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The Impact of Dividend Policy as a Mediator Between Liquidity and the Financial Performance of the Company (Emepirical Study on Companies Included in the Bumn20 Index for The 2017-2022 Period)

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ABSTRACT: This study was conducted to examine whether there is an effect of liquidity on the financial performance of issuers with dividend policy as a mediating variable in IDX BUMN20 index companies listed on the Indonesia Stock Exchange for the period 2017-2022. In this study, liquidity is proxied by the quick ratio, dividend policy is proxied by dividend yield and financial Researches related to financial performance are presented by several previous studies. Diana and Osesoga (2020), correlate a company's financial performance with liquidity, solvency, asset management, and company size. Ni Luh Gede and Elly (2018) correlate a company's financial performance with liquidity. Irsad, et al., (2022) in their research correlate a company's financial performance with liquidity, solvency, activity, and profitability. Akhmadi et al., (2020) in their research related the company's financial performance to the role of debt and dividend policy.is proxied by return on equity. The study population consisted of 27 IDX BUMN20 index issuers listed on the IDX during that period, with a sample of 6 issuers selected through purposive sampling. The data analysis method used is intervening regression analysis. The results of the study show that Liquidity has a positive and significant effect on financial performance. This indicates that issuers with high liquidity tend to have good ability to fulfill their current debts and in dealing with financial emergencies. Dividend yield as a proxy for dividend policy has a perfect mediating effect on the relationship between liquidity (proxied by the quick ratio) and financial performance (proxied by return on equity). If a company has a high level of liquidity and therefore decides to increase its dividends, this can be a signal to investors that the issuer has good financial health and positive financial performance prospects in the future.

KEYWORD: Liquidity, Dividend Policy, Financial Peformance

I.INTRODUCTION

The International Monetary Fund (IMF) estimates that the world economy will continue to grow by 3.2% in 2024 and 2025. Global inflation is expected to continue to decline from 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025. The world economy is experiencing a slowdown in 2023. However, economic growth in Indonesia remains strong, at 5.04% in the 4th quarter of 2023 and 5.05% for the whole in 2023. It was recorded that all business fields experienced positive growth in the 4th quarter of 2023 and throughout 2023. Investment activities increased from 4.4% in 2023 compared to 3.9% in 2022.

The financial performance of an issuer is a visualization of the company's activities to achieve its business goals. A company's performance can be measured through past financial data by looking at each post contained in the financial report, both on the balance sheet report and income statement obtained from the issuer's annual report. Financial statements can provide an overview of the amount of profit earned by the issuer in a given year. The issuer's financial performance needs to be observed and the benefits can be enjoyed by various parties. The better the issuer's financial performance, this describes a success for the issuer in achieving the goal of generating profits. Capital adequacy, liquidity, and profitability can be used as a measure of the issuer's financial performance (Jumingan, 2006).

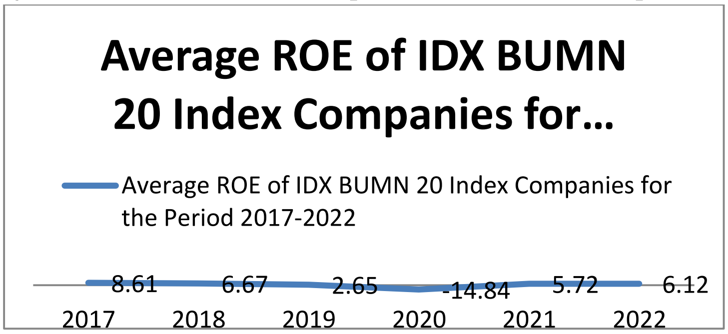
Researches related to financial performance are presented by several previous studies. Diana and Osesoga (2020), correlate a company's financial performance with liquidity, solvency, asset management, and company size. Ni Luh Gede and Elly (2018) correlate a company's financial performance with liquidity. Irsad, et al., (2022) in their research correlate a company's financial performance with liquidity, solvency, activity, and profitability. Akhmadi et al., (2020) in their research related to the company's financial performance to the role of debt and dividend policy.

