



Analysis of Firm Value Based on Growth, Dividend Policy, Capital Structure, and Profitability: An Empirical Study on LQ45 Companies Listed on the IDX During 2022–2024

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ABSTRACT

This study examines the effects of company growth, dividend policy, capital structure, and profitability on firm value and the moderating role of dividend policy among LQ45 companies listed on the Indonesia Stock Exchange (IDX) during 2022–2024. This causal study examines firm value as the dependent variable and determinants. Secondary data were obtained from audited financial reports and IDX sources. Using purposive sampling, 33 companies were selected, producing 99 firm-year observations. After removing 18 outliers, 81 observations remained for analysis. Data were analyzed using classical assumption tests, multiple linear regression, Moderated Regression Analysis (MRA), and 1,000-resampling bootstrap estimation. The results show that company growth has a significant negative effect on firm value, while dividend policy and capital structure have no significant effects. Profitability has a positive and significant effect and is the most dominant determinant of firm value. Furthermore, dividend policy significantly strengthens the effect of profitability on firm value, but does not moderate the effects of company growth or capital structure.

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1. INTRODUCTION

In today's rapidly evolving global financial environment, identifying the factors that influence firm value has become increasingly important for investors, managers, and policymakers. Economic volatility, geopolitical uncertainties, and structural changes in financial markets continue to reshape capital markets worldwide, presenting both challenges and opportunities for publicly listed companies (Ismiyatun et al., 2021). Within this setting, companies included in Indonesia's LQ45 Index, consisting of 45 highly liquid and well-capitalized firms listed on the Indonesia Stock Exchange (IDX), provide a relevant context for examining the determinants of firm value in an emerging market. The annual percentage changes in the LQ45 Index during the 2022–2024 period are presented in Figure 1.

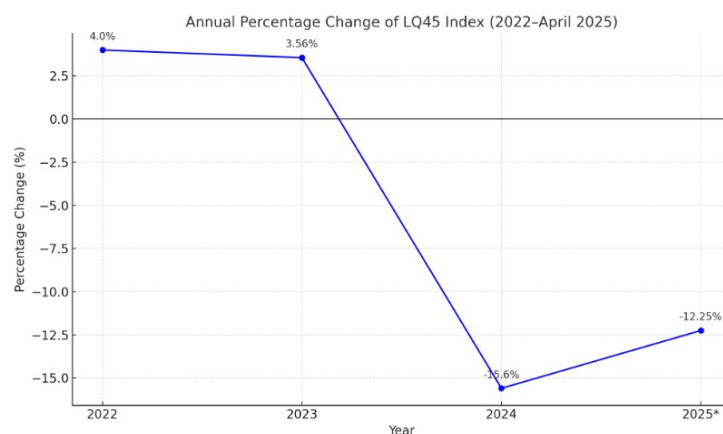


Figure 1. Annual percentage change of LQ45 Index periode 2022-2024

Statistical data indicate the annual development of the LQ45 index in percentage terms during the 2022 April 2025 period. In 2022, the LQ45 index increased by 4.00%, indicating an improvement in stock market conditions following the COVID-19 pandemic. This positive performance continued in 2023, when the index grew by 3.56%, although the increase was lower than that recorded in the previous year. However, in 2024, the LQ45 index experienced a substantial contraction of 15.60%. This decline may have been influenced by several factors, including global economic uncertainty, increases in benchmark interest rates, and pressure on major sectors represented in the LQ45 index. The decline suggests that the Indonesian capital market, particularly LQ45-listed stocks, faced considerable pressure amid domestic and international economic conditions that had yet to fully stabilize. Such fluctuations highlight the importance of effective investment risk management and the strengthening of the fundamental performance of companies included in the LQ45 index. The data were obtained from official information published by the Indonesia Stock Exchange (IDX) through its website.

The relationship between firm value and corporate financial decisions remains an important issue in corporate finance research. Although conventional financial theories provide a broad framework for explaining this relationship, empirical evidence from emerging economies with distinctive institutional characteristics continues to offer valuable insights (Brigham & Houston, 2019). Previous studies indicate that growth opportunities, dividend policy, capital structure, and profitability may interact differently in emerging markets than in developed economies, emphasizing the importance of conducting research within specific economic contexts (Hirdinis, 2019). Firm value represents an important indicator of a

company's performance and long-term sustainability. In the capital market, firm value can be reflected through market capitalization, which is determined by multiplying the number of outstanding shares by the market price per share (Gunarianto et al., 2023). From an investor's perspective, firm value reflects perceptions regarding a company's success and is closely associated with its stock price. Brigham and Houston (2019) define firm value as the present value of future cash flows expected to be received by shareholders. A high level of firm value is generally desirable because it indicates greater shareholder wealth. For publicly listed companies, firm value is commonly assessed using financial ratios, one of the most widely used measures being Price to Book Value (PBV), which compares the market price of a share with its book value. Firm value, however, is not determined solely by financial factors but is influenced by various internal and external factors that interact with one another.

