quantitative approach with a causal associative method. The research data was obtained from the companies' annual financial reports and analyzed using the Partial Least Square (PLS) method with the help of SmartPLS 4.0 software. The funding decision variable was measured using the Debt to Equity Ratio (DER), dividend policy using the Dividend Payout Ratio (DPR), financial distress using the Altman Z-Score, financial performance using Return on Assets (ROA), and company value using Price to Book Value (PBV). The results show that financing decisions have a significant effect on company value, while dividend policy and financial distress do not have a significant effect on company value. In addition, financing decisions, dividend policy, and financial distress do not have a significant effect on financial performance. Financial performance also does not have a significant effect on company value and is unable to mediate the relationship between independent variables and company value. These findings indicate that company value in the ISSI Miscellaneous Industry sector is more influenced by factors outside the research model. Subscribe to DeepL Pro to edit this document. Visit www.DeepL.com/pro for more information.

Keywords: Firm Value, Signaling Theory, Indonesian Sharia Stock Index, Miscellaneous Industry Sector, PLS-SEM

A. INTRODUCTION

The Islamic capital market plays a major role in integrating Islamic values with investment activities. In Indonesia, the seriousness in implementing Islamic financial principles can be seen from the establishment of the Indonesia Sharia Stock Exchange (BEI Syariah) and various

regulations that support the development of the Islamic capital market . Legally, the Islamic capital market is based on the fatwa of the Indonesian Ulema Council's National Sharia Board (DSN-MUI) and the provisions of Law No. 8 of 1995 concerning the Capital Market (Argita, 2024), There are two types of Islamic stocks recognized in the Indonesian capital market. First, shares that are declared to meet the criteria for sharia stock selection based on OJK Regulation No. 35/POJK.04/2017 concerning criteria and the issuance of a list of sharia securities. Second, shares that are listed as sharia shares by issuers or sharia public companies based on OJK Regulation No. 17/POJK.04/2015 (Indonesia Stock Exchange, 2025). One of the performance indicators and instruments of the Islamic capital market that serves as a reference for investors who invest in accordance with Islamic principles is the Indonesian Sharia Stock Index (ISSI), which was introduced by the Indonesia Stock Exchange (IDX) in 2011 (Indonesia Stock Exchange, 2025). The ISSI constituents include all sharia stocks listed in the Sharia Securities List (DES) published by the OJK and listed on the main board and development board of the Indonesia Stock Exchange (IDX). The ISSI calculation method adopts the same method as other IDX stock indices, which is to use a weighted average based on market capitalization (Indonesia Stock Exchange, 2025). The following is data on the development of the capitalization of the Indonesian Sharia Stock Index (ISSI) during the 2019-2023 period:

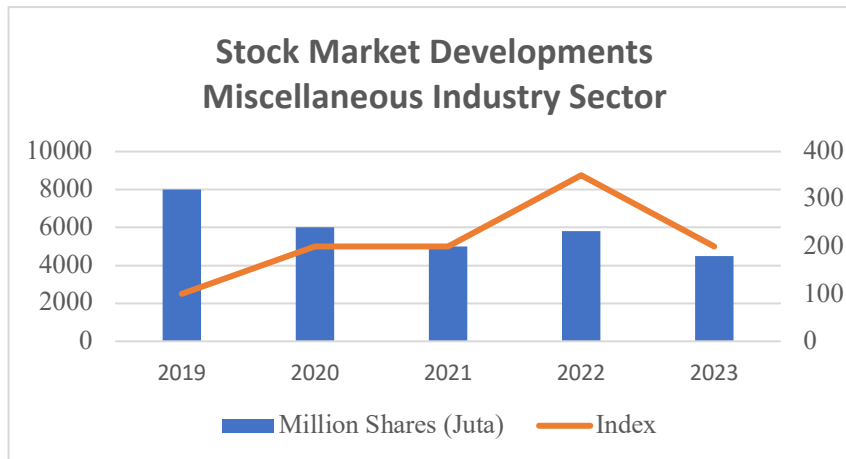
Table 1. Data on the Development of the Capitalization of the Indonesia Sharia Stock Index for the Years 2019-2023

Year	Capitalization of the Indonesia Sharia Stock Index (ISSI)
2019	3,744.82
2020	3,344.93
2021	3,983.65
2022	4,786.02
2023	6,145.96
*in IDR Trillion	

Data Source: ojk.co.id (processed by researchers, 2025)

The market capitalization of ISSI stocks increased significantly from IDR 3,744.82 trillion in 2019 to IDR 6,145.96 trillion in 2023. This increase indicates that investor interest and confidence in sharia-based stocks continues to grow. In addition, the growth of ISSI capitalization also reflects the increasing number of sharia issuers contributing to the Indonesian capital market, as well as the increasing role of the sharia sector in the national economy.

One of the sectors that is part of the ISSI is the industrials or miscellaneous industries sector, which has approximately 57 issuers with Indonesia Stock Exchange classifications covering subsectors such as machinery, automotive, component manufacturing, and construction (Nainggolan et al., 2023). This sector is characterized as capital-intensive, with long-term funding needs, and is highly sensitive to corporate financial policies (Agustin & Anwar). Therefore, careful financial management is crucial for the sustainability and value of the company in the eyes of investors. In the context of financial management, changes in stock value reflect the impact of managerial decisions related to funding, investment, and dividend policies made by the company. When a company is able to manage its finances effectively, maintain profitability, and maintain performance stability, the stock index for this sector tends to increase as a reflection of the company's high value. Conversely, if management fails to maintain efficiency and market confidence declines, the company's value and stock index will decline (Geralin & Purwanto, 2023). The following is data on the development of stocks in the Miscellaneous Industry sector for the period 2019–2023.



Data Source: idx.co.id processed by researchers, 2025)

Image 1. Development of Miscellaneous Industry Sector Stocks in 2019- 2023

Overall, Aneka Industri shares showed a volatile pattern. Overall, the development of shares in the Aneka Industri sector in the 2019– 2023 period showed significant fluctuations. In 2019, the number of shares was relatively high with a low index. Then, from 2020 to 2021, the stock index increased, indicating an improvement in the performance of the industrial sector, even though the number of shares had declined. The year 2022 marked the peak of the stock index increase, indicating high investor confidence in the value of companies in this sector. However, in 2023, the index fell again, indicating a possible decline in financial performance or negative market sentiment towards the sector.