One of the indices on the Indonesia Stock Exchange that has received a lot of attention from investors today is the IDX BUMN20, which is an index that measures the performance of the prices of 20 listed companies and all of these companies are State-Owned Enterprises (SOEs), Regional-Owned Enterprises (BUMD), and their affiliates (IDX.co.id). The measurement of IDX BUMN20 uses the Market Capitalization Weighting method which is converted to fre float. This is done to provide a visualization of the real market conditions for investors to make an investment portfolio. SOE stocks on the IDX BUMN20 index are evaluated routinely every six months, namely January and July. Every year there are companies that enter and exit the IDX BUMN20 index. This shows a decline in performance in companies that are out of the IDX BUMN20 index. There are several SOEs that have exited or been delisted from the IDX BUMN20 index in the 2017-2022 period.

The IDX BUMN20 Index includes 20 state-owned companies operating in various industries. This diversification can alleviate investment risks because it does not depend on the performance of only one sector. The performance of the IDX BUMN20 index can be an indicator of national economic performance because SOEs play a major role in the Indonesian economy. Even so, there are weaknesses that should be considered from the IDX BUMN20 index, including that it only includes 20 SOE companies, then SOE companies are highly dependent on government policies. Sudden policy changes can have a negative impact on the performance of SOEs.

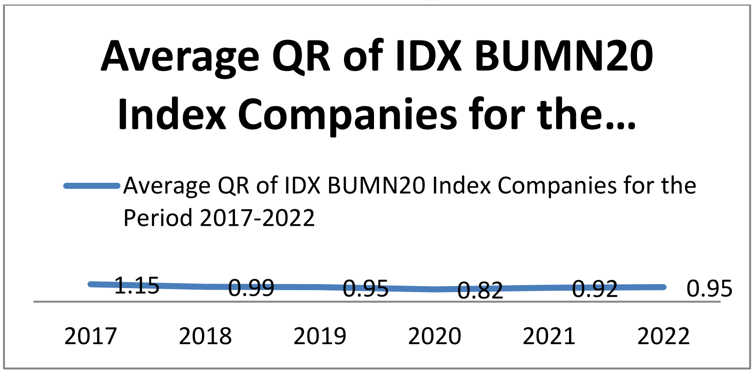
The financial performance of IDX BUMN20 companies for the 2017-2022 period is measured by Return on Equity presented in the following graph:\

Graph 1. Average Return on Equity of IDX BUMN20 index companies for the 2018-2022 period



This graph was obtained by the researcher by processing the company's financial data recorded in the IDX BUMN20 index for the 2017-2022 period. Based on the data displayed by the graph, it shows that there is a decrease in return in equity (ROE) from 2017-2020. In 2021 and 2022 there was an increase. Various factors that can cause changes in financial performance include liquidity, namely liquidity difficulties can make the company's financial performance decline (Subowo and Akhmadi, 2017). An overview of the liquidity performance of SOE index companies during the 2018-2022 period, is presented in the following chart:

Graph 2. Average Quick Ratio of IDX BUMN20 index 2018-2022 period



This graph was obtained by the researcher by processing the company's financial data recorded in the IDX BUMN20 index for the 2017-2022 period. Based on the data contained in the chart, it can be seen that the average quick ratio (QR) of IDX BUMN20 index companies in the 2017-2022 period has been on a downward trend. In the 2017-2020 period, the average quick ratio decreased and in the 2021 period it increased from 1,325 to 1.49, then in 2022 it increased by 0.03. It can be seen that the decline in the quick ratio reflects that the liquidity of IDX SOE 20 companies for the 2017-2022 period has experienced a downward trend. It can be seen that the decline in the liquidity of IDX BUMN20 companies for the 2017-2022 period was followed by a decline in the financial performance of IDX BUMN20 companies for the 2017-2022 period which was reflected by the decline in the company's comprehensive profit.

Several previous researches related to the company's liquidity and financial performance were explained by the research of Diana and Osesoga (2020), stating that liquidity variables have a positive and significant influence on financial performance, this is in line with research conducted by Ni Luh Gede and Elly (2018) which stated that liquidity variables have a significant effect on the company's financial performance. These results are different from the research conducted by Azka and Gita (2023), stating that the liquidity ratio has no effect on the company's financial performance.

