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The Influence of Investment Decisions and Dividend Policies on Firm Value with Financial Performance as a Mediation Variable (A Study on Coal Mining Sub-Sector Companies in the Indonesian Capital Market)

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ABSTRACT

The coal mining industry in Indonesia saw notable operational growth from 2020 to 2024, fueled by increasing global demand and rising commodity prices. Despite this growth, fluctuations in firm value—measured by Price to Book Value (PBV)—did not always correspond with operational performance, suggesting a disconnect between market perception and company fundamentals. This study investigates how investment decisions and dividend policies affect firm value in coal mining companies listed on the Indonesia Stock Exchange, with financial performance serving as a mediating factor. Using a quantitative, causal research design, the analysis draws on secondary data from nine companies with consistent dividend payments, covering 36 firm-year observations. Path analysis and the Sobel test were employed to examine direct, indirect, and mediation effects, supported by classical assumption tests to ensure model validity. The research contributes to signaling theory by illustrating the impact of financial strategies on investor perception and firm valuation. Its findings offer practical guidance for managers aiming to enhance firm value through investment and dividend policies, while also helping investors better interpret corporate financial signals.

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1. INTRODUCTION

Amid the rapid and increasingly competitive development of the industrialization era, every company is required to continuously grow and enhance its competitiveness in order to survive market fluctuations. The intensifying competition, both domestically and globally, demands that companies adopt effective strategies to maintain and improve their competitive advantage. One sector that continues to grow and plays a major role in Indonesia's economy is the coal sector.

To this day, coal remains a core component in Indonesia's energy mix, particularly in supporting the country's electricity needs. Data shows that approximately 67 percent of Indonesia's total power plants still rely on coal as their primary fuel source. This condition reflects Indonesia's significant dependence on this fossil energy and its limited transition toward more environmentally friendly alternative energy sources, despite the global trend that

continues to shift toward more sustainable renewable energy [1].

Indonesia's coal industry has experienced a significant surge in global commodity prices, driven by increased demand in the post-pandemic period and the energy crisis resulting from geopolitical conflicts. This has led to an increase in national coal production and export volumes.

Based on Figures 1 and 2 (attached), the reference coal commodity prices, as well as national coal production and export data, tend to show an upward trend from 2020 to 2024. This increase may be attributed to strong domestic coal demand and continued high export demand from various countries (APBI, 2024).

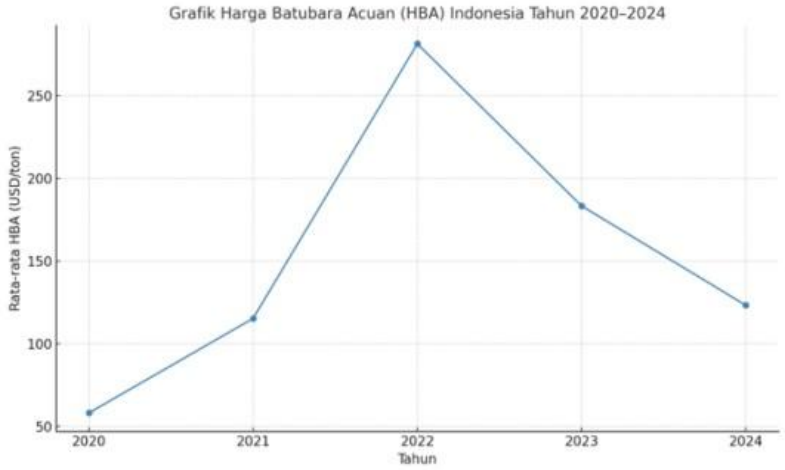

Figure 1. Reference Coal Price Chart 2020-2024
Source: Kementrian ESDM, 2024

The development of Indonesia's average Coal Benchmark Price (HBA) from 2020 to 2024 shows significant fluctuations over the past five years, reflecting both global energy market dynamics and domestic policy changes. In 2020, coal prices hit their lowest level at USD 58.17 per ton, driven by a decline in global demand due to the COVID-19 pandemic. However, in 2021, there was a significant surge to USD 115.35 per ton, in line with the global economic recovery and rising energy demand.The price peaked in 2022, with the average HBA reaching USD 281.48 per ton. This sharp increase was influenced by the global energy crisis, particularly due to the Russia–Ukraine conflict, which prompted European countries to seek alternative energy sources, including coal. As one of the world's leading coal exporters, Indonesia experienced the impact through a surge in both demand and prices. In 2023, however, coal prices began to decline to USD 183.42 per ton. This decrease was attributed to the stabilization of global energy supplies and the reinstatement of export restrictions and energy transition policies in several countries. The downward trend has continued into 2024, with the average HBA (as of April) recorded at USD 123.32 per ton.

