

Corporate Profitability and Firm Value Dynamics: The Moderating Effect of Dividend Policy in the Indonesian Consumer Non-Cyclicals Industry

(Profitabilitas Perusahaan dan Dinamika Nilai Perusahaan: Efek Moderasi Kebijakan Dividen di Sektor Barang Konsumen Non-Siklikal Indonesia)

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Article Info	Abstract
Article history: Received: 29 June 2026 Revised: 20 July 2026 Accepted: 21 July 2026 Keywords: Return on Assets Return on Equity Net Profit Margin Total Assets Total Sales Price to Book Value Tobin's Q Dividends per Share Earnings per Share Kata Kunci: Return on Assets Return on Equity Net Profit Margin Total Aset Total Penjualan Price to Book Value Tobin's Q Dividend per Share Earnings per Share	This study aims to analyze the effects of profitability and firm size on firm value, with dividend policy serving as a moderating variable, among non-cyclical consumer sector companies listed on the Indonesia Stock Exchange (IDX) during the 2019–2023 period. The study employed a quantitative research approach using secondary data obtained from the companies' annual financial reports. A purposive sampling technique was applied to select companies that met the predetermined criteria, resulting in a final sample of 26 companies with a total of 130 observations over five years. Data were analyzed using the Structural Equation Modeling–Partial Least Squares (SEM-PLS) method with the assistance of SmartPLS version 3.2.9. The findings indicate that profitability has a positive and significant effect on firm value, suggesting that companies with stronger financial performance are more likely to achieve higher market valuations. Firm size also has a positive and significant effect on firm value, implying that larger companies tend to gain greater investor confidence due to their operational stability and growth potential. Conversely, dividend policy has a negative and significant effect on firm value, indicating that higher dividend distributions may reduce investors' expectations regarding future business expansion. Furthermore, the moderation analysis reveals that dividend policy is unable to strengthen or weaken the relationship between profitability and firm value, as well as the relationship between firm size and firm value. These findings contribute to the financial management literature by providing empirical evidence on the determinants of firm value and demonstrating the limited moderating role of dividend policy in non-cyclical consumer sector companies in Indonesia. Abstrak Penelitian ini bertujuan untuk menganalisis pengaruh profitabilitas dan ukuran perusahaan terhadap nilai perusahaan dengan kebijakan dividen sebagai variabel moderasi pada perusahaan sektor <i>consumer non-cyclicals</i> yang terdaftar di Bursa Efek Indonesia (BEI) selama periode 2019–2023. Penelitian ini menggunakan pendekatan kuantitatif dengan memanfaatkan data sekunder yang diperoleh dari laporan keuangan tahunan perusahaan. Teknik pengambilan sampel dilakukan menggunakan metode <i>purposive sampling</i> berdasarkan kriteria tertentu sehingga diperoleh 26 perusahaan sebagai sampel penelitian dengan total 130 observasi selama lima tahun pengamatan. Analisis data dilakukan menggunakan metode <i>Structural Equation Modeling–Partial Least Squares</i> (SEM-PLS) dengan bantuan perangkat lunak SmartPLS versi 3.2.9. Hasil penelitian menunjukkan bahwa

profitabilitas berpengaruh positif dan signifikan terhadap nilai perusahaan, yang mengindikasikan bahwa perusahaan dengan tingkat profitabilitas yang tinggi cenderung memiliki nilai perusahaan yang lebih baik di mata investor. Ukuran perusahaan juga berpengaruh positif dan signifikan terhadap nilai perusahaan, yang menunjukkan bahwa perusahaan dengan aset yang lebih besar memiliki tingkat kepercayaan investor yang lebih tinggi karena dianggap memiliki stabilitas operasional dan prospek pertumbuhan yang lebih baik. Sebaliknya, kebijakan dividen berpengaruh negatif dan signifikan terhadap nilai perusahaan, yang mengindikasikan bahwa pembagian dividen yang lebih tinggi dapat mengurangi ekspektasi investor terhadap peluang ekspansi perusahaan di masa mendatang. Hasil analisis moderasi menunjukkan bahwa kebijakan dividen tidak mampu memperkuat maupun memperlemah hubungan antara profitabilitas dan nilai perusahaan maupun hubungan antara ukuran perusahaan dan nilai perusahaan. Temuan penelitian ini memberikan bukti empiris mengenai faktor-faktor yang memengaruhi nilai perusahaan serta menunjukkan bahwa kebijakan dividen belum mampu berperan sebagai variabel moderasi pada perusahaan sektor *consumer non-cyclicals* yang terdaftar di Bursa Efek Indonesia.