The difference in the results of the study shows that there is still a gap in the influence of liquidity on the company's financial performance. This gap occurs because of other variables that affect the relationship between the two variables. Based on a search of several appropriate references, it is indicated that the dividend policy is one of the influencing factors in the relationship between liquidity and the company's financial performance. In *Signaling Theory,* dividend policy can be one way for companies to send signals to investors regarding the company's financial performance. If the company decides to increase the dividend or maintain the dividend given as before, this can be interpreted as an indication that the management, i.e. the company has strong liquidity and financial performance in the future.

Dividend policy is a decision to reinvest the profits received or give the profit to investors (Suriani Ginting, 2018). Ketut *et al.,* (2023), liquidity has a positive impact on dividend policy. The relevant research results were presented by Sakdiah (2019), Martini *et al.,* (2022), Anisah and Intan (2019), Ratnasari and Ni Ketut (2019), and Setra Anggraini (2022), which stated that liquidity has a positive effect on dividend policy. Dividend policy can contribute to improving the company's financial performance. Dividends that are paid regularly to investors are considered as a signal that the company is stable, then a good dividend policy will increase investor confidence in the issuer, and in the end the stock price and market value of the issuer will increase, therefore the issuer's financial performance will also increase. The results of the research conducted by Ainul *et al.,* (2021) stated that dividend policy has an effect on the company's financial performance, this is supported by the research of Cahyani *et al.,* (2022) stated that the dividend policy has a positive and significant effect on the company's financial performance, as well as the research conducted by Esthi *et al.,* (2021) stated that the dividend policy has a positive effect on the company's financial performance.

From the business phenomenon and research gaps that exist in the background of the research, it is important to conduct research on the financial performance of State-Owned Enterprises which can be influenced by the level of liquidity of an issuer and the dividend policy made by the issuer.

II.LITERATURE REVIEW

A. Grand Theory

1. Signaling Theory

Signaling theory is a theory that explains that management wants to provide direction to external parties. The information provided is related to business results, business prospects and the company's balance sheet. These activities are carried out by management because outsiders cannot directly see events that occur within the company due to asymmetric information (Sunardi *et al,* 2021).

Signaling theory explains that the dividend policy can be used as a signal for a shareholder related to the company's well-being and prospects. If the company decides to increase the dividends to be distributed, then it can be suspected as a signal that the issuer has sufficient and stable cash flow. So in this case, liquidity plays an important role in dividend policy because issuers with large liquidity ratios are usually easier to pay dividends without having to sacrifice the company's operational capabilities.

High liquidity and a good dividend policy can be a good sign to shareholders regarding the company's financial performance, so that this can indirectly affect the issuer's overall financial performance. The company's good financial performance can be influenced by increasing investor confidence in the company, as a result of which indirectly the stock price will rise, and increasing shareholder interest in the company can potentially increase the liquidity of the issuer's shares.

In signaling *theory,* the signals provided by liquidity and dividend policies must be reliable and must always be consistent with the company's actual financial performance. If the signals provided are inappropriate or inconsistent, then this can result in a decrease in investor confidence so that it can reduce the issuer's financial performance.

2. Agency Theory

Agency theory is a contract that is precisely designed to be in line with the interests of the principal and the agent related to the difference in interests (Scott & o'Brien, 2003) in (Bahriyah Eka Musha Bakti & Triyono, 2022). *Agency theory* focuses on the correlation between management and investors.

In agency theory, high liquidity can provide a sense of security to investors by being marked by the issuer being able to control the risk as well as possible, because the issuer has enough cash to deal with financial problems that may arise in the future.

Dividend policy has a role as agency control between investors and management. If the emitem has large liquidity and pays large dividends to investors, it shows that the management is not effectively using its liquidity. Likewise, when a company chooses to hold most of its liquidity so that the dividends distributed are small, this can be a reference that the company's management keeps the company's liquidity high so that future risks can be minimized.