The development of stocks in the Miscellaneous Industry sector during the period 2019 to 2023 reflects various challenges in financial management in this sector. Historical data on the manufacturing and automotive industries, which are part of the Miscellaneous Industry sub-sector, show a decline in stock value in line with weakening demand and economic challenges during those years (Muamar, 2020). Many companies rely on short-term financing for working capital needs, which increases liquidity risk and refinancing difficulties when market conditions deteriorate. This indicates the need for more careful financial management to maintain the stability and financial performance of companies in this sector (Ihtiarasari & Durya, 2022). On the other hand, during and after the pandemic, the Miscellaneous Industry sector experienced a decline in profitability and operating cash flow due to decreased demand and increased raw material costs. This has limited companies' ability to rely on internal funding (Ananda & Lisiantara). Additionally, economic uncertainty, interest rate changes, and OJK and DSN-MUI regulations related to sharia financing add complexity to determining the optimal capital structure for companies in this sector.

The Miscellaneous Industry sector listed in the Indonesian Sharia Stock Index (ISSI) during the 2019–2023 period consisted of 57 issuers; however, the majority 41 firms did not distribute dividends regularly. The reasons companies refrain from paying dividends are generally related to investment funding needs, maintaining liquidity, and addressing debt repayment difficulties (Indonesia Stock Exchange, 2025). In addition, firms retain earnings to prepare for economic uncertainty, business expansion, or losses incurred during the period (Indonesia Stock Exchange, 2025). Dividend policy represents the company's right to determine whether profits are distributed as dividends or allocated as retained earnings (Nisa, 2019). From an investor's perspective, consistent dividend payments are viewed as a positive signal of a firm's financial health. Dividend policy is important for several reasons. First, companies can use dividends as a financial signaling

mechanism to external parties regarding stability and growth prospects. Second, dividends play a significant role in shaping the company's capital structure (Irnawati, 2021).

The pressure involved in determining financing decisions and dividend policy also affects the image and market perception of a firm's value. When a company chooses to reduce or postpone dividend payments in order to preserve internal cash availability, some investors may interpret this decision as a signal of weakening financial conditions and declining firm value, which can ultimately depress stock prices and market capitalization. Conversely, firms that continue to distribute large dividends despite declining profits risk reducing funds available for expansion and weakening liquidity, thereby potentially endangering long-term stability (Hidayah et al.,).

In addition to facing pressure in financing decisions and dividend policy, issuers in the Miscellaneous Industry sector within the Indonesian Sharia Stock Index (ISSI) during the 2019–2023 period also experienced a decline in performance, marked by 2 delisting cases and 14 stock suspensions (Muamar, 2020). Stock suspensions by the Indonesia Stock Exchange (IDX) may occur for several main reasons, such as abnormal stock price movements, financial problems including debt default, regulatory violations such as insider trading, as well as discrepancies or delays in financial reporting. Meanwhile, stock delisting refers to the removal of a company's shares from the Indonesia Stock Exchange (IDX), resulting in the shares no longer being traded. This can be caused by various factors, including regulatory violations, going concern issues, or poor financial performance (Syariah Saham, n.d.). Financial distress conditions among issuers actually represent an important indicator of a company's financial health; however, they often receive insufficient attention, despite their potential to generate negative signals for investors if not managed properly (Murniati & Ingra, n.d.). Furthermore, financial distress can weaken financial performance, thereby limiting management's flexibility in maintaining firm value and sustaining investor confidence (Syam et al., 2022).

In this study, financial performance functions as a mediating variable that links financing decisions, dividend policy, and financial distress to firm value. Accordingly, these three factors influence firm value not only directly but also indirectly through the quality of the company's financial performance. This mediating role suggests that enhancing firm value cannot be achieved solely through the formulation of strategic policies; rather, it must be accompanied by strong and sustainable financial performance.

A number of a firm's strategic decisions such as financing decisions typically measured by the Debt to Equity Ratio (DER), dividend policy represented by the Dividend Payout Ratio (DPR), and financial distress conditions assessed using the Altman Z-Score constitute fundamental variables that influence firm value (Karlinda et al., 2021). Meanwhile, firm value reflects market expectations regarding a company's condition and prospects, which is commonly measured using the Price to Book Value (PBV) (Imaniyah et al., 2022). Financial performance, on the other hand, can be evaluated using various analytical tools, most commonly through profitability ratios such as Return on Assets (ROA) (Al-Farisi et al., 2024). In addition, the eligibility criteria for issuers to be included in the Indonesian Sharia Stock Index (ISSI) involve several financial ratio requirements that must be met to maintain firm quality and value. These regulations include a maximum limit of 45% for interest-based debt relative to total assets, as well as a restriction on income derived from interest and other non-halal sources, which must not exceed 10% of total operating and other income (Indonesia Stock Exchange, 2025). These provisions are intended to limit financial risks arising from interest-bearing debt and non-halal income, thereby preserving sound financial performance that directly affects firm value.

Research conducted by Deska et al. (2022) shows that, partially, investment decisions, financing decisions, and dividend policy have a significant effect on both financial performance and firm value. However, investment decisions, financing decisions, and dividend policy do not have a significant effect on firm value through financial performance as an intervening variable. This finding is not consistent with the study conducted by Syam et al. (2022), which states that both simultaneously

and partially, financial performance variables have a significant direct effect on firm value. The study also employs financial distress as an intervening variable and reports similar results.

B. LITERATURE REVIEW

Signaling Theory

Signaling Theory was first introduced by Michael Spence in 1973, which explains that by providing a signal, the party possessing information attempts to convey information that can be utilized by the receiving party (Mahendra & Daljono, 2023). Subsequently, the receiving party adjusts its behavior according to its interpretation of the signal (Arniwita et al., 2021). According to Eugene F. Brigham and Joel F. Houston, signaling theory suggests that management uses signals to reduce information asymmetry. Given that such information includes details, records, and descriptions of a company's past and future conditions, it is highly important for investors and other stakeholders (Arniwita et al., 2021).

This research states that funding decisions, dividend policies, and financial difficulties play an important role as signals about the company's prospects. Meanwhile, financial performance mediates these signals to enhance company value, in accordance with the signaling theory that explains its influence through investor perception.

Indicators of Funding Decisions

Funding decisions according to Husnan and Pudjiastuti are decisions related to the selection of available funding sources to finance investments, with the aim of choosing the least expensive spending alternative. The funding function must be carried out efficiently to support the company's expenditures (Anjasmoro & Santoso, 2019). In this study, funding decisions are measured using the Debt to Equity Ratio (DER) approach. The formula for the Debt to Equity Ratio is:

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

According to Harjito and Martono, the Debt to Equity Ratio (DER) is the comparison between a company's total liabilities and its own capital or equity (Anjasmoro & Santoso, 2019). This ratio is used to assess the extent to which a company's assets are financed by debt. The higher the ratio, the greater the proportion of debt in the company's financing structure. The industry average for this ratio is 80% (Kasmir, 2015).