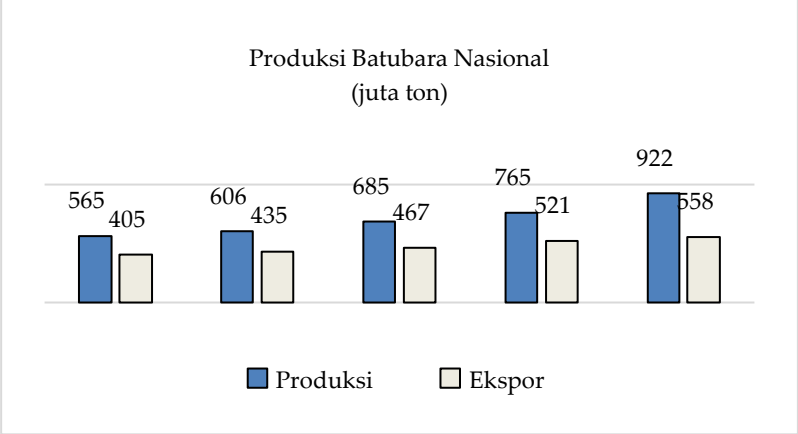

Figure 2. National Coal Production Amount
Source: Kementrian ESDM, 2024

National coal production and exports from 2020 to 2024 experienced a significant increase, which directly impacted the firm value of companies operating in Indonesia's mining industry. Firm value is fundamentally an important aspect that must be considered by stakeholders, as it reflects the financial condition of a company. When a company has a high value, stakeholders are more likely to trust the company and reward it by investing their equity and debt capital. Stakeholder trust can become the most effective instrument in boosting the company's stock price. Conversely, when a company's value is low, stakeholders may hesitate to invest their capital. This investor hesitation is often a sign of declining stock prices, which in turn may lead to a decrease in firm value [2].

Investors can assess a company's value by its book value. A method to estimate firm worth is through the Price to Book worth (PBV) ratio. PBV assists investors in evaluating whether a stock is overvalued or undervalued by juxtaposing the current market price with the company's book value.

Table 1. Presents the PBV in the coal sub-sector listed on the Indonesian capital market from 2020 to 2024

No	Tahun	PBV
1	2020	0,09x
2	2021	1,98x
3	2022	1,15x
4	2023	1,07x
5	2024	2,75x

The PBV values over the years reflect that firm value is not constant and may undergo drastic changes over time. A company's value will always depend on the expected cash flows perceived by investors if they decide to purchase shares [3]. Increasing firm value can still be achieved through proper decision-making—one of which is that a manager must possess the ability to predict the possible consequences of each strategy, tactic, and project implemented, as all of these can affect the company's quality and, ultimately, its value [4].

A corporation with robust value and high quality will signal the market, anticipated to enhance comprehension of the organization's total quality. These signals act as markers for external entities in assessing a company's stability and financial performance. The information derived from these signals becomes a key foundation in the evaluation process and investment decision-making, as prospective investors will consider how far the company's prospects can provide optimal returns before investing capital in the form of shares [5].

Information that provides a signal regarding the company's condition to the recipients (investors) is also known as Signalling Theory, proposed by [6], in which a signal is implicitly defined as a mechanism that explains why individuals can—and even should—be interested in certain information. Such information can be categorized as an issue related to firm value and poses a challenge for investors, especially in making investment decisions amid uncertainty. Thus, it can be considered a problem in accurately interpreting the signal.

Signals can take the form of information related to management's efforts to fulfill investor expectations, or other information that indicates the company is performing better than others. [7] explain that signals are provided to reduce information asymmetry, where internal parties have a better understanding of the company's condition. High-quality firms are more inclined to convey indications of their competitive advantage to the market. Conversely, worse organizations typically reveal just obligatory information. Companies are incentivized to freely share confidential information as it may be perceived as a favorable indicator of strong performance and a means to mitigate information asymmetry. Such signals may enhance a company's reputation and attract potential investors [8].

Based on signaling theory, one of the signals that can influence investor perception of a company's prospects is investment decision-making. Allocating funds for investment reflects management's optimism about future business growth. This positive signal can increase investor confidence, ultimately contributing to a rise in stock prices and enhancing the company's value in the capital market [9].

Research conducted by [10] states that investment decisions have a significant and positive effect on firm value. Management's ability to effectively manage investments increases investor trust in the company's prospects, which is expected to result in good profits and an adequate return on investment for the company's future.