In agency theory, liquidity and dividend policies can affect the financial performance of issuers. A dividend policy that is adjusted to liquidity appropriately will help build investor trust and satisfaction, which will later improve the issuer's financial performance. If the issuer has high liquidity but is not managed properly or if the dividend policy is not in accordance with the needs of investors, this can cause disputes between management and investors, so that this can make the company's financial performance decrease.

B. Financial Performance

Financial performance is the ability of an issuer to control and manage the resources it has and use it for the maximum prosperity of stakeholders (Kusuma and Wdiarto, 2022). Financial performance describes the financial condition of an issuer at a certain time, which is related to aspects of fund collection and fund distribution and is often assessed by indicators of capital adequacy, liquidity, and profitability (Jumingan 2019, in Viella Anggoro Kasih & Sutoyo, 2023).

Financial performance is the determination of a certain measure that can be a measure of the success of an issuer to generate profits (Tjahjono, 2014 in Diana & Osesoga, 2020). Financial performance is an analysis of the company's finances in a certain period that is used to get an overview of the advantages and disadvantages of an issuer's financial condition (Viella Anggoro Kasih & Sutoyo, 2023). Kieso, et al., (2017) in Diana & Osesoga, (2020) grouped ratios to analyze financial statements, one of which is the liquidity ratio which is used as a measure of the issuer's ability to pay off its current debts, the activity ratio which is used as a measure for how effective the issuer is in managing their assets, the profitability ratio which is a measure of the company's success and failure rate, and the coverage ratio as a measure of the level of protection for creditors and investors.

C. Liquidity

According to Harahap (2010) in Yessy Arsita (2021), the liquidity ratio is a description of an issuer's ability to settle its current debts. Liquidity is a ratio that provides an overview of the issuer's ability to pay debts on time (Yessy Arsita, 2021). If the company has high liquidity, then the company can meet its current debt (Diana & Osesoga, 2020). The higher the ratio of current assets to short-term debt, the higher the issuer's ability to pay its current debt.

D. Dividend Policy

Dividend policy is a policy related to the issuer's decision regarding whether the profits generated by the company will be given to investors or withheld so that they can be reinvested by the issuer (Halim, 2007 in Sakdiah 2019). The dividend policy is the allocation of net profit after tax that will be distributed to investors and determines how much part of the net profit will be used as company funds (Sakdiah, 2019). The dividend policy is the determinant of the profit that investors will get. The larger the dividends given to investors, the better the company's financial performance will be considered (Esthi et al., (2021). Dividend payments are part of the company's monitoring actions. Companies tend to pay high dividends if managers have a lower proportion of shares (Nugraha and Akhmadi, 2023).

E. Hypothesis Development

- The Effect of Liquidity on Financial Performance

The liquidity ratio indicates the ability of a company to meet its short-term obligations in a timely manner (Utami & Pardanawati, 2016). The higher the ratio between current assets and current debt, the greater the company's ability to pay off its current debt (Diana & Osesoga, 2020). In the context of signal theory, issuers with high liquidity are usually better able to meet current debts and face financial emergencies.

Research by Diana and Osesoga (2020) found that liquidity has a positive and significant effect on financial performance, this indicates that higher liquidity describes the financial stability of the issuer and its ability to manage finances. This finding is in line with the results of Jumantari *et al.*, (2022), Nurzaeni *et al.*, (2023), Harsono and Ary (2020), and Erawati *et al.*, (2022) who also found a positive influence between liquidity and financial performance. However, the findings made by Ni Luh Gede and Elly (2018) and Irsad *et al.*, (2022) found that there is a negative influence between liquidity and financial performance.

Based on the explanation of the theory and previous research, hypothesis one is obtained as follows:

H1 : Liquidity has a positive influence on financial performance

- The Effect of Liquidity on Dividend Policy

Liquidity has a major impact on dividend policy. As a cash expense for a company, dividends can be affected by the level of liquidity. High liquidity indicates that the tendency of issuers to pay dividends to investors is getting greater (Sakdiah, 2019). In signal theory, the amount of liquidity is an indication for investors that the issuer is able to maintain or increase dividends and this illustrates the prospect of good financial growth and stable financial stability.