Company growth is one of the important factors that can contribute to an increase in firm value. Sustainable growth can generate investor optimism regarding a company's future prospects, potentially encouraging an increase in its share price. Growth reflects the extent to which a company positions itself within the broader economic environment or within its respective industry (Sudiani & Darmayanti, 2016). One commonly used indicator of company growth is asset growth, which represents changes in the total assets owned by a company. Asset growth is measured by calculating the percentage change in total assets from one period to the following period. Companies that consistently demonstrate growth are generally considered to possess favorable future prospects, which can encourage positive investor responses and subsequently increase share prices. Previous empirical findings have indicated that company growth has a positive and significant effect on firm value. Within the LQ45 index, companies capable of maintaining strong growth amid national and global economic challenges may therefore be more attractive to investors.

Dividend policy is another important factor that may influence firm value. Dividend policy refers to management's decision regarding the proportion of earnings distributed to shareholders as dividends and the portion retained to finance future investments and business activities. A higher proportion of retained earnings can strengthen a company's internal financing capacity and financial position. Consequently, dividend policy constitutes an important component of a company's long-term financial strategy and can ultimately influence firm value (Brigham & Houston, 2019). A consistent and transparent dividend policy may also strengthen investor confidence and provide positive signals to the market. In the case of LQ45 companies, firms that consistently distribute stable or increasing dividends may receive more favorable responses from investors and potentially achieve higher market valuations. This argument is consistent with Liong et al. (2023), who found that dividend payments can serve as an indicator of company quality.

Capital structure is also an essential determinant of firm value because it reflects the composition of financing used by a company. Capital structure generally describes the proportion of debt and equity employed to finance company operations and investments. An appropriate capital structure enables companies to manage their cost of capital efficiently and may consequently contribute to an increase in firm value. Debt financing can consist of short-term and long-term liabilities, whereas equity includes retained earnings and owners' capital. The importance of capital structure lies in its potential impact on a company's financial condition, which ultimately influences its market value (Albart et al., 2020). Companies included in the LQ45 index demonstrate differences in their financing structures, particularly in the extent to which they rely on debt and equity. These variations provide an important basis for examining the role of capital structure in determining firm value.

Profitability is another fundamental factor in the formation of firm value. It reflects a company's ability to generate earnings through the resources and business activities it manages. Profitability is widely regarded as an important indicator of financial performance and future growth potential. In general, higher profitability is expected to be associated with higher firm value because it demonstrates the company's effectiveness in utilizing its resources to generate profits. Investors and financial analysts frequently consider profitability when evaluating a company's financial health and future prospects. A high level of profitability indicates effective managerial performance and efficient resource utilization, which can strengthen investor confidence. Conversely, companies that are unable to generate adequate profits may face difficulties in maintaining business continuity (Murniati & Oktris, 2025). Companies with strong profitability are therefore more likely to attract investors, which may increase their stock prices and ultimately enhance firm value.

Growth, capital structure, dividend policy, and profitability are not independent factors but are closely interconnected within corporate financial decision-making. Strong company growth can contribute to improved profitability, which may subsequently influence dividend distribution and financing decisions. At the same time, an efficient capital structure can provide adequate financial support for expansion and profitability, while a stable dividend policy can strengthen investor confidence. Given the complexity of these relationships, empirical investigation is particularly relevant for companies included in the LQ45 index, which consists of highly liquid stocks with relatively large market capitalization. Therefore, examining these factors among LQ45 companies during the 2022–2024 period is important for understanding the determinants of firm value in Indonesia's capital market.

This study aims to empirically examine the influence of growth opportunities, dividend policy, capital structure, and profitability on the value of leading companies listed in the LQ45 index on the Indonesia Stock Exchange during 2022–2024. By focusing on leading Indonesian companies, this research seeks to provide further evidence regarding the mechanisms underlying firm value creation in one of Southeast Asia's largest economies. The study is also supported by the findings of Musabbihan and Purnawati (2018), who reported that investor assessments of corporate performance may change in response to evolving economic conditions in Indonesia. Their findings indicate that conventional corporate performance indicators may need to be reconsidered in accordance with current market conditions. Furthermore, Damodaran (2020) emphasizes the importance of corporate valuation as a basis for financial decision-making aimed at maximizing firm value. Therefore, examining the roles of growth, dividend policy, capital structure, and profitability provides a relevant approach to understanding variations in the value of LQ45 companies in Indonesia.

1.1. Literature Review

Signaling Theory

Signaling theory was initially developed by Michael Spence in 1973 to explain how individuals or organizations communicate information to external parties in situations characterized by information asymmetry between signal senders and receivers. Spence demonstrated that, in the labor market, individuals with superior qualifications tend to use specific signals to improve their opportunities for obtaining desirable employment. Within the corporate environment, signaling theory explains how firms utilize various policies, decisions, and actions to communicate information that may not be directly observable to investors, analysts, and other stakeholders. Bafera and Kleinert (2023), in their study

Signaling Theory in Entrepreneurship Research: A Systematic Review and Research Agenda, highlight that this theory is particularly useful for understanding behavior when information is unevenly distributed among parties. The communication process involves the sender determining how information should be conveyed, while the receiver evaluates and interprets the signals provided.

Firm Value

Modigliani and Miller (1958), through their irrelevance proposition, explain that firm value is primarily determined by the firm's ability to generate operating profits and undertake productive investments rather than by its capital structure or dividend policy. This proposition is based on the assumption of a perfect capital market in which taxes, transaction costs, and information asymmetry do not exist. Under such circumstances, financing decisions would not influence firm value because investors are able to create leverage independently. Consequently, firm value is considered to depend mainly on the cash flows generated by the firm's productive assets (Pezzulo et al., 2013). Nevertheless, Jensen and Meckling (1976) argue that corporate decisions and capital structure may influence firm value through company performance and agency conflicts. Accordingly, an effective capital structure should balance the advantages of debt financing, particularly tax benefits, with potential financial distress and agency costs (Mullick, 2023). This suggests that firm value is also determined by the firm's ability to manage its financing structure effectively to generate benefits for investors.