Indicators of Dividend Policy

According to Nurhayati, dividend policy is a company's decision regarding the portion of profits to be distributed to shareholders as dividends, along with considerations discussed in the General Meeting of Shareholders (GMS) (Anindya & Muzakir, 2023). This policy also encompasses the allocation of earnings, whether distributed as dividends or reinvested back into the company (Imaniyah et al., 2022). In this study, dividend policy is measured using the Dividend Payout Ratio (DPR). The formula used is as follows:

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

According to Tandelilin, the Dividend Payout Ratio (DPR) is a ratio that indicates the portion of a company's profits to be distributed as dividends relative to the company's earnings. In other words, DPR reflects the comparison between a company's net income and the total dividends paid to investors (Anindya & Muzakir, 2023). If the industry average for this ratio is 50%, it indicates that the dividend per share paid each year will fluctuate in accordance with the company's net profit developments (Irnawati, 2021).

Financial Distress Indicators

According to Riadi, financial distress is a condition of financial crisis experienced by a company before bankruptcy, serving as an early warning that must be heeded so that preventive

actions can be taken to avoid fatal losses (Buchari et al., 2023). One popular method for measuring financial distress is the Altman Z-score, developed by Edward I. Altman in 1968 at New York University's Stern School of Business (Khasanah & Ramli, 2024). The formula for the Altman Z-Score model is as follows:

$$Z = 1.2X1 + 1.4X2 + 3.3X3 + 0.6X4 + 1.0X5$$

Description :

X1 = Working Capital / Total Assets

X2 = Retained Earnings / Total Assets

X3 = Earnings Before Interest and Taxes / Total Assets

X4 = Book Value of Debt / Market Value of Equity

X5 = Revenue / Total Assets

Z = Overall Index

This method classifies the cutoff values as follows: if $Z < 1.81$, the company is considered to be in bankruptcy; if Z is between 1.81 and 2.99, the company is in the grey area; and if $Z > 2.99$, the company is considered healthy and not experiencing bankruptcy (Putra et al., 2025).

Financial Performance Indicators

a. Definition of Financial Performance

According to Rudianto, financial performance is the result of management's efforts in effectively managing a company's assets over a certain period. Fahmi adds that financial performance involves an analysis to assess how well a company manages its finances (Khasanah & Ramli, 2024). In this study, financial performance is measured using the Return on Assets (ROA) ratio, which reflects the company's financial condition in terms of the collection and utilization of funds over a specific period (Deska et al., 2022). The formula is as follows:

$$\text{Return On Asset (ROA)} = \frac{\text{Net Profit}}{\text{Total Asset}}$$

According to Lestari, a company's performance and success in generating net profit are measured through profitability using Return on Assets (ROA), which indicates the contribution of assets in generating net income (Al-Farisi et al., 2024). Generally, the industry average for this ratio is 30%. If the calculated value is below 30%, the company's profit margin is considered poor; if it exceeds 30%, the profit margin is considered good (Kasmir, 2010).

b. Financial performance in the perspective of Islamic business management

Financial performance in Islamic business is a measure of the effectiveness of financial management that complies with Sharia principles, such as justice and transparency. These principles ensure that financial management is not only oriented towards profitability but also towards the blessings and sustainability of the business within the framework of Islamic values (Hanifah et al., 2025). As Allah SWT says in QS. An-Najm:39:

سَعَىٰ مَا إِلَّا لِلْإِنْسَانِ لَيْسَ وَأَنْ

The meaning is: "that man will obtain results from what he strives for," This verse reinforces the concept that good financial performance is the result of effort and optimal management". This statement reinforces the concept that strong financial performance is the result of optimal effort and management (Herdi & Devi, 2024). In this context, financing decisions, dividend policy, and financial distress—which reflect management's efforts are mediated by financial performance to generate positive signals for investors, thereby sustainably enhancing firm value.

Indicators of Company Value

a. Definition of company value

According to Indrarini (as cited in Imaniyah et al., 2022), firm value is the shareholders' perception of management's success in managing the resources entrusted to the company, often associated with the stock price. In this study, firm value is measured using the Price to Book

Value (PBV) ratio, which reflects the comparison between the stock price and the company's book value. The formula for firm value, according to Husnan and Pudjiastuti (as cited in Imaniyah et al., 2022), used as a reference in this study is as follows:

$$\text{Price to Book Value (PBV)} = \frac{\text{Share Price}}{\text{Book Value per Share}}$$

Firm value is measured by comparing the price per share with the book value per share (PBV) (Cahyani et al., 2022). A PBV ratio greater than 1 indicates that the market value of the stock exceeds the company's book value, and the higher the ratio, the greater the investors' assessment of the company relative to the capital invested (Syam et al., 2022).

b. Company value in the perspective of Islamic business management

Company value in the perspective of sharia business reflects reputation, trust, and sustainability based on sharia norms, including justice, honesty, and blessings (Yogasara & Mas'ud, 2021). In Islamic teachings, every task and authority must be carried out with diligence and truthfulness, reflecting the value of responsibility as a trust that must be fulfilled professionally and ethically, as stated in Allah SWT's word in QS al-Anfal (8):27 as follows:

تَعْلَمُونَ وَأَنْتُمْ مُنْتَكَمُونَ وَتَحْذَرُوا وَالرَّسُولَ اللَّهُ تَحْذَرُوا لَا أَمْنُوا الَّذِينَ آيَهَا

"O you who have believed, do not betray Allah and the Messenger (Muhammad), and do not betray your trusts while you know ." Company value in the perspective of sharia business, as explained in QS. Al-Anfal (8):27, emphasizes the responsibility of trust that requires management to carry out tasks with honesty and diligence to build reputation and business sustainability. In this context, funding decisions, dividend policies, and ethical financial difficulties are mediated by performance to convey trust signals to investors. Thus, this positive signal not only increases the company's value financially but also in accordance with sharia through the principle of Amanah.

Hypothesis

a. The Effect of Financing Decisions on Firm Value

According to Dini Ristanti Damayanti, financing decisions relate to determining a company's funding structure, including owner's equity and long-term liabilities (Damayanti, 2019). The selection of funding sources must be made wisely and in accordance with the company's needs. According to signaling theory, financing decisions made by management reflect their confidence in the company's prospects and future (Anjasmoro & Santoso, 2019). This positive signal can increase investor confidence because it indicates good management performance and promising company prospects.