Research conducted by Ketut *et al.,* (2023) which examines dividend policy and the factors that influence it states that liquidity has a positive impact on dividend policy. Which means that the smoother or more liquid a company is, the higher the dividends that can be paid by the company to investors. These findings are in line with Sakdiah (2019), Martini *et al.,* (2022), Anisah and Intan (2019), Ratnasari and Ni Ketut (2019), and setra Anggraini (2022), who stated that liquidity has a positive effect on dividend policy. Reinaldo and Ardiansyah (2020) found that liquidity has a positive effect on dividend policy, this shows that high liquidity makes issuers tend to pay high dividends.

Based on the explanation of the theory and previous research, two hypotheses are obtained as follows:

H2 : Liquidity has a positive influence on dividend policy

- The Influence of Dividend Policy on Financial Performance

Dividend policy is the issuer's decision to distribute profits to investors or withhold profits for future investment capital (Suffah & Riduan, 2016 in Ainul *et al.,* 2021). In agency theory, dividend policy has complex implications for financial performance, because of the conflict of interest between shareholders who want high dividends on investment returns and management who may want to withhold dividends for company operations. The dividend policy is also a signal for investors regarding the issuer's financial performance because a high dividend indicates good financial performance.

The findings of Cahyani *et al.,* (2022) found that dividend policies have a positive effect on financial performance, with higher dividend distributions reflecting the issuer's increasingly better financial performance. These findings were supported by Ainul *et al.,* (2021), Esthi *et al.,* (2021), Anggia and Jaja (2019), Hilmi (2022), Nur *et al.,* (2021), Prabowo and Leny (2021), and Artarini *et al.,* (2023), who found that dividend policy had a positive effect on financial performance.

Based on the explanation of the theory and previous research, three hypotheses are obtained as follows:

H3 : Dividend policy has a positive influence on financial performance

- Dividend policy can mediate the relationship between liquidity and financial performance

Corporate liquidity has a significant effect on investment and funding decisions. The distribution of dividends, which is the cash flow out of the company, is the result of the decision to distribute profits to investors or withhold profits as capital for future investments (Suffah & Riduwan, 2016 in Ainul *et al.,* 2021). Signal theory emphasizes that dividend policy can be a communication tool for issuer management to provide information related to the company's financial prospects to investors. Issuers that have good liquidity tend to give a positive signal to the market that they are able to consistently pay dividends, so management can use dividend payments as a signal to investors about the issuer's financial health.

The findings of Ketut *et al.,* (2023) found that liquidity has a positive effect on dividend policy, which means that the more liquid the issuer, the greater the dividends distributed to investors. This finding is in line with the findings of Sakdiah (2019), Martini *et al.,* (2022), Anisah and Intan (2019), who found that liquidity has a positive effect on financial performance. The findings of Cahyani *et al.,* (2022), which found that dividend policy has a positive effect on financial performance, The larger the dividend distributed, this reflects the company's good financial performance. This finding is also reinforced by previous findings, such as Ainul *et al.,* (2021), Esthi *et al.,* (2021), Anggia and Jaja (2019) and Hilmi (2022), which found a positive relationship between dividend policy and financial performance.

Based on the explanation of the theory and previous research, three hypotheses are obtained as follows:

H4 : Dividend policy mediates the relationship between liquidity and financial performance

III. DATA & RESEARCH METHODOLOGY

A. Populations and Sample

The population used is all companies included in the IDX BUMN20 index listed on the Indonesia Stock Exchange (IDX) in the research year 2017 to 2022. The sampling technique used is the purposive sampling technique. The total sample obtained in this study is 6 companies from a total of 6 years of observation. The following are the sampling criteria in this study:

1. Consistent issuers are included in the BUMN20 Index from 2017 to 2022.
2. Issuers that have complete financial ratio data.
3. The issuer always distributes dividends to investors from 2017-2022.

Thus, the observation data in this study are 36 observation data. The data of this research was collected by documentation research. Meanwhile, related to the collection of relevant previous researches, grand theory, relevant variable concepts, using literature research.