Company Growth

Growth theory focuses on explaining the factors and mechanisms underlying the development of firms over time, including market expansion, product diversification, and improvements in operational efficiency (Terms, 2019). Various growth models, such as the Solow growth model and endogenous growth theory, identify capital accumulation, technological advancement, and innovation as important determinants of economic and organizational growth (Verba, 2022). In the context of firm value, growth theory provides a basis for examining how increases in revenue, profitability, and market share can contribute to company value. Consistent and sustainable growth may strengthen investor confidence and ultimately increase shareholder value (Aghion & Howitt, 1992). Therefore, investments in research and development, human capital, innovation, and long-term growth strategies are important for maintaining sustainable growth and enhancing firm value amid increasingly competitive business conditions.

Dividend Policy

Dividend policy represents a firm's managerial decision concerning the distribution of profits to shareholders. From the perspective of signaling theory, dividend payments can serve as an indication of the firm's expected future financial performance. An increase in dividends may reflect management's confidence in the company's future prospects, whereas a reduction in dividends can generate concerns among investors regarding the firm's financial condition (Naz et al., 2023). Lintner's (1956) bird-in-the-hand theory further suggests that investors may prefer dividend income because it is perceived as more certain than future capital gains. Nevertheless, differences in tax treatment may encourage certain investors to prefer retained earnings rather than dividend distributions in order to reduce their tax burden (Karjalainen et al., 2023). Consequently, dividend policy should be formulated by taking into account the firm's liquidity, investment requirements, and growth objectives so that

shareholder returns can be balanced with the need to support long-term business expansion (Adityo & Heykal, 2020).

Capital Structure

Capital structure refers to the composition of financing sources used by a company, particularly the relative proportions of debt and equity employed to support its operations. According to trade-off theory, firms should determine an appropriate level of debt by balancing the tax advantages obtained from debt financing against the potential costs associated with financial distress and bankruptcy. The theory also considers how financing costs may influence the overall value of the firm (Sohail Aziz & Abbas, 2022). In contrast, the pecking order theory proposes that companies generally prioritize internal financing, particularly retained earnings, before relying on debt financing or issuing new equity. This preference arises from information asymmetry between managers and external investors (Myers & Majluf, 1984). Therefore, well-managed capital structure decisions can help reduce financing costs, improve investor perceptions, and contribute to the enhancement of firm value (Diantimala et al., 2021).

Profitability

Profitability describes a firm's capacity to generate earnings from its operational activities. This capability can be evaluated through financial ratios such as Return on Assets (ROA) and Return on Equity (ROE), which indicate how efficiently a company utilizes its assets and shareholders' equity to produce profits (Bazimya, 2024). A high level of profitability provides benefits not only through potential dividend distributions to shareholders but also by creating greater internal funds that can be reinvested into business development. In addition, sustained profitability is closely related to operational efficiency and the firm's ability to maintain a competitive advantage, allowing the company to withstand competitive pressures and fluctuations in market conditions. Therefore, managerial decisions and corporate policies should be oriented toward maintaining optimal profitability while simultaneously creating sustainable value for investors (Dewi et al., 2023).

Hypothesis Development

The Effect of Company Growth on Company Value

Growth is a serious indicator which demonstrates the potential of the company for the future, revenue, assets, and market share. Growth is sustainable when the company has an appropriate growth strategy, elasticity to react to changes in the market, and high competitiveness in its field. In the value assessment of the firm, investors are willing to pay a premium to firms with a stable positive growth trajectory, as they are viewed to have the potential for greater future returns on investment (Khan et al., 2021). In endogenous growth theory, investment in innovation and quality human capital will result in sustainable long-term growth. Therefore, companies that truly increase their production capacity, increase market size, and bring new product or service offerings, stand a very good chance of increasing their company value. Therefore, this being the line of thought, the hypothesis to be proposed here is that sustainable growth positively adds to firm value.

H1: Company growth has a positive effect on firm value.

The Effect of Dividen Policy on Company Value

New dividend policy is a management approach in designing a plan for paying dividends that is more responsive, responsible, and flexible to current market conditions and investor needs. In an era of information disclosure and increasing demands for good corporate governance, an open and responsive dividend policy can improve investor confidence in company management (Mansour et al., 2022). This may include a change from a conventional dividend policy to a residual policy-based dividend, the use of a dynamic payout ratio, and the use of information technology for real-time communication of dividend policy. Additionally, based on dividend signaling theory, dividends may be used as an indication of the firm's financial performance and future prospects. Thus, the company that creates a contemporary dividend policy will improve its image of stability and reliability, thus increasing the value of the company ultimately. Thus, the hypothesis that can be drawn is that the firm value is positively affected of the dividend policy.