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1. INTRODUCTION

Increasingly fierce business competition in Indonesia, marked by a growing number of companies and rapid technological advancements, has intensified competitive pressures across all industrial sectors. In response to these conditions, the fundamental objective of a company is to achieve high corporate value in order to maximize shareholder wealth while attracting investors (Sudiyatno et al., 2021). Achieving optimal corporate value has become increasingly relevant, particularly in the *consumer non-cyclicals* sector, which is structurally defensive as it produces essential goods such as food, beverages, pharmaceuticals, and household products (Purwaningrat & Pradnyani, 2024).

A company's value reflects the market's perception of its performance and future prospects, which significantly impacts stakeholders particularly investors in their investment decision making (Pertiwi & Dewati, 2022). Therefore, companies need to maintain consistent financial performance to build investor confidence, as better company performance increases the likelihood of rising stock prices and higher *returns* for investors (Yusuf et al., 2024). These metrics can be measured through *Price to Book Value* (PBV) and *Tobin's Q*, which respectively reflect a company's ability to create value for shareholders and the efficiency of asset management in generating market value.

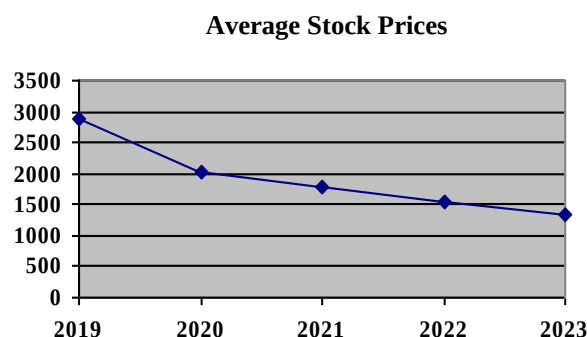


Figure 1. Average Stock Prices in the *Consumer Non-Cyclicals* Sector for the 2019–2023 Period (in IDR)

Source: Indonesia Stock Exchange (processed data, 2025)

Based on the average stock prices of the *consumer non-cyclicals* sector on the Indonesia Stock Exchange from 2019 to 2023 shown above, there was a persistent downward trend during the 2019–2023

period without any rebound. In 2019, the average stock price peaked at Rp2,883 per share but experienced a significant decline of 29.35% in 2020 to Rp2,035. This decline continued consistently, reaching Rp1,324 in 2023, marking a cumulative drop of 54.1% over the five-year span. The sectoral index even plummeted by 11.29% *year-to-date* (YTD), indicating significant structural pressure on company valuations in this sector.

This decline was triggered by various factors, both internal and external. In the *tobacco* subsector, significant declines occurred among major issuers such as PT Gudang Garam Tbk (GGRM) and PT H.M. Sampoerna Tbk (HMSP) due to increases in cigarette excise taxes that have squeezed sales volume and profitability. In the *food and beverage* subsector, a number of issuers, such as PT Indofood Sukses Makmur Tbk (INDF) and PT Multi Bintang Indonesia Tbk (MLBI), experienced a decline in performance as a result of disruptions in the global supply chain and a decline in consumer purchasing power during the COVID-19 pandemic. Meanwhile, in the household products subsector, the decline in stock prices was influenced by PT Unilever Indonesia Tbk (UNVR) 1:5 stock split in January 2020, which technically lowered the nominal price per share despite the overall market capitalization remaining relatively stable (Seroja & Juliarsa, 2025).