B. Variable Measurements

The variable that is included in this study, the company's financial performance as a dependent variable is measured by return on equity (ROE), namely the comparison between net profit and total equity, Manurung *et al.*, (2014) and Hamidy *et al.*, (2015) in Akhmadi *et al.*, (2022). Liquidity as an independent variable in this study is measured by the quick ratio (QR), which is the ratio between (total current assets-inventory) and total current debt, Husain (2021). Meanwhile, dividend policy as an intervening variable in this study is measured by dividend yield (DY), which is the ratio of dividends per share to the price per share, Septyana (2019).

C. Data Analysis Method

Data analysis uses descriptive statistical analysis to explore the maximum value, minimum value, average value, and standard deviation value of the data studied. Meanwhile, the analysis related to the influence of liquidity on financial performance, either directly or indirectly, uses multivariate regression inferential statistics. The analysis includes classical assumption tests, regression equations, and hypothesis tests.

IV. RESULTS AND DISCUSSION

RESULT

Descriptive Statistics

Table 2. Dsecriptive Statistics

	N	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**
ROE	36	-0.002	0.440	0.13439	0.106346
QR	36	0.300	2.300	1.16083	0.455640
DY	36	0.008	25.410	3.46522	5.038657
Valid N (listwise)	36				

Return on Equity (ROE): with a sample size of 36, the minimum ROE value is -0.002 and the maximum value is 0.440. The average ROE is 0.13439, and the standard deviation of ROE is 0.106346. *Quick Ratio* (QR): with a sample count of 36, the minimum value of QR is 0.300 and the maximum value of QR is 2.300. The average QR is 1.1608 and the standard deviation of ROE is 0.4556. *Dividend Yield* (DY): with a sample number of 36, the minimum value of DY is 0.008 and the maximum value is 25.41. The average DY is 3.4652 and the standard deviation is 5.0386.

Inferential Statistical Analysis

Classical Assumption Test

Table 3. One-Sample Kolmogorov-Smirnov Test

		Standardized Residual
N		36
Normal Parameters[a,b]	Mean Std. deviation	.0000000
Most Extreme Differences	Absolute Positive Negative	.97100831 .156 -.072

Test Statistic		.156
Asymp. Sig. (2-tailed)		.027c

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

The results of the analysis of the Kolmogorov-Smirnov (K-S) non-parametric statistical test method. A data can be said to be normally distributed if the significance value > 0.05 (Ghozali, 2018). From the results of the K-S test, a result of 0.200 was obtained. This means that the significance (0.027) < 0.05 so that the data is not normally distributed, it is necessary to adjust the data using LN (normal logarithms). Then the following results were obtained:

Table 4. One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		35
Normal Parameters[a,b]	**Mean**	.0000000
	Std. Deviation	.64271781
Most Extreme Differences	**Absolute**	.119
	Positive	.083
	Negative	-.119
Test Statistic		.119
Asymp. Sig. (2-tailed)		.200[c,d]
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

From the results of the K-S test, a result of 0.200 was obtained. It means that the significance of (0.200) > 0.05 thus this normality test is accepted and it can be stated that the data in this study is relatively equal to the average so that this data is declared to be normally distributed.

Table 5. Multicollinearity Test Results

Coefficientsa								
Type		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**	**Collinearity Statistics**	
		B	**Std. Error**	**Beta**			**Tolerance**	**VIF**
1	(Constant)	.067	.034		1.989	.055		
	Quick Ratio	.012	.029	.052	.418	.679	.853	1.172
	Dividend Yield	.015	.003	.728	5.834	.000	.853	1.172
a. Dependent Variable: Return on Equity								

The presence or absence of multicoloniality can be determined by looking at the TOL (tolerance) and inflation factor variance (VIF) for each variable without the bound variable. The results of the multicollinearity test in table 3 of the VIF value of 1,172 < 10 can be concluded that the relationship between liquidity variables and dividend policy is free from the symptoms of multicollinearity.

