ABSTRACT

Mining in Indonesia is an industry that fluctuates due to demand and supply factors. Overinvestment is a positive error term derived from the investment demand function. Overinvestment indicates that the company will tend to increase the size of the company, undertake several projects with a net value of a negative impact that is detrimental to the company's shareholders because of the company's own interests. To reduce the impact of overinvestment, the company implements a dividend policy to reduce the negative impact on company performance.

This study aims to see how the effect of overinvestment on company performance, how the effect of dividend policy on company performance, and how the effect of dividend policy moderates the relationship between overinvestment and company performance in the mining sub-sector listed on the Indonesia Stock Exchange in 2018-2022.

The method used in this study uses panel data regression analysis. This study uses a type of quantitative causal research with a mining unit of analysis from 2018-2022. The data collected are cross-sectional data and time series data. With data obtained from the Indonesia Stock Exchange (IDX), Yahoo Finance, and mining websites that provide research data.

The results of this study indicate that overinvestment affects the performance of mining companies. Dividend policy has no effect on company performance. And dividend policy cannot moderate the relationship between overinvestment and company performance. This research is expected to be used as a reference for mining companies to carefully consider dividend payment decisions because this can affect company performance.

Keywords*: Dividend Policy, Firm Performance, Overinvestment.*