Research by Gracela Maria and I Gusti Kade Birawan found that financing decisions have a positive and significant effect on firm value (Maria & Birawan, 2022). Similar results were obtained in research by Yesi Oktavia and Ummi Kalsum, which demonstrated a significant influence of financing decisions on the value of companies listed on the Indonesia Stock Exchange (Oktavia & Kalsum, 2021). Based on the above statement, the author has developed the first hypothesis to be tested in this study, as follows:

H1: Financing decisions influence company value in various industrial sector issuers listed on the Indonesian Sharia Stock Index (ISSI) for the 2019–2023 period.

b. The Effect of Dividend Policy on Company Value

According to Sutrisno, dividend policy is a company's decision regarding the amount of dividends to be distributed and retained earnings for company purposes (Sutrisno, 2012). Dividends distributed are the right of shareholders, while reinvested profits are used as capital for company growth, increasing company value. Company value is reflected in high investor interest in purchasing shares, which increases the stock price (Anjasmoro & Santoso, 2019). Signaling theory states that dividend payments provide positive information to investors, which can increase company value (Cahyani et al., 2022).

Research by Suriyanti Mangkona et al. (2023) shows that dividend policy has a positive and significant effect on company value. Similar findings were also obtained from research by

Marli et al. (2024), Vika Atinia Anjarweni, and Widanarni Pudjiastuti, which stated that dividend policy, as measured by the Dividend Payout Ratio (DPR), has a positive and significant effect on firm value, as measured by Price to Book Value (PBV). Based on the statement above, the authors developed the second hypothesis to be tested in this study, as follows:

H2: Dividend policy affects firm value for issuers in various industrial sectors listed on the Indonesian Sharia Stock Index (ISSI) for the 2019–2023 period.

c. The Effect of Financial Distress on Firm Value

According to Kamaludin, financial distress is an indicator that a company is facing serious financial problems that could potentially lead to bankruptcy if not addressed promptly (Kamaludin, 2019). Wijaya et al. in (Kusumawati & Haryanto, 2022) also explain that firm value, which reflects market expectations of future earnings, is an important indicator of shareholder prosperity. Based on signaling theory, firm value provides a signal to investors, so financial distress reflected in financial statements can lower share prices and undermine investor confidence.

Research by Tina Tri Kusumawati and Antonius Mulyo Haryanto (2022) shows that predicting financial distress using the Altman Z-score model significantly influences company value, as measured by price-book value. Similar findings were also obtained by Dewi et al. (2021), who stated that financial distress has a significant relationship with company value. Based on the above statement, the authors developed the third hypothesis to be tested in this study, as follows:

H3: Financial distress affects company value for issuers in various industrial sectors listed on the Indonesian Sharia Stock Index (ISSI) for the 2019–2023 period.

d. The Influence of Financing Decisions on Financial Performance

According to Rudianto, financial performance is an important indicator for investors because it reflects management's success in improving shareholder welfare (Imaniyah et al., 2022). Myers & Majluf in (Halim & Suhartono, 2021) explain that corporate funding can come from both internal and external sources, making financing decisions crucial—whether the company will rely solely on its own capital or require debt for growth. Financing decisions impact corporate performance because they relate to the need for and selection of funding sources (Halim & Suhartono, 2021). Based on signaling theory, the information provided by a company is crucial for investors because it provides a picture of the company's condition and prospects (Erawati et al., 2023). Good information delivery can be a positive signal that attracts investor interest.

Research by Angelia and Ulfah (2022), which measured financing decisions using the short-term debt-to-equity ratio and long-term debt-to-equity ratio proxies, showed that financing decisions have a positive and significant effect on financial performance, as measured by Return on Equity. Based on the above statement, the authors propose the following hypothesis to be tested in this study:

H4: Financing decisions affect the financial performance of issuers in various industrial sectors listed on the Indonesian Sharia Stock Index (ISSI) for the 2019–2023 period.

e. The Effect of Dividend Policy on Financial Performance

According to Sari, financial performance reflects a company's financial condition, analyzed using various tools to assess whether the company is in good or bad shape (Al-Farisi et al., 2024). Puspita stated that dividend policy regulates the distribution of profits between shareholders and the company's reinvestment (Anjasmoro & Santoso, 2019). According to signaling theory, dividend distribution is a positive signal to shareholders because it demonstrates the company's good prospects and commitment to maintaining investor confidence (Anindya & Muzakir, 2023). Although dividend payments reduce management's managed funds, this policy serves as a control tool for the capital market when the company requires funding from investors.

Research conducted by Ridha et al. (2021) found that dividend policy has a positive effect on financial performance. These results align with research conducted by Nurzaeni et al. (2022), which found that dividend policy has a positive but insignificant effect on financial performance. Based on the above statement, the author proposes the following hypothesis to be tested in this study:

H5: Dividend policy affects the financial performance of issuers in various industrial sectors listed on the Indonesian Sharia Stock Index (ISSI) for the 2019–2023 period.

f. The Impact of Financial Distress on Financial Performance

According to Indriyo Gitosudarmo and Basri, financial performance is a series of financial activities over a period reflected in financial reports such as the balance sheet and income statement (Gitosudarmo & Basri, 2002). This information serves as an important reference for management and investors in making investment decisions. Rahmayani & Hadromi explain that financial distress is a company's unhealthy condition, even approaching bankruptcy due to a failure to generate profits (Rahmayani & Hadromi, 2017). In the context of signaling theory, a company experiencing financial distress will show a decline in performance, sending a negative signal to the market. Conversely, a company that is able to generate profits sends a positive signal that its bankruptcy risk is lower than that of a company with weak performance.

Research conducted by Susilowati (2021) found that financial distress, using the Altman Z-Score model, positively impacts financial performance. Based on the above statement, the authors developed the first hypothesis to be tested in this study, as follows:

H6: Financial distress impacts the financial performance of issuers in various industrial sectors listed on the Indonesian Sharia Stock Index (ISSI) for the 2019–2023 period.

g. The Influence of Financial Performance on Company Value

According to Fahmi, financial performance is an analytical process to assess whether a company has managed its finances effectively (Fahmi, 2017). This performance reflects strategic decisions, funding, and operational activities, and reflects the level of company value. Company value itself is an indicator of management's success in increasing shareholder trust and well-being. Brealey et al. assert that the higher the company value, the greater the benefits to shareholders (Syam et al., 2022). According to signaling theory, increasing profits provide a positive signal to the market that the company has bright prospects (Syam et al., 2022). High profits typically increase investor interest and drive share prices up.