Table 6. Autocorrelation Test Results

Coefficientsa						
Type		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	.031	.021		1.429	.162
	Quick Ratio	.018	.019	.175	.949	.349
	Dividend Yield	.000	.002	.055	.297	.768
a. Dependent Variable: ABS_RES						

The condition so that autocorrelation symptoms do not occur is DU<DW<4-DU. Based on table 6, the Durbin-Watson value obtained is 1,800. From the Durbin-Watson table, it is known that the DU value is 1.5872 and the 4-DU value is 2.4128. Thus, a result of 1.5872<1,800<2.4128 was obtained. This result qualified for the absence of autocorrelation symptoms, namely DU<DW<4-DU. Therefore, it can be concluded that there are no autocorrelation symptoms in the data of this study.

Table 7. Heterokedasticity Test Results

Model Summary^{b}					
Type	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	**Durbin-Watson**
1	.749	.562	.535	.072518	1.800
a. Predictors: (Constant), Dividend Yield, Quick Ratio					
b. Dependent Variable: Return on Equity					

From the results contained in table 7, it can be seen that the regression results do not have symptoms of heterokedasticity, where:

a. The significance value of the Quick Ratio variable (0.349) > 0.05 can be concluded that there are no heterokedasticity symptoms.
b. The significance value of the Dividend Yield variable (0.768) > 0.05, it can be concluded that there are no heterokedasticity symptoms.

Regression Equation

Table 8. Regression Equation I

Coefficientsa						
Type		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	.045	.047		.952	.348
	Quick Ratio	.077	.038	.331	2.044	.049
a. Dependent Variable: Return on Equity						

From table 8, it can be seen that the value of the Quick Ratio regression coefficient to Return on Equity $\beta_1 = 0.331$ ($\beta \neq 0$), so it can be said that the free variable (Quick Ratio) has a significant positive effect on the bound variable (Return on Equity). And equation I is obtained as follows:

$$ROE = 0.045 + 0,331\ QR$$

Table 9. Regression Equation II

Coefficientsa						
Type		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	-1.449	2.181		-.665	.511
	Quick Ratio	4.234	1.752	.383	2.417	.021
a. Dependent Variable: Dividend Yield						

From table 9, it can be seen that the value of the Quick Ratio regression coefficient to Dividend Yield $\beta_1 = 0.383$ ($\beta \neq 0$), so it can be said that the free variable (Quick Ratio) has a significant positive effect on intervening (Dividend Yield). And equation II is obtained as follows:

$$DY = -1.449 + 0,383\ QR + e$$

Table 10. Regression Equation III

Table 8. Coefficientsa						
Type		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	-.086	.049		-1.770	.095
	Quick Ratio	.123	.036	.493	3.415	.003
	Dividend Yield	.009	.003	.494	3.421	.003
a. Dependent Variable: Return on Equity						

From table 10, it can be seen that the value of the regression coefficient of Quick Ratio to Return on Equity β 1 = 0.493 ($\beta \neq 0$) and Dividend Yield to Return on Equity $\beta_2 = 0.494$, so it can be said that the free variable (Quick Ratio) has an effect on the bound variable (Return on Equty) through mediation (Dividend Yield), but the regression coefficient of Quick Ratio is reduced ($\beta_1 = 0.760$, $\beta_1' = 0.493$). So it can be concluded that Dividend Yield partially mediates the relationship between Quick Ratio and Return on Equity. And equation III is obtained as follows:

$$ROE = -0,086 + 0,493\ QR + 0,494\ DY + e$$

Hypothesis Test

Table 11. Partial Test Results (t-Test)

Hypothesis				
		β	Sig	Result
H1	Liquidity has a positive effect on financial performance	0.077	0.049	Accepted
H2	Liquidity has a positive impact on dividend policy	4.234	0.021	Accepted
H3	Dividend policy has a positive effect on financial performance	0.016	0.000	Accepted
H4	Dividend policy can mediate the relationship between liquidity and financial performance	QR = 0.012 DY = 0.015	QR =0.679 DY = 0.000	Accepted