This phenomenon of falling stock prices indicates a misalignment between the actual conditions of the sector and the company's fundamental objective of maximizing value for shareholders. From the perspective of *signaling theory* first introduced by Spence (1973) and developed by Ross (1997) this serves as a relevant theoretical framework. This theory explains that information conveyed by management through financial performance including profitability, firm size, and dividend policy serves as a signal for investors in assessing the firm's condition and prospects. The inability of these signals to foster positive market perceptions is reflected in the sustained trend of declining stock prices.

Profitability is the primary factor consistently found to influence firm value. A company's ability to generate profits reflects management's effectiveness in efficiently managing assets and capital, which in turn sends a positive signal to investors regarding growth prospects (Ningrum, 2022). High profitability, as reflected in *return on assets*, *return on equity*, and *net profit margin*, has been shown to increase investor confidence, drive demand for shares, and ultimately raise a company's value (Habi et al., 2025; Hertina et al., 2021; Margono & Gantino, 2021). However, several studies have found inconsistent results, where profitability does not always have a significant impact on firm value if investors place greater emphasis on risk factors and macroeconomic conditions (Fadilah et al., 2024).

The second factor that influences a company's value is its size. Large companies with high total assets and sales volumes generally have easier access to financing, stronger operational stability, and greater competitiveness in the market, thereby sending positive signals to investors regarding the business's prospects and sustainability (Siregar et al., 2023). Research by Duano et al. (2025) and Putri and Sholichah (2023) demonstrates a positive and significant influence of firm size on firm value. Conversely, Imron and Kurniawati (2020) found that firm size does not always affect firm value, indicating that investors assess more than just the scale of the firm; rather, they focus on the efficiency and effectiveness of resource management.

Dividend policy in this study is hypothesized to act as a moderating variable that can strengthen or weaken the relationship between profitability and firm size on firm value. Dividend policy, measured through *dividend per share* and *earnings per share*, is viewed as an important signal regarding the stability of cash flow and the company's financial prospects (Pratiwi et al., 2022). Dividend policy in this study is hypothesized to act as a moderating variable that can strengthen or weaken the relationship between profitability and firm size on firm value. Dividend policy, measured through dividend per share and earnings per share, is viewed as an important signal regarding the stability of cash flow and the company's financial prospects (Nurjanah, 2025). However, research findings regarding the moderating role of dividend policy remain inconsistent. 'Ulya and Sudiyatno (2023) found that dividend policy strengthens the influence of profitability and firm size on firm value, while Fadilah et al. (2024) and Fika et al. (2025) only found moderation in the relationship with profitability, not firm size. This inconsistency indicates that the moderating role of dividend policy is contextual, depending on industry characteristics and the observation period, thus requiring further empirical study (Thennesius & Tampubolon, 2025).

Based on several *research gaps* and a review of prior theoretical studies, specifically regarding the uncertainty surrounding the impact of profitability and firm size on firm value, as well as the inconsistent and limited role of dividend policy moderation in previous empirical studies. Unlike previous studies that were general in nature and cross-sectoral, this study specifically focuses on the *non-cyclical consumer* sector on the IDX, which, despite being known as defensive, actually experienced a persistent decline in stock value during the 2019–2023 period. Furthermore, this study employs two proxies for each variable to enhance measurement validity and utilizes SEM-PLS, which enables the simultaneous testing of direct relationships and moderation within a complex model. Therefore, this study aims to analyze the influence of profitability and firm size on firm value, with dividend policy as a moderating variable, among *non-cyclical consumer* sector firms listed on the IDX during the 2019–2023 period. This study is expected to enrich the empirical

literature on financial management and serve as a reference for investors and financial managers in understanding the factors that drive sustainable firm value.

2. RESEARCH METHODOLOGY

This study employs a quantitative approach that emphasizes the collection and analysis of numerical data to objectively test relationships among variables. The secondary data used are derived from figures in financial statements and annual reports published on the official IDX's website (www.idx.co.id) and the respective companies' official websites during the 2019–2023 period.