Research by Fajri and Munandar (2022) shows that financial performance, measured by ROA and ROE, has a positive and significant effect on company value. Similar results were also found by Barokah et al. (2023),, who proved that ROE has a significant influence on company value in the mining sector on the IDX. Based on the above statement, the author has formulated the first hypothesis to be tested in this study as follows:

H7: Financial performance affects company value in various industry sector issuers listed on the Indonesian Sharia Stock Index (ISSI) for the 2019–2023 period.

h. The Mediating Effect of Financial Performance on Financing Decisions on Firm Value

According to Rudianto in a study by Inayah Thahara Agusti et al. (2022), financial performance reflects a company's ability to manage capital effectively and efficiently to generate optimal profits. Reza Novitasari & Krisnando state that firm value reflects investors' perceptions of a company's success, which is influenced by the company's ability to utilize resources to generate maximum profits (Maria & Birawan, 2022). Brealey emphasizes that financing decisions are the steps taken by financial managers to determine the appropriate funding sources to support investments and operations (Kalsum & Oktavia, 2021). Selecting appropriate funding sources will strengthen financial performance and ultimately increase firm value. From a signaling theory perspective, solid financial performance and sound financing decisions serve

as positive signals to investors regarding the quality of management and the company's prospects, thereby increasing trust and the company's value in the market.

The results of a path analysis by Inayah Thahara Agusti et al. (2022) indicate that ROE can mediate the relationship between financing decisions (DER) and firm value (PBV). The findings of Engla Pautyara Deska et al. (2022) also confirm that the indirect effect through financial performance is greater than the direct effect, thus proving that financing decisions significantly influence firm value through financial performance as an intervening variable. Based on the statement above, the author develops the first hypothesis to be tested in this study, as follows:

H8: Financial performance mediates the influence of financing decisions on firm value in various industrial sector issuers listed on the Indonesian Sharia Stock Index (ISSI) for the 2019–2023 period.

i. The Mediating Effect of Financial Performance on Dividend Policy on Firm Value

According to Indrarini, firm value reflects investors' perceptions of management's success in managing resources, which is reflected in the stock price (Deska et al., 2022). Harmono explained that this decision relates to the distribution of annual profits between dividends and retained earnings to support the company's operations (Deska et al., 2022). Financial performance reflects a company's financial condition over a period, including the collection and use of funds. According to Fardiaz, financial performance is important for business actors because it serves as an indicator of future business sustainability (Deska et al., 2022). Primayuni stated that signals are management actions that provide investors with information about a company's prospects (Cahyani et al., 2022). Thus, firm value, dividend policy, and financial performance are important signals that influence perceptions and stock prices.

Research by Cahyani et al. (2022) shows that dividend policy has a positive and significant effect on firm value through financial performance as a mediator. The findings of Deska et al. (2022) also confirm that the indirect effect of dividend policy through financial performance is greater than its direct effect, thus financial performance is proven to mediate the relationship between dividend policy and firm value. Based on the above statement, the author has developed the first hypothesis to be tested in this study, as follows:

H9: Financial performance mediates the effect of dividend policy on firm value in various industrial sector issuers listed on the Indonesian Sharia Stock Index (ISSI) for the 2019–2023 period.

j. The Mediating Effect of Financial Performance on Financial Distress on Firm Value

According to Kurniasari et al., financial performance is an assessment process to determine a company's health based on comparisons and applicable regulations (Al-Farisi et al., 2024). Therefore, financial performance is an important reference for investors in making decisions to buy or sell shares.

Financial distress, according to SHSE and SZSE regulations, is an abnormal financial condition. Mackey added that lack of oversight and improper use of funds can leave a company short of cash to pay salaries, purchase raw materials, or repay debt (Syam et al., 2022)..

Firm value, as explained by Sartono, is a perception of investors as reflected in the stock price, which is the price they are willing to pay if the company is sold. This value reflects the company's assets and is heavily influenced by investment opportunities (Syam et al., 2022). In signaling theory, good financial performance provides a positive signal that the company is managed effectively and has good prospects. Conversely, financial distress is a negative signal that lowers investor confidence and company value. Therefore, healthy financial performance and proper fund management are strong signals that can increase company value and attract investor interest. Based on the above statement, the author develops the first hypothesis to be tested in this study as follows:

H10: Financial performance mediates the effect of financial distress on company value for issuers in the miscellaneous industry sector listed on the Indonesian Sharia Stock Index (ISSI) for the 2019–2023 period.

C. RESEARCH METHOD

This study uses a quantitative approach based on positivism and aims to test hypotheses in order to obtain reliable information for decision making. This research method aims to obtain accurate and satisfactory results (Sugiyono, 2019). This study uses a causal associative approach, which is research that aims to understand the cause-and-effect relationship between one variable and another (Oktavia, 2023).

Meanwhile, the data used in this study is time series data taken from annual financial reports of miscellaneous industry issuers listed on the ISSI during the period 2019-2023. The data collected relates to Funding Decisions, which will be measured using the Debt Equity Ratio; Dividend Policy, which will be measured using the Dividend Payout Ratio; Financial Difficulties, which will be measured using the Altman Z-Score formula; Financial Performance, which will be measured using Return On Assets; and Company Value, which will be measured using Price Book Value.

In this study, the population includes all issuers on the Indonesian Sharia Stock Index (ISSI) in the Miscellaneous Industry sector, whose data can be verified through the IDX and OJK. This study focuses on the Industrial sector on the ISSI with a population of 57 issuers listed on the IDX (Otoritas Jasa Keuangan, 2025). In this study, sampling was conducted using purposive sampling, which is selecting samples based on specific criteria in accordance with the research objectives.

Data Analysis Techniques

The data analysis techniques used in this study were descriptive statistics, PLS (Partial Least Square), and hypothesis testing with the help of SmartPLS 4.0 software. PLS is a SEM (Structural Equation Model) method that is evaluated through a measurement model (outer model) and a structural model (inner model).

D. RESULTS AND DISCUSSION

Descriptive statistics is a method used to provide an overview of research data, including the minimum and maximum values, mean, standard deviation, and data distribution for each research variable (Sugiyono, 2019). This analysis serves to understand the characteristics of financing decisions, dividend policy, financial distress, financial performance, and firm value among issuers in the miscellaneous industry sector listed in the ISSI during the 2019–2023 period. Descriptive Statistical Analysis Descriptive statistics were used to describe the characteristics of the research variables. Based on the results of data processing from 15 samples, further explanations are presented as follows.