DISCUSSION

The first hypothesis gives the result that liquidity has a positive and significant effect on financial performance. Based on the results of the partial test (t-test), it is proven that liquidity affects financial performance, so H_1 is accepted. In signal theory, companies that have a high level of liquidity describe the issuer's better ability to meet current debts and face financial emergency situations. The larger the ratio between current assets and current debt, the higher the company's ability to meet its current debt (Diana & Osesoga, 2020). The findings of this study are consistent with research conducted by Diana and Osesoga (2020), Ni Luh Gede and Elly

(2018), Irsad, et al., (2022) and Jumantari, et al., (2022) which stated that liquidity variables simultaneously have a significant positive effect on the company's financial performance.

The second hypothesis gives the result that liquidity has a positive and significant effect on dividend policy. Based on the results of the partial test (t-test), it is proven that liquidity has a positive and significant effect on the dividend policy, so that H_2 is accepted. In the context of signal theory, high liquidity can be a signal to shareholders that issuers can maintain or increase dividends over time. This can be interpreted by investors as a signal that the issuer has good financial growth prospects and stable finances. The findings of this study are consistent with research conducted by Ketut, *et al* (2023), Sakdiah (2019), Martini *et al.*, (2022) which stated that liquidity has a significant positive effect on dividend policy.

The third hypothesis provides the result that the dividend policy has a positive and significant effect on the company's financial performance. Based on the results of the partial test (t-test), it is proven that the dividend policy has a positive and significant effect on the company's financial performance, so that H_3 is accepted. The agency theory recognizes that there is a conflict of interest between shareholders who want high dividends to get a return on their investments, and company management who may have an incentive to withhold dividends to finance growth or to maintain control. The dividend policy can also serve as a signal for investors regarding the issuer's financial performance. When a company distributes a large dividend, it means that the company has a good financial performance. . The findings of this study are consistent with research conducted by Ainul *et al.*, (2021), Cahyani *et al.*, (2022), and Esthi *et al.*, (2021) which stated that dividend policy has a positive effect on the company's financial performance.

The fourth hypothesis reveals that dividend policy can act as a mediator in the relationship between liquidity and financial performance of companies. The results of the partial test (t-test) show that the dividend policy is able to link liquidity with the company's financial performance. In particular, dividend policy perfectly mediates the relationship between liquidity and the company's financial performance, where the liquidity regression coefficient decreases after considering the dividend policy variables, causing liquidity to no longer have a significant influence on the company's financial performance. Therefore, the fourth hypothesis is accepted. In signal theory, dividend policy serves as a tool for companies to send information to investors about the company's financial condition. In particular, dividend policies can act as a mediator in linking liquidity to a company's financial performance, signaling to investors that the company has good financial health and positive financial performance prospects in the future. These findings are supported by previous studies, including those of Sakdiah (2019), Martini et al. (2022), Anisah and Intan (2019), Ainul et al. (2021), and Esthi et al. (2021), which show the positive influence of dividend policies on the financial performance of companies.

CONCLUSSIONS

Based on the results of the research that has been described earlier, it can be concluded that liquidity has a positive and significant influence on the financial performance of companies listed in the IDX BUMN20 index during the 2017-2022 period. These findings illustrate that companies with high liquidity tend to have better abilities in meeting short-term obligations and overcoming financial emergencies. Liquidity also has a positive and significant effect on dividend policy. This explains that high liquidity can be an indicator for investors that the issuer is able to maintain or increase dividend payments and reflect stable financial growth. Dividend policy also has a positive and significant influence on the company's financial performance, this shows that a large dividend distribution is considered a sign of good financial performance by the market. Dividend policy can be the perfect mediator between liquidity and financial performance. This finding explains that dividend policy can be a tool for issuers to signal to investors about the issuer's financial health. Thus, if the issuer's liquidity is high and decides to increase dividend payments, it can be interpreted by investors as an indication of good financial performance in the future.

The results of the study cannot be generalized because of the limitations in the scope of the research only on the SOE index, using one proxy for each variable so that the results have not been tested if using other proxies. Future research should expand its scope to be developed using several indices and using several proxies for each variable observed.

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