Firm value can also be influenced by another factor dividend policy. This policy relates to how profits, which are the right of shareholders, are managed. In principle, profits can either be distributed as dividends or retained for reinvestment in the company. Dividends also convey information about the company's future prospects. Research by [11] indicates that dividend policy has a positive effect on firm value.

Studies on the effect of investment decisions and dividend policy on firm value have yielded differing results, as found by [12], [13], where investment decisions and dividend policy were found to have a negative impact on firm value. This is due to the fact that increased capital for business expansion may also affect the amount of retained earnings and the dividends distributed.

Information regarding the amount of dividends distributed, as well as the overall quality of the company's financial statements disclosed to external parties, is conveyed through signals that reflect the company's performance—particularly its financial performance—and the achievements of management in realizing shareholders' expectations through their investment in company shares [14]. In this study, financial performance is added as a mediating variable because it serves as a key mechanism for achieving the objective of maximizing firm value [15].

Based on data on the coal benchmark price, production, and exports from 2020 to 2024, a phenomenon can be observed in which coal companies showed operational performance improvements through increased production and export volumes during periods of high prices. However, market perceptions of firm value do not always reflect these conditions. The growth of firm value, proxied by the price to book value (PBV), during this period did not consistently align with coal price trends.

This phenomenon is relevant to analyze further through managerial aspects such as investment decisions and dividend policy, as well as financial performance as a mediating factor influencing firm value. It

highlights the importance of these factors in shaping investment and dividend decisions, suggesting that investors should consider various aspects before making their investment decisions.

2. LITERATURE REVIEW

2.1 Signalling Theory

Signaling theory states that when a company has a strong firm value, it demonstrates a solid ability to meet its financial obligations, such as paying dividends, interest, and loan principals, while also maintaining effective operational capabilities. This is an indication that the company has good performance, which can be seen through its assets and profits. Thus, when a company's assets and profits increase, it signifies business progress, and this represents positive news [16].

A company's reputation can be observed through consistent and positive signals, which are believed to build investor trust [17]. This reputation is closely related to the company's financial performance. When a company's financial statements are published, investors will pay attention to total profits and sales outcomes for that year. Fundamental analysis is typically conducted by investors before making investment decisions [18].

Signaling theory forms the foundation for explaining the relationship between financial performance and firm value. Information received by investors is interpreted as either a positive signal (good news) or a negative signal (bad news). When a company reports increased profits, it is perceived as a positive signal because it reflects favorable business conditions. Conversely, when profits decline, it indicates that the company is in a weaker position and is therefore perceived as a negative signal [19].

2.2 Firm Value

The value of a firm can be ascertained by various aspects, including anticipated company performance, corporate governance, capital structure, ownership structure, asset composition, return rates, inflation, interest rates, economic growth, and additional elements. Multiple factors—both fundamental and technical—are employed to evaluate firm value, including corporate governance, capital structure, ownership structure, and company performance [20].

The valuation of a firm can be assessed through the Price to Book Value (PBV) ratio. PBV is the ratio of a company's market capitalization (stock price) to the book value of its equity. The book value of equity denotes the worth of a company's assets as recorded on the balance sheet. The PBV ratio provides a crucial assessment for investors pursuing growth at a fair price and is frequently analyzed in conjunction with Return on Equity (ROE), a dependable growth metric. An elevated PBV ratio correlates with an increased company value [21].

A healthy company typically has a PBV ratio greater than one (>1), which indicates that the market value of its shares is greater than its book value. The higher the PBV ratio, the greater the amount of capital investors are willing to invest relative to the company's book value, thus increasing the likelihood of investors buying the company's stock [16].

2.3 Investment Decision

Investment decision-making is a comprehensive evaluation process of future prospects, encompassing both financial and non-financial aspects, which must be undertaken by individuals or business entities [22]. Before selecting a suitable investment instrument, considering investment decisions is crucial for the sustainability of a company and can be optimized through the implementation of effective financial management and measurable risk management [23].

A study conducted by [24] states that the selection of long-term capital financing aims to increase the owners'

wealth. Investments that are selected generate a positive firm value, and as firm value increases, the owners' wealth also increases proportionally. Thus, investment decisions and dividend policies have a positive and significant influence on firm value. Investment decisions are a critical factor in enhancing firm value. These decisions typically relate to how resources are allocated or utilized. The return rate obtained from an investment is directly influenced by how efficiently the funds are used.