Name	Mean	Median	Scale min	Scale max	Observed min	Observed max	Standard deviation	Excess kurtosis	Skewness	Cramér-von Mises p value
X1 (Keputusan Pendanaan/DER)	0,635	0,479	0,03	2,39	0,03	2,39	0,527	2,165	1,683	0
X2 (Kebijakan Dividen/DPR)	0,45	0,42	0,23	0,8	0,23	0,8	0,14	0,591	1,018	0
X3 (Kesulitan Keuangan/Altman Z-Score)	162,814	6,926	-1,457	2865,491	-1,457	2865,491	530,407	17,974	4,214	0
Z (Kinerja Keuangan/ROA)	0,122	0,074	-0,015	0,999	-0,015	0,999	0,177	13,685	3,516	0
Y (Nilai Perusahaan/PBV)	2,151	1,16	0,22	9,93	0,22	9,93	2,39	2,733	1,82	0

Data

Source: Smart Pls (processed , researcher, 2026)

Figure 2. Descriptive Statistical Test Results

- a) The decision-making variable (DER) has an average value of 0.635 with a median of 0.479. The minimum value of 0.03 and maximum of 2.39 indicate variation in the level of debt usage between companies. The skewness value of 1.683 and kurtosis of 2.165 indicate that the data

distribution tends to skew to the right and is leptokurtic. However, the Cramér-von Mises value of 0 shows that the data is still acceptable for analysis.

- b) The dividend policy variable (DPR) has an average value of 0.45 and a median of 0.42, with a minimum value of 0.23 and a maximum of 0.80. The standard deviation of 0.14 indicates a relatively low data spread. The skewness value of 1.018 and kurtosis of 0.591 indicate a relatively moderate and non-extreme data distribution.
- c) The financial distress variable (Altman Z-Score) shows a fairly high average value of 162.814, with a median of 6.926. The data range is very wide, as indicated by a minimum value of -1.457 and a maximum of 2865.491, with a standard deviation of 530.407. A skewness value of 4.214 and a kurtosis of 17.974 indicate that the data distribution is heavily skewed to the right and has high outliers, reflecting significant differences in financial conditions between companies.
- d) The financial performance variable (ROA) has an average value of 0.122 and a median of 0.074. The minimum value of -0.015 and maximum value of 0.999 indicate that there are companies with negative performance as well as those with very high performance. The skewness value of 3.516 and kurtosis of 13.685 indicate that the data distribution is abnormal and tends to be extreme.
- e) The price-to-book value (PBV) variable has an average value of 2.151 with a median of 1.16. The minimum value of 0.22 and maximum value of 9.93 indicate a significant difference in market valuation of companies. The skewness value of 1.82 and kurtosis value of 2.733 indicate a right-skewed distribution of data with a concentration of data at low values.

Inner Model Analysis

a. Variance Inflation Factor (VIF)

The Variance Inflation Factor (VIF) is often used to evaluate multicollinearity. The VIF value must be < 5 because if it is > 5, it indicates collinearity between variables (Safitri, 2023).

Table 3. Variance Inflation Factor (VIF) Results

Matrix	Matrix
X1 (Funding Decision/DER)	1.042
X2 (Dividend Policy/DPR)	1.028
X3 (Financial Difficulty/Almant Z-Score)	1,038
Y (Company Value/PBV)	1,031
Z (Financial Performance/ROA)	1.018

Data

Source: Smart Pls (processed , researcher, 2026)

The table above shows the results of multicollinearity testing, which indicates that all constructs have a VIF value < 5, meaning that multicollinearity is good or acceptable.

b. R-Square

The coefficient of determination R² is a way to assess how much the endogenous construct can be explained by the exogenous construct. The coefficient of determination R² is expected to be between 0 and 1. R² values of 0.67 (strong), 0.33 (moderate), and 0.19 (weak) (Safitri, 2023). Based on the results of the above coefficient of determination analysis, the following conclusions can be drawn:

Table 4. R-Square Test Results

Indicator	R-square	Adjusted R-square
Y (Company Value/PBV)	0.132	0.082
Z (Financial Performance/ROA)	0.031	-0.010

Data Source: Smart Pls (processed , researcher, 2026)

R Square shows that the combined effect of X1 (Funding Decisions), X2 (Dividend Policy), and X3 (Financial Difficulties) on Z (Financial Performance) is 0.031 with an adjusted R Square

value of - 0.010, it can be explained that all exogenous constructs X1, X2, and X3 do not affect Z because the adjusted R Square is below 0.19, so the effect is considered very weak.

Then, the R Square results show that the combined influence of X1 and X2 on Y is 0.132 with an adjusted R Square value of 0.082, which explains that all exogenous constructs X1 and X2 influence Z because the adjusted R Square is below 0.19, so the influence of all exogenous constructs X1 and X2 on Y is said to be weak.

c. F-Square

This f-square test was conducted to determine the goodness of the model. F-square values of 0.02, 0.15, and 0.35 can be interpreted as indicating whether the latent variable predictors have a weak, medium, or strong influence at the structural level (Safitri, 2023).

Table 5. Variance Inflation Factor (VIF) Results

Matrix	F-square
X1 (Financing Decision/DER) -> Y (Company Value/PBV)	0.08
X1 (Financing Decision/DER) -> Z (Financial Performance/ROA)	0.013
X2 (Dividend Policy/DPR) -> Y (Company Value/PBV)	0.019
X2 (Dividend Policy/DPR) -> Z (Financial Performance/ROA)	0.007
X3 (Financial Difficulty/Altman Z-Score) -> Y (Company Value/PBV)	0.023
X3 (Financial Difficulty/Altman Z-Score) -> Z (Financial Performance/ROA)	0.009
Z (Financial Performance/ROA) -> Y (Company Value/PBV)	0.003

Data Source: Smart PIs (processed , researcher, 2026)

The results of the effect size (f-square) test show that, in general, the relationship between variables in the model has a relatively small effect. A detailed explanation is presented as follows:

- a) The effect of financing decisions (DER) on company value (PBV) has an f-square value of 0.083, which indicates a small effect. This indicates that changes in financing decisions only contribute limitedly to an increase in company value.
- b) The effect of financing decisions (DER) on financial performance (ROA) shows an f-square value of 0.013, which is very small. This indicates that the company's financing structure does not significantly affect financial performance.
- c) The effect of dividend policy (DPR) on company value (PBV) has an f-square value of 0.019, which indicates a small effect. This indicates that dividend distribution policy is not yet a dominant factor in determining company value.
- d) The effect of dividend policy (DPR) on financial performance (ROA) has an f-square value of 0.007, which indicates a very small effect.
- e) The effect of financial distress (Altman Z-Score) on company value (PBV) has an f-square value of 0.023, which is also small, indicating that financial distress only contributes limitedly to market perception.
- f) The effect of financial difficulties on financial performance (ROA) shows an f-square value of 0.009, which is very small.
- g) Furthermore, the effect of financial performance (ROA) on company value (PBV) has an f-square value of 0.003, which indicates the smallest effect in the research model.

d. Research Hypothesis Testing

Table 6. Direct Hypothesis Test Results

Matrix	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values

X1 -> Y	0,274	0,281	0,134	2,045	0,041
X1 -> Z	0,113	0,123	0,140	0,808	0,419
X2 -> Y	0,132	0,126	0,111	1,192	0,233
X2 -> Z	0,084	0,108	0,120	0,698	0,485
X3 -> Y	0,141	0,126	0,131	1,084	0,278
X3 -> Z	0,092	0,092	0,125	0,737	0,461
Z -> Y	0,053	0,067	0,101	0,526	0,599

Data Source: Smart Pls (processed , researcher, 2026)

- a) Hypothesis shows that variable X1 (funding decision) has a significant effect on Y (company value), with a path coefficient value of 0.274, a T-statistics value of 2.045 (> 1.96) and a P-value of 0.041 (< 0.05).