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

The Effect of Capital Structure on Company Value

Capital structure alludes to debt and equity make-up in capitalizing the activities of the business. Capital structure theories, such as Trade-Off Theory and Pecking Order Theory, explain that a firm's optimum capital structure could significantly influence the value of a firm (Abor, 2020). A firm's optimum capital structure allows it to reduce the firm's weighted average cost of capital (WACC) and optimize firm value. Its usage can provide benefit in the form of a tax shield on loan interest paid but, when debt ratio is very high, financial risk is increased and company value can decrease. Therefore, the company must be able to find a balance between risk and benefits while making decisions on capital structure. In competitive and unstable market conditions, capital management flexibility is extremely needed to allow companies to remain effective and able to resist external forces. Based on these factors, a hypothesis that can be made is that optimal capital structure enhances the value of the firm.

H3: Capital structure has a positive effect on firm value.

The Effect of Profitability on Company Value

Profitability is the key reflection that reveals the company's ability to generate profits from its business operations. Accounting ratios such as return on assets (ROA), return on equity (ROE), and net profit margin are often used to evaluate managerial efficacy and efficiency in managing resources (Hussain et al., 2023). According to agency theory, more profitable firms can provide higher incentives to shareholders, which can in turn reduce manager-owner conflicts. More profitable firms are also likely to have greater financial flexibility to handle market uncertainty and can access external finance more easily. Having plenty of profits also leaves room for firms to reinvest in profitable projects or distribute dividends to shareholders. Therefore, high profitability not only reflects good financial performance, but also increases the attractiveness of the firm in the eyes of investors and drives its stock market value upwards. Therefore, the hypothesis can be stated that higher profitability has a positive impact on firm value.

H4: Profitability has a positive effect on firm value

2. METHOD

This study employs a causal research design to investigate the effects of several independent variables on firm value as the dependent variable. Firm value (Y) represents investors' perceptions of a company and is measured by Price to Book Value (PBV). The independent variables include company growth (X1), measured by asset growth; dividend policy (X2), measured by Dividend Payout Ratio (DPR), which reflects the proportion of earnings distributed to shareholders; capital structure (X3), measured by Debt to Equity Ratio (DER), which indicates the relative composition of debt and equity financing; and profitability (X4), measured by Return on Equity (ROE), which reflects the company's capacity to generate profits.

The research examines companies included in the LQ45 index and listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 period. The study uses secondary data obtained from audited financial statements, the official IDX website, annual reports, and other relevant sources. Samples were determined through purposive sampling based on several criteria, including companies that remained members of the LQ45 index for at least two years of the observation period, provided complete audited financial statements and data for all research variables, and demonstrated adequate stock liquidity. Based on these criteria, 33 companies were obtained, resulting in 99 firm-year observations. After excluding 18 observations identified as outliers, the final sample consisted of 81 observations.

Data collection was conducted using documentation techniques, while data analysis was performed with IBM SPSS Statistics. The analytical procedures included descriptive statistics, classical assumption testing, multiple linear regression analysis, Moderated Regression Analysis (MRA), and bootstrap estimation using 1,000 resampling iterations. The classical assumption tests covered normality, multicollinearity, heteroscedasticity, and autocorrelation. Hypothesis testing was conducted using the partial t-test, simultaneous F-test, and Adjusted R^2 , with a significance level of 5%. Bootstrap estimation was applied as supplementary evidence to evaluate the stability and robustness of the regression coefficients, particularly in situations where the residuals did not completely meet the normality assumption. The study applies a pooled Ordinary Least Squares (Pooled OLS) model; therefore, the results should be interpreted cautiously, considering the possibility of firm-specific and time-specific effects as well as autocorrelation inherent in panel data.

3. RESULTS AND DISCUSSION

Data Description

This study employed secondary data obtained from the audited annual financial statements of LQ45 companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 period. The data were collected using the documentation method from the official IDX website and the annual reports of each company. Based on the purposive sampling technique described in Chapter III, the final sample consisted of 81 firm-year observations after the elimination of outliers. The data were analyzed using IBM SPSS Statistics through descriptive statistics, classical assumption tests, multiple linear regression analysis, Moderated Regression Analysis (MRA), and the bootstrap method. Before presenting the results of the hypothesis testing, the descriptive statistics of the research variables are discussed to provide an overview of the characteristics of the data.

Result of Data Analysis

The of Observation

The population of this study consists of companies included in the LQ45 index on the Indonesia Stock Exchange (IDX) during the 2022–2024 period. Based on the purposive sampling criteria described in Chapter III, 33 companies met the required criteria, resulting in 99 initial firm-year observations obtained from 33 companies observed over three years. As presented in Table 4.1 and Figure 4.1, the initial dataset was subjected to an outlier identification process to detect observations with extreme values that could potentially distort regression estimates and affect the fulfillment of model assumptions. The process resulted in the exclusion of 18 observations, leaving 81 final observations for analysis. These 81 observations were subsequently used consistently in all statistical analyses, including descriptive statistics, classical assumption tests, multiple linear regression, Moderated Regression Analysis (MRA), and other hypothesis testing procedures. Thus, the final sample size used throughout this chapter is $N = 81$ observations.

Descriptive Statistic

Descriptive statistics are used to provide an overview of the characteristics of the research data, including the minimum, maximum, mean, and standard deviation of each variable. The results of the descriptive statistics, based on $N = 81$ observations (after outliers were removed), are presented in Table 1.