Companies are closely linked to investment decisions because investment reflects the company's efforts to seize opportunities for improving competitiveness. Large investments can increase returns on assets and equity. When investments are made, the outcomes are usually evident in increased company profits in the future.

2.4 Dividend Policy

Dividend policy is a strategic decision made by company management regarding the allocation of net income. The corporation must ascertain whether to distribute a portion or the entirety of the profit to shareholders as dividends or to retain it as retained earnings for future investment projects [25].

Signaling theory states that distributing large dividends can send a positive signal to investors. Investors tend to interpret this as an indication that the company has promising future prospects, which can in turn increase the company's value.

Dividend policy can be proxied using the Dividend Payout Ratio (DPR), which is measured by calculating the amount of cash dividends paid to shareholders relative to earnings per share. This serves as an indicator for assessing the company's dividend distribution policy in relation to firm value.

2.5 Financial Performance

Financial performance is both the starting point and the end point of every project. The true beginning of any project lies in the transformation of a particular idea (project idea) from imagination into reality; this can only be achieved by providing appropriate sources or funding and good management of those resources. Financial performance marks the end of every project, and poor financial performance ultimately leads to bankruptcy and exit from the market. A good project and strong financial performance act as the driving force, without which no project can proceed [26].

Financial performance can be evaluated using financial ratio analysis, a method for assessing a company's capacity to earn profits. This study use Return on Assets (ROA), calculated as operational profit or Earnings Before Interest and Taxes (EBIT) divided by total assets [27].

Based on the theoretical foundation above, a research concept is developed to explain the relationships among the variables in this study. The conceptual framework illustrates the relationships between investment decisions, dividend policy, financial performance, and firm value.

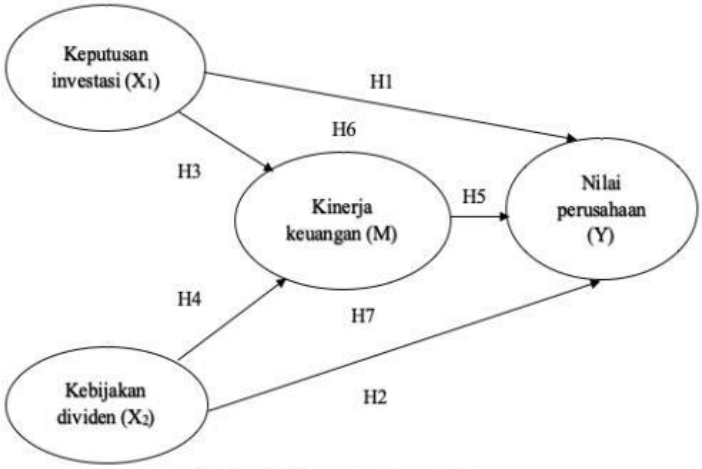

Figure 3. Conceptual Framework

Based on the conceptual framework, the hypotheses that can be formulated are as follows:

H1: Investment decisions have a positive effect on firm value.

H2: Dividend policy has a positive effect on firm value.

H3: Investment decisions have a significant effect on financial performance.

H4: Dividend policy has a positive effect on financial performance.

H5: Financial performance has a significant positive effect on firm value.

H6: Financial performance is able to mediate the effect of investment decisions on firm value.

H7: Financial performance is able to mediate the effect of dividend policy on firm value.

3. RESEARCH METHODS

This research aims to analyze the firm value of coal mining sub-sector businesses listed on the Indonesia Stock Exchange (IDX) from 2020 to 2024, hypothesizing that it is affected by investment decisions and dividend policies, mediated by the company's financial performance.

The research strategy will employ a quantitative approach, utilizing both associative and causal research methods. The research will analyze the direct impact of investment decisions and dividend policies on business value, utilizing financial performance as an intermediary variable. The study will utilize a sample of nine coal mining sub-sector firms listed on the IDX that consistently delivered dividends from 2020 to 2024.

The research population comprises coal mining sub-sector companies listed on the Indonesia Stock Exchange (IDX) from 2020 to 2024, which possess complete annual financial reports for that timeframe and have regularly distributed dividends over the same period. Nine companies were chosen as samples based on these criteria. Over a 5-year span, there are a total of 45 observations. The sampling approach employed is purposive sampling, selected based on coal mining sub-sector enterprises registered on the IDX for the period of 2020 to 2024. The sample criteria used in this study are as follows:

1. Mining sector companies in the coal sub-sector listed on the Indonesia Stock Exchange during 2020-2024 that regularly distributed dividends during that period.
2. Mining sector companies in the coal sub-sector that routinely publish annual financial reports on the Indonesia Stock Exchange during 2020-2024.