Matrix	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
X1 -> Z -> Y	0,006	0,006	0,021	0,285	0,776
X2 -> Z -> Y	0,004	0,015	0,039	0,115	0,909
X3 -> Z -> Y	0,005	0,011	0,031	0,160	0,873

- b) Hypothesis shows that Variable X1 (Funding Decision) does not have a significant effect on Z (Financial Performance), as indicated by a T-statistics value of 0.808 (< 1.96) and a P-value of 0.419 (> 0.05). Therefore, the hypothesis of the effect of X1 on Z is rejected.
- c) Hypothesis states that the X2 test (Dividend Policy) has no significant effect on Y (Company Value), with a T-statistics value of 1.192 (< 1.96) and P-values of 0.233 (> 0.05). This indicates that changes in X2 have not been able to provide a real effect on Y (rejected).
- d) Hypothesis indicates that the T-statistics value of 0.698 (< 1.96) and P-values of 0.485 (> 0.05) show that X2 (Dividend Policy) does not have a significant effect on Z (Financial Performance). Thus, the hypothesis of the effect of X2 on Z is rejected.
- e) Hypothesis shows that the test results indicate that X3 (Financial Difficulties) has no significant effect on Y (Company Value), with a T-statistics value of 1.084 (< 1.96) and P-values of 0.278 (> 0.05). Therefore, this hypothesis is rejected.
- f) Hypothesis reveals that the test results for Variable X3 (Financial Difficulties) do not have a significant effect on Z (Financial Performance), as indicated by a T-statistics value of 0.737 (< 1.96) and P-values of 0.461 (> 0.05). Therefore, hypothesis X3 on Z is rejected.
- g) Hypothesis produced test results showing that Z has no significant effect on Y, with a T-statistic value of 0.526 (< 1.96) and a P-value of 0.599 (> 0.05). Thus, the hypothesis of Z's effect on Y is rejected.

e. Research Hypothesis Testing Through Mediating Variables

Table 7. Mediation Hypothesis Test Results

Data Source: Smart Pls (processed , researcher, 2026)

- a) Hypothesis shows that the t-statistic mediation test result is 0.285 (0.05), so the effect is not statistically significant. Thus, financial performance (z) does not act as a mediator in the relationship between funding decisions (X1) and company value (Y). This conclusion indicates that there is no significant mediating effect.
- b) Hypothesis shows the results of the mediation test with a t-statistic value of 0.115 (0.05), indicating that there is no indirect effect of dividend policy (X2) on company value (Y) through financial performance (Z). Thus, the mediation hypothesis is rejected.

- c) Hypothesis indicates the results of the mediation test that there is no significant effect, with a t-statistic value of 0.160 (0.05). Therefore, financial performance (Z) does not play a role as a mediating variable in the relationship between financial distress (X3) and company value (Y).

Discussion

The Effect of Funding Decisions on Firm Value in Miscellaneous Industry Sector Companies Listed on the Indonesian Sharia Stock Index (ISSI) for the 2019–2023 Period

The test results indicate that variable X1 (funding decisions) has a significant effect on Y (firm value). Therefore, the hypothesis stating that X1 affects Y is accepted. These findings are consistent with the study conducted by Oktavia and Kalsum (2021), which also found that funding decisions significantly influence firm value.

According to signaling theory, funding decisions made by management reflect their confidence in the company's prospects and future (Anjasmoro & Santoso, 2019). This positive signal can enhance investor confidence, as it indicates good managerial performance and promising company prospects.

The Effect of Dividend Policy on Firm Value in Miscellaneous Industry Sector Companies Listed on the Indonesian Sharia Stock Index (ISSI) for the 2019–2023 Period

The test results show that variable X2 (dividend policy) does not have a significant effect on Y (firm value); thus, the hypothesis is rejected. This finding indicates that changes in dividend policy have not been able to provide a tangible impact on firm value. It also suggests that dividend policy does not significantly affect the amount of dividends distributed to shareholders or the overall firm value.

These results are in line with Cahyani et al. (2022), who found that dividend policy does not directly affect firm value. Although signaling theory considers dividend payments as a positive signal that may increase firm value, in practice, the dividend payout ratio does not directly enhance shareholder wealth. Furthermore, an increase in dividends is not always accompanied by an increase in firm value, as firm value is more dependent on the company's ability to generate profits from its assets and the effectiveness of its investment policies (Cahyani et al., 2022).

The Effect of Financial Distress on Firm Value in Miscellaneous Industry Sector Companies Listed on the Indonesian Sharia Stock Index (ISSI) for the 2019–2023 Period

The test results reveal that variable X3 (financial distress) does not have a significant effect on Y (firm value), leading to the rejection of the hypothesis. This finding suggests that declining company profits are a primary trigger of financial distress, and such conditions do not contribute to increasing firm value.

According to signaling theory, firm value serves as an important indicator for investors, where financial distress reflected in financial statements can lead to declining stock prices and reduced investor confidence (Kusumawati & Haryanto, 2022). This result is consistent with Hasanah et al. (2023), who found that financial distress measured using the Altman Z-Score does not significantly affect firm value measured by Price to Book Value (PBV).

The Effect of Funding Decisions on Financial Performance in Miscellaneous Industry Sector Companies Listed on the Indonesian Sharia Stock Index (ISSI) for the 2019–2023 Period

The results show that variable X1 (funding decisions) does not significantly affect Z (financial performance), thus the hypothesis is rejected. The analysis also reveals a negative correlation between DER and ROA, where an increase in DER tends to reduce ROA due to higher debt burdens.