Table 1. Descriptive Statistic

Variabel	N	Min.	Max.	Mean	Std. Deviation
PBV	81	0,316	10,172	2,136	1,717
GRO	81	-0,201	0,332	0,067	0,088
DPR	81	0,000	1,369	0,436	0,279
DER	81	0,031	3,547	0,996	0,884
ROE	81	-0,033	0,336	0,137	0,099

Source: Output SPSS (2026).

The firm value variable, measured using Price-to-Book Value (PBV), has a mean of 2.136 and a standard deviation of 1.717, indicating considerable variation in firm value among LQ45 companies during the observation period. The maximum Dividend Payout Ratio (DPR) of 1.369 or 136.9% indicates that some companies distributed dividends exceeding their current-year net income, which may occur when companies utilize retained earnings from previous periods to support dividend payments. Meanwhile, the minimum Return on Equity (ROE) of -0.033 and Growth (GRO) of -0.201 indicate that some companies experienced negative profitability and asset growth, showing that the financial performance of LQ45 companies was not consistently positive throughout the 2022–2024 observation period.

The classical assumption tests

Normality Test

A normality test was conducted using the one-sample Kolmogorov-Smirnov test on the residuals of the regression model. The test results are presented in Table 2.

Table 2. Normality Test Result (One-Sample Kolmogorov-Smirnov Test)

N	Asymp. Sig. (2-tailed)	Description
81	0,004	Abnormal

Source: Output SPSS (2026).

The normality test was conducted using the One-Sample Kolmogorov–Smirnov (K–S) test on 81 observations (N = 81) to determine whether the regression residuals were normally distributed. The test produced an Asymp. Sig. (2-tailed) value of 0.004, which is below the 0.05 significance level, indicating that the residuals do not follow a normal distribution and that the regression model does not fully satisfy the normality assumption. However, this violation does not necessarily invalidate the regression analysis; therefore, this study applied the bootstrap method with 1,000 resampling iterations as a supplementary procedure to improve the robustness of statistical inference. Bootstrapping is a non-parametric resampling technique that can provide more stable estimates of standard errors, confidence intervals, and significance values when normality assumptions are not fully met, thereby supporting the reliability of the regression results.

Multicollinearity Test

The multicollinearity test is used to detect the presence or absence of high correlation among independent variables in a regression model, using the criteria of Tolerance > 0.10 and VIF < 10. The test results for Model I are presented in Table 3.

Table 3. Multicollinearity Test Result

Variabel	Tolerance	VIF	Description
GRO	0,867	1,153	There is no multicollinearity
DPR	0,934	1,071	There is no multicollinearity
DER	0,953	1,049	There is no multicollinearity
ROE	0,841	1,190	There is no multicollinearity

Source: Output SPSS (2026).

Based on Table 3, all four independent variables show Tolerance values well above 0.10 (GRO = 0.867; DPR = 0.934; DER = 0.953; ROE = 0.841) and VIF values well below 10 (GRO = 1.153; DPR = 1.071; DER = 1.049; ROE = 1.190), indicating that this model is free from multicollinearity. These results make sense conceptually because GRO, DPR, DER, and ROE are financial ratios derived from different data sources (GRO from asset growth, DPR from the dividend payout ratio, DER from the debt-to-equity structure, and ROE from return on equity), so mathematically they are not linear functions of one another; it is this low correlation among the ratios that causes the VIF value to remain close to 1 (a VIF value of 1 indicates no correlation whatsoever among the predictors).

Heteroscedasticity Test

The heteroscedasticity test is performed to determine whether there is inequality in residual variance in the regression model. A good regression model is one with constant residual variance (homoscedasticity), so that the estimated regression coefficients can be interpreted more accurately. In this study, the heteroscedasticity test was performed using a scatterplot graph and Glejser test by observing the distribution pattern between the Standardized Predicted Value and the Standardized Residual in figure 2.

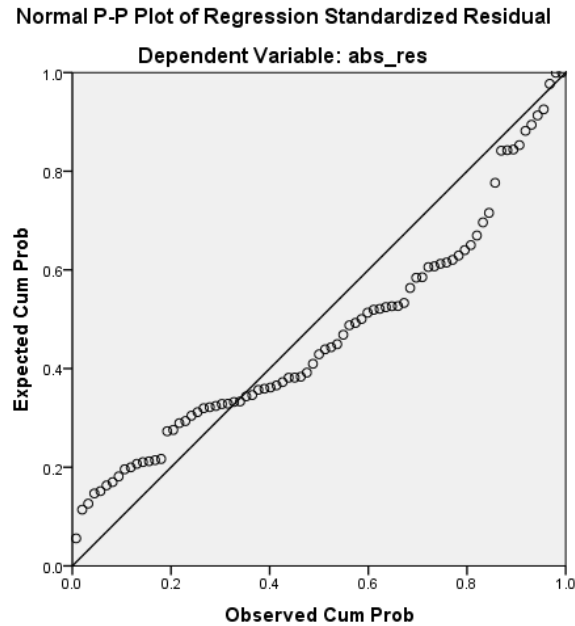


Figure 2. Scatterplot Graph

Based on Figure 2, it can be seen that the residual points are randomly spread around the horizontal line at zero, both above and below the Y-axis. In addition, the distribution of points does not form a specific pattern, such as a funnel, widening, wavy, or other systematic pattern. This condition indicates that the residual variance tends to be constant across all predicted values. These results indicate that the regression model does not exhibit heteroscedasticity, thus meeting the homoscedasticity assumption. With this assumption met, the regression model is suitable for analyzing the relationships between Company Growth, Dividend Policy, Capital Structure, Profitability, and interaction variables with Firm Value.