This study will use data analysis techniques through path analysis. The path analysis will be conducted using the SPSS (Statistical Package for the Social Sciences) program.

Table 2. Sample of Coal Mining Sub-Sector Companies for the Years 2020-2024

No	Company Name	Company Code
1	PT Alamtri Resources Indonesia Tbk	ADRO
2	PT Baramulti Suksessarana Tbk	BSSR
3	PT Bayan Resources Tbk	BYAN
4	PT Golden Energy Mines Tbk	GEMS
5	PT Indo Tambangraya Megah Tbk	ITMG
6	PT Resource Alam Indonesia Tbk	KKGI
7	PT Mitrabara Adiperdana Tbk	MBAP
8	PT Bukit Asam Tbk	PTBA
9	PT Sumber Global Energy Tbk	SGER

This study identifies several variables that will be used to test the hypotheses and analyze the data, namely:

1. Dependent Variable is a variable that is influenced by the independent variable. In this study, the dependent variable is firm value, denoted by the letter Y.
2. Independent Variables are variables that can influence other variables. In this study, there are two independent variables: Investment decisions, denoted by X1, and Dividend policy, denoted by X2.
3. Mediation (Intervening) Variable is a variable that explains the influence of the independent variable on the dependent variable. In this study, the mediation variable is financial performance, denoted by the letter M.

3.1 Firm Value (Y)

This research will examine the firm value of coal mining subsector businesses listed on the Indonesia Stock Exchange from 2020 to 2024. This study will use the Price to Book Value (PBV) as a proxy for business value, determined by dividing the stock price per share by the book value per share. This ratio indicates the amount investors are prepared to pay for each unit of the company's book value (Brigham et al., 2014). The Price to Book Value (PBV) can be computed utilizing the formula (in Indonesian Rupiah).

$$PBV = \frac{price\ per\ share}{book\ value\ per\ share}$$

3.2 Investment Decision (X1)

Investment decisions in this study refer to companies in the coal mining subsector listed on the Indonesia Stock Exchange during the period 2020-2024. According to [28], Total Asset Growth (TAG) represents the increase in a company's assets over a period as a reflection of expansion and growing operational capacity. TAG can be formulated as follows:

$$TAG = \frac{Tot.\ Aset\ t - Tot.\ Aset\ t-1}{Total\ Aset\ t-1}\ x\ 100\%$$

3.3 Dividend Policy (X2)

The higher the dividend payout ratio (DPR), the greater the proportion of net profit allocated to be distributed to shareholders [29].

This study will assess the dividend policy through the dividend payout ratio, determined by dividing total cash dividends distributed to shareholders by earnings per share. The dividend payout ratio is determined by the subsequent formula.

$$DPR = \frac{dividen\ per\ share}{(Earning\ Per\ Share)}\ X\ 100\%$$

3.4 Financial Performance (M)

According to [28], measuring a company's effectiveness in generating profit from all assets owned can be done using ROA, where financial performance can be proxied by Return on Assets (ROA), which is measured by operating profit after tax divided by total assets.

Mathematically, ROA can be calculated using the following formula (expressed as a percentage):

$$ROA = \frac{earning\ after\ tax}{total\ asset}\ X\ 100\%$$

3.5 *Classic Assumption Test*

a. Normality Test

Data with a normal distribution is a requirement in regression analysis. Data is considered to have a normal distribution if the significance value (sig.) is greater than 0.05. Therefore, in this study, the data collected by the author has a normal distribution.

Table 3. Normality Test Results

	Unstandardized Residual
N	45
Normal Parameters – Mean	0
Normal Parameters – Std. Deviation	8,68138
Most Extreme Differences – Absolute	0,115
Most Extreme Differences – Positive	0,115
Most Extreme Differences – Negative	-0,065
Test Statistic	0,115
Asymp. Sig. (2-tailed)	0,163

b. Heteroskedasticity Test

The heteroskedasticity test indicates that the data is free from heteroskedasticity symptoms if the significance value (sig.) is greater than 0.05. Therefore, it can be concluded that all variables in this study are free from this symptom.