This finding is consistent with Agusti et al. (2022), who stated that funding decisions negatively affect financial performance. Funding decisions influence company performance as they relate to the need for and selection of funding sources (Halim & Suhartono, 2021). Based on signaling theory, information disclosed by companies is crucial for investors as it reflects the company's condition and prospects (Erawati et al., 2023). Proper information disclosure can serve as a positive signal to attract investors.

The Effect of Dividend Policy on Financial Performance in Miscellaneous Industry Sector Companies Listed on the Indonesian Sharia Stock Index (ISSI) for the 2019–2023 Period

The results indicate that variable X2 (dividend policy) does not significantly affect Z (financial performance), leading to the rejection of the hypothesis. This implies that changes in dividend policy do not influence financial performance.

This finding is supported by Nurzaeni et al. (2022), who also found that dividend policy does not significantly affect financial performance. Although signaling theory views dividend distribution as a positive indicator of strong company prospects and management's commitment to investors, empirical findings show that this signal is not translated into improved financial performance (Anjasmoro & Santoso, 2019).

The Effect of Financial Distress on Financial Performance in Miscellaneous Industry Sector Companies Listed on the Indonesian Sharia Stock Index (ISSI) for the 2019–2023 Period

The results show that variable X3 (financial distress) does not significantly affect Z (financial performance), as indicated by a t-statistic of 0.737 (< 1.96) and a p-value of 0.461 (> 0.05). Therefore, the hypothesis is rejected.

In the context of signaling theory, companies experiencing financial distress tend to show declining performance, which sends a negative signal to the market. Conversely, companies that generate profits provide a positive signal indicating a lower risk of bankruptcy compared to poorly performing firms (Susilowati, 2021).

The Effect of Financial Performance on Firm Value in Miscellaneous Industry Sector Companies Listed on the Indonesian Sharia Stock Index (ISSI) for the 2019–2023 Period

The results indicate that variable Z (financial performance) does not significantly affect Y (firm value), thus the hypothesis is rejected. This finding is consistent with Hasanah et al. (2023), who also reported that financial performance does not significantly affect firm value.

These results suggest that companies may not be able to generate optimal returns from their assets, equity, and debt. According to signaling theory, increased profits should serve as a positive signal to the market, indicating favorable prospects and typically attracting investor interest and increasing stock prices (Hasanah et al., 2023).

The Effect of Funding Decisions on Firm Value Through Financial Performance as a Mediating Variable in Miscellaneous Industry Sector Companies Listed on the Indonesian Sharia Stock Index (ISSI) for the 2019–2023 Period

The mediation test results show a t-statistic of 0.285 (< 1.96) and a p-value of 0.776 (> 0.05), indicating no statistically significant effect. Thus, financial performance (Z) does not mediate the relationship between funding decisions (X1) and firm value (Y).

This conclusion is consistent with Deska et al. (2022), who found that funding decisions do not significantly affect firm value through financial performance as an intervening variable. From a signaling theory perspective, strong financial performance and appropriate funding decisions should provide positive signals to investors; however, these signals were not significantly realized in this study.

The Effect of Dividend Policy on Firm Value Through Financial Performance as a Mediating Variable in Miscellaneous Industry Sector Companies Listed on the Indonesian Sharia Stock Index (ISSI) for the 2019–2023 Period

The mediation test results show a t-statistic of 0.115 (< 1.96) and a p-value of 0.909 (> 0.05), indicating no indirect effect of dividend policy (X2) on firm value (Y) through financial performance (Z). Therefore, the mediation hypothesis is rejected.

This finding is consistent with Cahyani et al. (2022), who found that ROA (financial performance) cannot mediate the effect of DPR (dividend policy) on firm value. Although signaling theory predicts financial performance as an effective mediator, most companies in the study preferred to retain earnings for long-term investment rather than increase dividends. As a result, dividend policy does not significantly affect firm value through financial performance but rather directly through investor perceptions of operational stability.

The Effect of Financial Distress on Firm Value Through Financial Performance as a Mediating Variable in Miscellaneous Industry Sector Companies Listed on the Indonesian Sharia Stock Index (ISSI) for the 2019–2023 Period

The mediation test results indicate no significant effect, with a t-statistic of 0.160 (< 1.96) and a p-value of 0.873 (> 0.05). Therefore, financial performance (Z) does not mediate the relationship between financial distress (X3) and firm value (Y).

This finding contradicts signaling theory, which suggests that strong financial performance provides a positive signal regarding management effectiveness and company prospects, while financial distress serves as a negative signal that reduces investor confidence and firm value. The theory predicts that healthy financial performance and proper fund management strengthen positive signals; however, the empirical findings indicate that such signals do not function as mediators in this study.

e. CONCLUSION

Based on the results of data analysis and hypothesis testing on issuers in the Miscellaneous Industry sector listed on the Indonesian Sharia Stock Index (ISSI) for the period 2019–2023, the conclusions of this study can be formulated as follows:

1. Financing decisions have a significant effect on company value. This indicates that the financing structure reflected in the Debt to Equity Ratio (DER) is an important consideration for investors in assessing companies, thereby directly affecting company value.
2. Dividend policy does not have a significant effect on company value. This finding indicates that the Dividend Payout Ratio (DPR) is not yet a major factor influencing market perception of company value in the ISSI Miscellaneous Industry sector.
3. Financial difficulties do not have a significant effect on company value. Financial distress conditions measured using the Altman ZScore do not directly affect company value, indicating that investors do not fully use this indicator as a basis for assessment.
4. Funding decisions do not have a significant effect on financial performance. This shows that changes in the company's funding structure have not been able to improve or reduce financial performance as measured by Return on Assets (ROA).
5. Dividend policy does not have a significant effect on financial performance. Dividend distribution does not have a tangible impact on the company's ability to generate profits from its assets.
6. Financial difficulties do not have a significant effect on financial performance. Financial difficulties have not been proven to significantly affect the company's profitability during the research period.
7. Financial performance does not have a significant effect on company value. This finding indicates that increases or decreases in ROA are not directly responded to by the market in the form of changes in company value.
8. Funding decisions do not affect company value through financial performance as a mediating variable. Thus, financial performance is unable to mediate the relationship between funding decisions and company value.
9. Dividend policy does not affect company value through financial performance as a mediating variable. This indicates that financial performance does not act as an intermediary in the relationship between dividend policy and company value.
10. Financial difficulties do not affect company value through financial performance as a mediating variable. Financial performance cannot serve as a mediating variable in the relationship between financial difficulties and company value.
11. From a sharia business management perspective, financial performance and company value reflect the principles of prudence and business sustainability. The results of the study show that companies tend to focus more on stability and business continuity than on short-term profit optimization, in line with sharia principles that emphasize trust, fairness, and responsibility in financial management.

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