To verify the statistical validity of these visual results, a Glejser test was conducted by regressing the absolute residual values (abs_res) against all independent variables. The test results are presented in Table 4.

Table 4. Glejser Test Result

Variable	B	Std. Error	Beta	t	Sig.
(Constant)	0,571	0,268	-	2,134	0,036
GRO	-0,896	1,318	-0,079	-0,680	0,499
DPR	0,012	0,402	0,003	0,031	0,975
DER	0,165	0,125	0,146	1,315	0,193
ROE	2,943	1,190	0,292	2,472	0,016

Variable Dependent: abs_res. Source: output SPSS (2026)

Based on the Glejser test criteria, a model is considered free from heteroscedasticity if all independent variables have a Sig. value > 0.05 with respect to the absolute residuals. The test results show that GRO (Sig. = 0.499), DPR (Sig. = 0.975), and DER (Sig. = 0.193) are not statistically significant, indicating that these three variables do not show any indication of heteroscedasticity. However, ROE has a Sig. value of $0.016 < 0.05$ with a positive coefficient

of 2.943, indicating the presence of heteroscedasticity associated with this variable. Therefore, the regression model is not entirely free from heteroscedasticity. Although the scatterplot does not visually indicate any particular pattern, the Glejser test statistically identifies heteroscedasticity originating from ROE. This difference in results occurs because the scatterplot assesses the overall pattern of residual distribution, whereas the Glejser test examines the effect of each independent variable on the variation in residuals.

Autocorellation Test

An autocorrelation test is used to determine whether there is a correlation between the error terms in period t and those in the previous period ($t-1$) in a linear regression model. This test uses the Durbin-Watson (DW) statistic, with the criterion that no autocorrelation exists if $dU < DW < 4-dU$. The results of the autocorrelation test using the Durbin-Watson method for Model I and Model II (MRA) are presented in Table 5.

Table 5. Autocorellation Test Result (Durbin-Watson)

Model	R	R Square	Adjusted R Square	Durbin-Watson	Description
Model I	0,448	0,201	0,159	1,160	Positive autocorrelation indicated
Model II (MRA)	0,509	0,259	0,188	1,146	Positive autocorrelation indicated

Source: Output SPSS (2026).

Based on the Durbin–Watson test at $\alpha = 5\%$ with $N = 81$, the critical values for Model I ($k = 4$) are $dL = 1.5372$ and $dU = 1.7438$, while those for Model II ($k = 7$) are $dL = 1.4572$ and $dU = 1.8303$. The DW values of Model I (1.160) and Model II (1.146) are both lower than their respective dL values, indicating the presence of positive autocorrelation and leading to the rejection of the null hypothesis of no autocorrelation. A bootstrap estimation with 1,000 resamples for Model I produced a bias of -0.068 , a standard error of 0.239 , and a 95% confidence interval of $0.682-1.604$, providing additional evidence regarding the stability of the DW estimate. The presence of autocorrelation should be interpreted as a limitation of the pooled OLS approach because this model does not explicitly account for serial correlation in panel data. Although the OLS coefficients may remain unbiased under certain conditions, autocorrelation can make the standard errors inefficient and potentially affect the accuracy of t -test and F -test inferences. Therefore, the findings should be interpreted with caution, and future research is recommended to consider panel-data estimation methods that explicitly account for serial correlation.

Multiple Linear Regression Analysis

Multiple linear regression analysis is used to determine the effect of several independent variables on a single dependent variable, either simultaneously or partially. In this study, multiple linear regression analysis aims to examine the effect of company growth (D), capital structure (DER), and profitability (ROE) on company value (PBV) in LQ45 companies. The results of the multiple linear regression analysis serve as the basis for testing the research hypothesis through partial tests (t -test), simultaneous tests (F -test), and the coefficient of determination (R^2).

Partial Test (T-test)

The regression test results for Model I are presented in Table 6.

Table 6. Regration Test Result Model I

Variabel	B	Std. Error	Beta	t	Sig.
(Constant)	1,203	0,436	-	2,762	0,007
GRO	-4,667	2,145	-0,240	-2,176	0,033
DPR	-0,057	0,654	-0,009	-0,088	0,930
DER	0,236	0,204	0,121	1,155	0,252
ROE	7,585	1,937	0,438	3,916	0,000

Variabel Dependen: PBV. Source: Output SPSS (2026).

Of the four independent variables, only GRO and ROE are significant on PBV. GRO has a significant negative effect ($B = -4.667$; Sig. 0.033) meaning that the higher the company's growth, the company's value tends to decrease, contrary to the initial hypothesis that assumed a positive relationship. ROE has a significant and strongest positive effect ($B = 7.585$; Sig. 0.000) profitability is clearly the main driver of company value. Meanwhile, DPR (Sig. 0.930) and DER (Sig. 0.252) do not have a significant effect on PBV. The regression test results for Model II are presented in Table 7.