Table 4. Heteroskedasticity Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6,481	3,514		2,578	0,014
	ROA	0,861	0,507	0,258	1,697	0,097
	TAG	0,005	0,142	0,008	0,039	0,969
	DPR	-0,075	0,143	-0,116	-0,528	0,600

c. Multicollinearity Test

In the multicollinearity test, the data is considered free from symptoms if the deviation of linearity value is greater than 0.05. Under this condition, the detection of multicollinearity symptoms yields the following result:

1. No symptoms detected in PBV*ROA (0.483 > 0.05)

Table 5. Multicollinearity Test for PBV*ROA

			Sum of Squares	df	Mean Square	F	Sig.
PBV* ROA	Between Groups	(Combined)	4.934,82	38	129,864	1,496	0,324
		Linearity	1.297,13	1	1.297,13	14,945	0,008
		Deviation from Linearity	3.637,70	37	98,316	1,133	0,483
	Within Groups		520,754	6	86,792		
	Total		5.455,57	44			

2. No symptoms detected in PBV*TAG (0.528 > 0.05)

Table 6. Multicollinearity Test for PBV*TAG

			Sum of Squares	df	Mean Square	F	Sig.
PBV *TAG	Between Groups	(Combined)	5.395,40	43	125,475	2,085	0,508
		Linearity	594,96	1	594,96	9,888	0,196
		Deviation from Linearity	4.800,45	42	114,296	1,9	0,528
	Within Groups		60,17	1	60,17		
	Total		5.455,57	44			

3. No symptoms detected in PBV*DPR (0,233 > 0,05)

Table 7. Multikolinearitas PBV*DPR

			Sum of Squares	df	Mean Square	F	Sig.
PBV *DPR	Between Groups	(Combined)	5.401,31	42	128,603	4,739	0,189
		Linearity	1.233,77	1	1.233,77	45,469	0,021
		Deviation from Linearity	4.167,53	41	101,647	3,746	0,233
	Within Groups		54,269	1	27,135		
	Total		5.455,57	44			

d. Autocorrelation Test

Data can be considered to have passed the autocorrelation test if the DurbinWatson value obtained after analysis lies between the values of dU and 4 – dU. Based on the results obtained, the author concludes that there is no autocorrelation problem found in the collected data because the value is 1.474 < 2.370 < 2.526.

Table 8. Durbin-Watson Test Results

Model	R	R Square	Adjusted R Square	Std. Error of Estimate	Durbin-Watson
1	0,626	0,392	0,348	8,99339	2,370

3.6 Sobel Test

a. Direct Effect

The first test is the direct effect test to see how the variable X directly influences variable Y. The results of the direct effect test can be seen as follows:

Table 9. Results of Direct Effect Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	32,799	4,281		7,662	0
	TAG	0,062	0,306	0,04	0,202	0,841
	DPR	-0,779	0,308	-0,505	-2,53	0,015

From the results of the test, the first Sobel test diagram before conducting the indirect effect test is as follows:

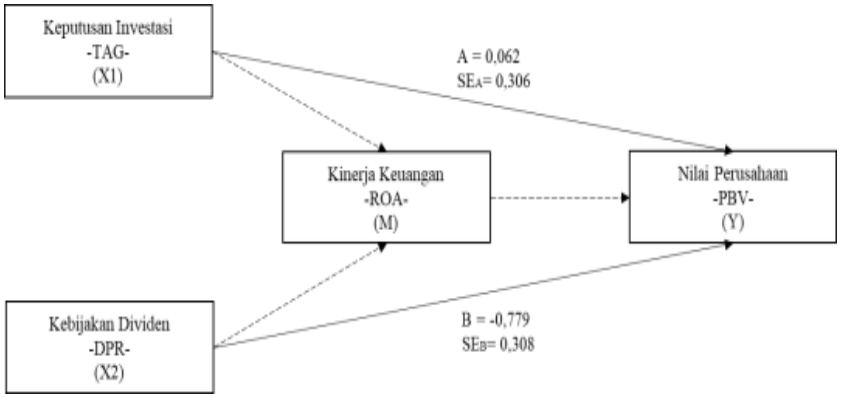

Figure 4. Initial Sobel Test Diagram for the Direct Effect of X on Y

b. Mediation Effect

In testing the indirect effect, the influence of variable X on M is first tested, yielding the following results:

Table 10. Results of Testing X to M

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3	0,601		5,088	0
	DPR	-0,017	0,043	-0,09	-0,407	0,686
	TAG	-0,024	0,043	-0,125	-0,563	0,577

Therefore, based on the findings, the diagramcan be updated with the following statistical values:

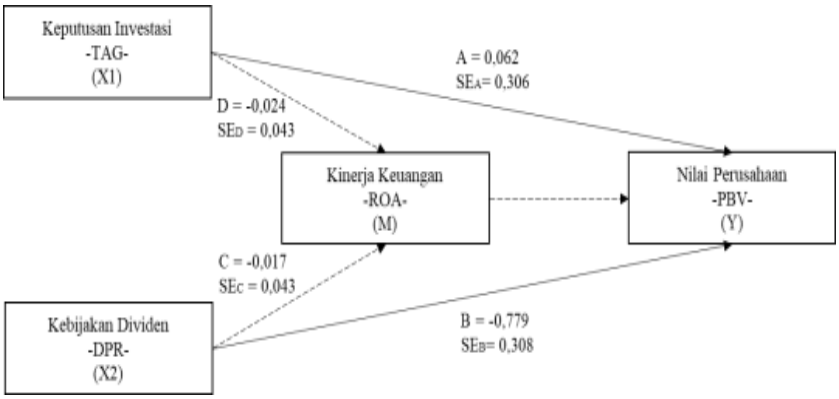

Figure 5. Sobel Test Diagram After Analyzing the Effect of X on M

The next test involves including the variable M in the regression analysis, which then produces the following statistical results:

Table 11. Results of the Test for X and M on Y

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	22,728	4,884		4,653	0
	DPR	0,119	0,275	0,078	0,434	0,666
	TAG	-0,699	0,277	-0,453	-2,52	0,016
	ROA	3,292	0,986	0,415	3,339	0,002

Thus, based on these results, the final Sobel test diagram is as follows:

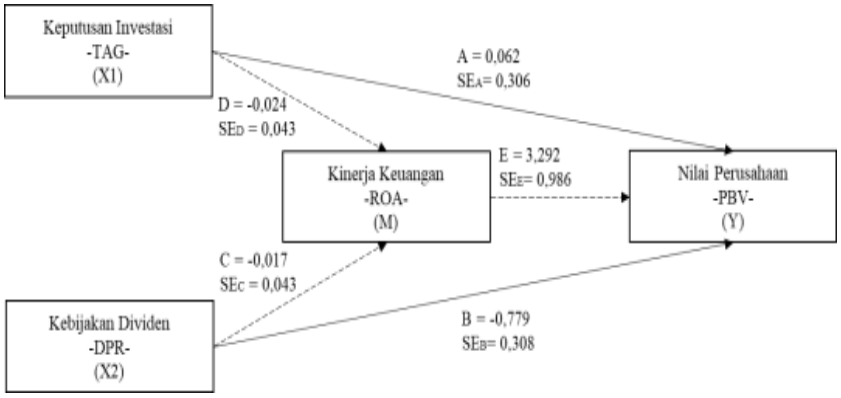

Figure 6. Final Diagram for the Sobel Test

Based on these results, the Sobel test calculation in this study is as follows:

Table 12. Results of the Test X → M → Y

Keputusan Investasi		Test Statistic	P-Value
a	0,062	0,202	0,840
b	3,292		
SEa	0,306		
SEb	0,986		
Kebijakan Dividen		**Test Statistic**	**P-Value**
a	-0,779	-2,016	0,044
b	3,292		
SEa	0,308		
SEb	0,986		

c. Coefficient of Determination

Based on the test conducted, the coefficient of determination shows an R Squared of 0.392, indicating that the model used by the author is able to explain 39.20% of the changes occurring in variable Z, while the remaining 60.80% is explained by other variables outside this study.

Tabel 13. Model Summary

Model	R	R Squared	Adjusted R Square	Std. Error of the Estimate
1	0,626	0,392	0,348	8,99339

d. Model Feasibility Test

In this test, it was found that the significance value is 0.000 < 0.05, indicating that simultaneously Investment Decisions, Dividend Policy, and Financial Performance affect the Company Value.

Table 14. F Test Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.139,45	3	713,151	8,817	0
	Residual	33.116,12	41	80,881		
	Total	5.455,57	44			

e. Significance Test

The significance test to assess how X affects Y is based on the following table:

Table 15. Partial Test Results of X to Y

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	22,728	4,884		4,653	0,000
	DPR	0,119	0,275	0,078	0,434	0,666
	TAG	-0,699	0,277	-0,453	-2,52	0,016
	ROA	3,292	0,986	0,415	3,339	0,002

Meanwhile, the significance test to analyze the effect of X on M is based on the statistical results in the following table:

Table 16. Partial Test Results of X to M

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3	0,601		5,088	0,000
	DPR	-0,017	0,043	-0,09	-0,407	0,686
	TAG	-0,024	0,043	-0,125	-0,563	0,577

Finally, the mediation test will be based on the Sobel test calculation results as follows.