Table 7. Regration Test Result Model II

Variabel	B	Std. Error	Beta	t	Sig.
(Constant)	1,296	0,495	-	2,616	0,011
GRO	-2,912	3,054	-0,150	-0,953	0,343
DPR	-1,326	1,132	-0,215	-1,172	0,245
DER	0,362	0,502	0,187	0,721	0,473
ROE	3,391	2,750	0,196	1,233	0,224
DPR × GRO	-2,634	8,000	-0,053	-0,329	0,743
DPR × DER	-0,084	1,153	-0,020	-0,073	0,942
DPR × ROE	13,870	5,905	0,439	2,349	0,022

Variabel Dependen: PBV. Source: Output SPSS (2026).

After the interaction terms were added, the direct effects of GRO, DPR, DER, and ROE on PBV all became insignificant (Sig. all > 0.05) this is a common pattern when moderating variables are included, as some of the effects shift to the interaction terms. Of the three interaction terms, only DPR×ROE was significant ($B = 13.870$; Sig. 0.022), indicating that dividend policy (DPR) strengthens the effect of ROE on PBV. In contrast, DPR×GRO (Sig. 0.743) and DPR×DER (Sig. 0.942) were insignificant, indicating that DPR does not act as a moderator in the relationship between GRO and DER and PBV.

Simultaneous Test (F-test)

The results of the F-test for Model I and Model II (MRA) are presented in Table 8.

Table 8. F Test Results

Model	F	Sig.
Model I	4,781	0,002
Model II (MRA)	3,637	0,002

Variabel Dependen: PBV. Source: Output SPSS (2026).

The F-test results indicate that Model I has an F-value of 4.781 with a significance value of 0.002, while Model II has an F-value of 3.637 with a significance value of 0.002. Since both significance values are below 0.05, the independent variables in each model jointly have a significant effect on PBV, indicating that both regression models are statistically significant. Although the F-value of Model II is lower than that of Model I, Model II remains significant because the addition of interaction terms increases model complexity while slightly improving its explanatory power. However, the significant F-test only indicates that the model is significant as a whole and does not mean that every individual variable has a significant effect on PBV.

Analysis of the coefficient of determination (R^2)

The results of the coefficient of determination (R^2) for Model I and Model II (MRA) are presented in Table 9.

Table 9. Coefficient of Determination(R^2)

Model	R	R Square	Adjusted R Square	Explanatory Variance Contribution
Model	0,448	0,201	0,159	15,9%
Model II (MRA)	0,509	0,259	0,188	18,8%

Source: Output SPSS (2026).

Based on Table 9, Model I has an Adjusted R Square of 0.159, indicating that company growth (GRO), dividend policy (DPR), capital structure (DER), and profitability (ROE) jointly explain 15.9% of the variation in firm value (PBV), while the remaining 84.1% is explained by factors outside the model. Model II has an Adjusted R Square of 0.188, indicating an increase of 2.9 percentage points after the interaction variable was included. The relatively low explanatory power suggests that firm value is influenced not only by internal financial factors but also by external factors such as macroeconomic conditions, market sentiment, industry characteristics, corporate governance, and investor behavior. Therefore, the increase in Model II should be interpreted cautiously because it does not necessarily indicate that the moderating variable strengthens all relationships tested in the model.

Discussion

Company Growth (GRO) and Firm Value

Company growth (GRO) is found to have a negative and significant effect on firm value, as indicated by the coefficient of -4.667 and a significance level of 0.033 (< 0.05). Therefore, H1 is rejected because, although the relationship is statistically significant, its direction is contrary to the proposed hypothesis. This finding differs from the view that investors tend to assign higher premiums to firms demonstrating stable and positive growth (Khan et al., 2021) and from endogenous growth theory, which highlights capital accumulation and innovation as important sources of long-term firm value (Aghion & Howitt, 1992). Nevertheless, the finding is consistent with Putri & Hidayat (2021), who reported that asset growth did not

positively influence the value of LQ45 firms. From the perspective of signaling theory (Bafera & Kleinert, 2023), substantial asset expansion during 2022–2024 may instead be perceived by investors as an indication of greater financial risk, particularly when expansion is financed through debt or requires significant short-term capital expenditure. This interpretation may have become more pronounced amid the pressure experienced by the LQ45 index in 2024, which declined by 15.60%, causing investors to respond negatively to aggressive corporate growth and ultimately reducing firm valuation.

Dividend Policy (DPR) and Firm Value

Dividend policy (DPR) is found to have no significant effect on firm value, with a coefficient of -0.057 and a significance level of 0.930 (> 0.05). Accordingly, H2 is rejected because the statistical results do not provide sufficient evidence of a relationship between dividend policy and firm value. This finding supports the dividend irrelevance theory proposed by Modigliani & Miller (1958), which argues that, under relatively perfect capital market conditions, firm value is primarily determined by operating performance and investment decisions rather than dividend distribution. Investor tax preferences may also contribute to this result, as some investors may favor retained earnings over dividend payments because of the tax implications associated with dividends (Karjalainen et al., 2023). The finding is further supported by Sari et al. (2022), who reported that the dividend payout ratio did not significantly influence the value of manufacturing companies listed on the Indonesia Stock Exchange.