Table 17. Mediation Test Results

Keputusan Investasi		*Test Statistic*	*P-Value*
a	0,062	0,202	0,840
b	3,292		
SEa	0,306		
SEb	0,986		
Kebijakan Dividen		***Test Statistic***	***P-Value***
a	-0,779	-2,016	0,044
b	3,292		
SEa	0,308		
SEb	0,986		

4. RESULTS AND DISCUSSION

4.1 The Effect of Investment Decisions on Firm Value

From the test results, it was found that the significance value in this analysis is 0.016 < 0.05, indicating that investment decisions have a significant effect on firm value.

This result aligns with studies by [30]–[32], which show that investment decisions have a significant positive impact on firm value. This indicates that

the investment decisions made by a company will affect the increase or even decrease in the company's value. Investment expenditures can drive company growth in the future. Companies undertake actions such as expansion, and if successfully implemented, it will positively impact the company's value and performance, so investment decisions can have a positive and significant effect on firm value.

4.2 The Effect of Dividend Policy on Firm Value

From the test results, it was found that the significance value is 0.666 > 0.05, indicating that dividend policy does not have a significant effect on firm value.

This finding is consistent with the dividend irrelevance theory by [33], which states that in a perfect market, dividend policy does not affect firm value. [34] also found similar results that dividend policy does not always significantly impact firm value in the energy sector.

4.3 The Effect of Investment Decisions on Financial Performance

From the test results, it was found that the significance value is 0.686 > 0.05, indicating that investment decisions do not have a significant effect on financial performance.

This is in line with findings by [35], which suggest that the benefits of new investments usually take time before they affect financial indicators. In other words, the company's strategic investments may not yet yield measurable returns during the reporting period studied.

4.4 The Effect of Dividend Policy on Financial Performance

From the test results, it was found that the significance value is 0.577 > 0.05, indicating that dividend policy does not have a significant effect on financial performance.

This finding aligns with [36], who stated that dividend payments are more influenced by managerial policies and other non-financial considerations.

4.5 The Effect of Financial Performance on Firm Value

From the test results, it was found that the significance value is 0.002 > 0.05, indicating that financial performance does not have a significant effect on firm value.

This result is consistent with the research by [37], which stated that financial performance measured by ROA does not have a significant impact on firm value.

4.6 The Role of Financial Performance in Mediating the Effect of Investment Decisions on Firm Value

The Sobel test calculation showed that the Z1 value, examining the effect of investment decisions on firm value through financial performance, is 0.840 > 0.05, indicating that financial performance does not mediate the effect of investment decisions on firm value in this study.

This finding aligns with research by [38], which showed that financial performance/profitability does not significantly influence firm value.

4.7 The Role of Financial Performance in Mediating the Effect of Dividend Policy on Firm Value

The Sobel test calculation showed that the Z2 value, examining the effect of dividend policy on firm value through financial performance, is 0.044 > 0.05, indicating that financial performance does not mediate the effect of dividend policy on firm value in this study.

This result is consistent with research by [39], which found that dividend policy does not affect firm value with financial performance as an intervening variable.

5. CONCLUSION

a. Investment decisions have a positive and significant effect on firm value. Coal mining subsector companies that make effective investment

decisions can increase their firm value. Actions such as expansion or development are viewed positively by investors.

b. Dividend policy does not have a significant effect on firm value. This result supports the dividend irrelevance theory, which states that dividend distribution is not a primary consideration for investors when assessing a company's value, especially in perfect market conditions.
c. Investment decisions do not have a significant effect on financial performance, as the results of investments are not necessarily immediately reflected in financial indicators such as Return on Assets (ROA), particularly in the short term.
d. Dividend policy does not have a significant effect on financial performance. The amount of dividends paid is not always related to improvements in a company's financial performance, as it is more influenced by management policies and other non-financial considerations.
e. Financial performance does not have a significant effect on firm value. Although theoretically financial performance (such as ROA) is considered a signal of company quality, this study did not show a significant role in influencing investors' perception of firm value.
f. Financial performance is not able to mediate the relationship between investment decisions and firm value. This indicates that the effect of investment decisions on firm value occurs directly, not through financial performance.
g. Financial performance is also unable to mediate the effect of dividend policy on firm value. Although the p-value from the Sobel test was close to significant (0.044), this study concludes that the mediation effect is not statistically strong enough.

Investment decisions have a direct influence on firm value, while dividend policy and financial performance have yet to show a significant role, either directly or as mediating variables. This emphasizes the importance of strategic investment decision-making for coal mining companies in increasing their market value, especially in fluctuating commodity market conditions.

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