Capital Structure (DER) and Firm Value

The analysis indicates that capital structure (DER) does not significantly affect firm value, with a coefficient of 0.236 and a significance level of 0.252 (> 0.05). Thus, H3 is rejected because the significance level exceeds the 5% criterion. According to trade-off theory (Sohail Aziz & Abbas, 2022), firms must balance the tax advantages obtained from debt against the potential costs of financial distress. The average DER of 0.996 suggests that the LQ45 firms in this study generally maintained a relatively balanced level of leverage, meaning that variations in capital structure may not have been substantial enough to generate a clear market response. This result is also compatible with the pecking order theory of Myers & Majluf (1984), which suggests that firms tend to prioritize internal financing before relying on external sources. The finding contributes to the mixed empirical evidence in the Indonesian capital market, as Putri & Hidayat (2021) identified a significant negative relationship between DER and firm value, whereas Sari et al. (2022) and Widyaningrum & Aziz (2023) reported a significant positive relationship.

Profitability (ROE) and Firm Value

Profitability, measured by return on equity (ROE), has a positive and significant effect on firm value, as demonstrated by a coefficient of 7.585 and a significance level of 0.000 (< 0.05). Therefore, H4 is accepted. The positive coefficient indicates that firms with higher profitability tend to have higher firm values. This finding is consistent with agency theory (Hussain et al., 2023), which suggests that greater profitability can provide stronger incentives for shareholders and reduce potential conflicts between managers and owners. High profitability also reflects operational efficiency and competitive advantages (Dewi et al., 2023; Bazimya, 2024), thereby strengthening investor confidence in the company. The result is in line with Sari et al. (2022) and Widyaningrum & Aziz (2023), who found that ROE positively affects firm value and can serve as one of the dominant determinants of firm value among LQ45 and manufacturing companies in Indonesia.

Dividend Policy as a Moderator of the Relationship between GRO and Firm Value

The interaction between dividend policy and company growth ($DPR \times GRO$) produces a coefficient of -2.634 with a significance level of 0.743 (> 0.05). The interaction is therefore statistically insignificant, leading to the rejection of H5. These results indicate that dividend policy does not significantly moderate the relationship between company growth and firm value in the observed sample. This finding can be explained through the pecking order theory (Myers & Majluf, 1984), which proposes that firms experiencing high growth tend to retain earnings to support expansion and investment activities. Consequently, dividend decisions may not be sufficiently connected to growth strategies to alter the impact of company growth on firm value among LQ45 firms during the study period.

Dividend Policy as a Moderator of the Relationship between DER and Firm Value

The interaction between dividend policy and capital structure ($DPR \times DER$) has a coefficient of -0.084 and a significance level of 0.942 (> 0.05). Since the interaction is not statistically significant, H6 is rejected. The findings indicate that dividend policy does not moderate the relationship between capital structure and firm value. This result is consistent with trade-off theory (Sohail Aziz & Abbas, 2022), which views capital structure and dividend policy as financing decisions that are influenced by different considerations, including the cost of capital, tax benefits, and financial risk. Consequently, changes in dividend policy may not be strong enough to alter the effect of leverage on firm value.

Dividend Policy as a Moderator of the Relationship between ROE and Firm Value

The interaction between dividend policy and profitability ($DPR \times ROE$) produces a coefficient of 13.870 with a significance level of 0.022 (< 0.05), indicating a positive and statistically significant moderating effect. Therefore, H7 is accepted. The results demonstrate that dividend policy strengthens the positive relationship between profitability and firm value. This finding supports dividend signaling theory (Naz et al., 2023), which suggests that dividend payments can convey information about a firm's financial condition and future prospects. In addition, Zhang et al. (2021) emphasize the potential synergy between internal corporate factors, whereby high profitability provides firms with greater flexibility to distribute attractive dividends, while consistent dividend payments can strengthen shareholders' positive perceptions of the firm's future prospects. Thus, among LQ45 firms with higher dividend payout ratios, the positive influence of ROE on firm value, as measured by PBV, becomes stronger. This finding is also consistent with Liong et al. (2023), who argue that dividend payments can function as an indicator of firm quality and reinforce market perceptions of strong profitability performance.

4. CONCLUSION

This study finds that company growth, dividend policy, capital structure, and profitability exert varying influences on firm value among LQ45 companies listed on the Indonesia Stock Exchange (IDX) during 2022–2024. Based on 81 observations, company growth has a significant negative impact on firm value, whereas dividend policy and capital structure do not have significant effects. In contrast, profitability positively and significantly affects firm value and represents the most influential determinant. The moderation results further indicate that dividend policy significantly strengthens the effect of profitability on firm value,

but it does not moderate the relationships between company growth or capital structure and firm value. These findings enrich the financial management literature by offering empirical support related to signaling theory, dividend irrelevance theory, and agency theory. From a practical perspective, the results indicate that investors and corporate managers should emphasize profitability and operational efficiency as key strategies for enhancing firm value. Nevertheless, this study has several limitations, including its focus on LQ45 companies, limited observations, non-normal residuals, indications of heteroscedasticity and positive autocorrelation, the use of pooled OLS estimation, and relatively limited explanatory power, reflected in Adjusted R^2 values of 15.9% for Model I and 18.8% for Model II. Future studies are therefore encouraged to employ more suitable panel-data approaches, including Fixed Effects, Random Effects, GLS, or GMM, alongside robust estimation techniques. Researchers may also incorporate additional factors such as firm size, corporate governance, ownership structure, and macroeconomic conditions, investigate alternative moderating or mediating variables, and explore potential nonlinear relationships between company growth and firm value.

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