The population in this study consists of all *publicly traded* companies in the *non-cyclical consumer* sector registered on the Indonesia Stock Exchange (IDX) from 2019 to 2023, totaling 131 companies. The sampling technique employed is *purposive sampling*, a method of selecting samples based on specific criteria set by the researcher in accordance with the research objectives, as it allows the researcher to specifically select samples based on predefined criteria tailored to the research needs. Through the selection process, this study identified 26 companies in the *non-cyclical consumer* sector that met the research criteria. The total number of observations used in this study is 130, obtained by multiplying the sample size by the five year study period.

This study uses independent variables, namely Profitability measured through *Return on Assets*, *Return on Equity*, *Net Profit Margin*, and Firm Size measured using *Ln Total Assets* and *Ln Total Sales*. The dependent variables in this study are firm value, proxied by *Price to Book Value* and *Tobin's Q*. Meanwhile, dividend policy is treated as a moderating variable, measured using *Dividend per Share* and *Earnings per Share*. Data analysis was conducted using the *Structural Equation Modeling-Partial Least Squares* (SEM-PLS) method with SmartPLS software to test the relationships between variables, as well as *Moderated Regression Analysis* (MRA) to test the moderating role.

3. RESULT AND DISCUSSION

3.1 Evaluation of the Measurement Model (Outer Model)

3.1.1 Convergent Validity

Convergent validity can be tested based on the values of *Outer Loadings* and *Average Variance Extracted* (AVE). An indicator is considered to meet *convergent validity* if it has an *outer loading* value of ≥ 0.70 , indicating that the indicator is capable of adequately representing the construct being measured. The higher the value, the greater the indicator's contribution to explaining the construct. Conversely, indicators with low *outer loading* values typically need to be eliminated because they are insufficient to adequately explain the construct. The results of the *outer loadings* test in this study are presented in the research model.

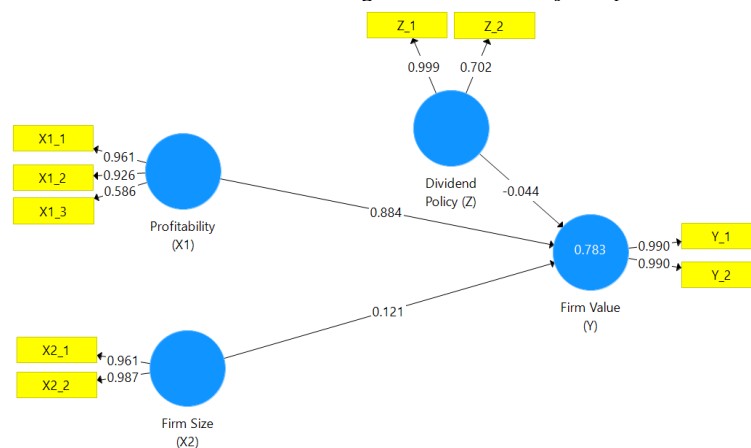


Figure 2. Research Model

Source: Data processed in SmartPLS, 2026

Based on the model figure above, the results of the *Convergent Validity* test show that there is still an indicator with an *Outer Loadings* value below the specified threshold of < 0.7 , namely indicator X1.3 with a value of 0.586. Therefore, this indicator does not meet the requirements and needs to be eliminated from the model. The model after the elimination process is as follows:

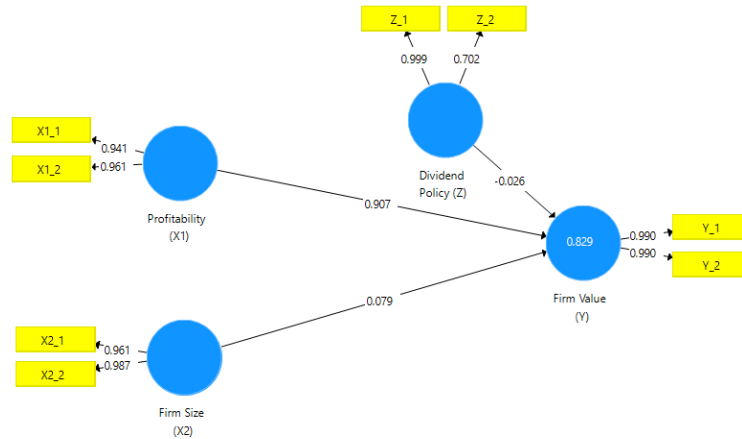


Figure 3. Research Model After Elimination

Source: Data processed in SmartPLS, 2026

Based on the model figure above, through the indicator selection process considering the Outer Loadings criteria, indicators that did not meet the minimum threshold have been excluded, so that all remaining indicators meet the established standards. The results of the *Convergent Validity* test show *Outer Loadings* > 0,7, meaning the indicators *Return on Asset* (X1.1), *Return on Equity* (X1.2), *Ln(Total Assets)* (X2.1), *Ln(Total Sales)* (X2.2), and *Price to Book Value* (Y.1), *Tobin's Q* (Y.2), as well as *Dividend per Share* (Z.1), and *Earning per Share* (Z.2) are deemed valid for measuring their respective variables. This model has met the criteria and can proceed to the next stage of analysis.

Convergent Validity can also be assessed using the *Average Variance Extracted* (AVE) value, a measure that indicates the latent construct's ability to explain the variance of its indicators. A construct is said to meet the criteria for *Convergent Validity* if the $AVE \geq 0,5$ indicating that more than 50% of the variance in the indicators can be explained by the latent construct.

Table 1. *Construct Reliability and Validity*

	Average Variance Extracted (AVE)
Dividend Policy (Z)	1.000
Firm Value (Y)	0.980
Profitability (X1)	0.905
Firm Size (X2)	0.950

Source: Data processed in SmartPLS, 2026

Based on the results of the above tests, it can be seen that the AVE value for each variable is greater than 0,5, so the *Average Variance Extracted* (AVE) criterion is met. This finding aligns with the findings of Hair et al. (2022) who state that an AVE value $\geq 0,5$ indicates a good level of construct validity, while an AVE value $\leq 0,5$ indicates that the construct does not yet meet validity criteria.

3.1.2 Discriminant Validity

Discriminant validity is a test used to ensure that a construct or latent variable in the model does not have an excessively high correlation with other constructs, so that each construct is truly unique and represents a distinct concept. This test aims to ensure that each construct can be clearly distinguished from one another.

The square root of the AVE (*Average Variance Extracted*) is used in the discriminant validity test via the *Fornell-Larcker Criterion*. The AVE value for each construct must be greater than the correlation values between other constructs. If the square root of the AVE for each construct is higher than the inter-construct correlations, the research model is deemed to have met the criteria.

Table 2. *Discriminant Validity Fornell-Lacker Criterion*

	Dividend Policy (Z)	Firm Value (Y)	Profitability (X1)	Firm Size (X2)
Dividend Policy (Z)	1.000			
Firm Value (Y)	0.290	0.990		
Profitability (X1)	0.339	0.907	0.951	
Firm Size (X2)	0.192	0.178	0.114	0.974

Source: Data processed in SmartPLS, 2026

Based on the test results above, the AVE (*Average Variance Extracted*) value for each variable was found to be greater than its correlation coefficient with other variables, thus confirming that construct validity was met.

3.1.3 Construct Reliability

Reliability testing was conducted to assess the instrument's consistency, accuracy, and reliability in measuring the research construct. In *Partial Least Squares* (PLS) analysis, construct reliability is evaluated using several criteria, namely *Composite Reliability* and *Cronbach's Alpha*, calculated from the blocks of indicators forming the construct. Additionally, *rho_A* is used as an additional measure to assess reliability, as it is considered capable of addressing the limitations of both Cronbach's Alpha and Composite Reliability.

A construct is considered reliable if the *Composite Reliability* value is greater than 0,70 and *Cronbach's Alpha* is at least 0,60, while a good *rho_A* while a good 0,7 to 0,9. The simultaneous use of these three criteria provides a more comprehensive assessment of the construct's internal consistency in the research.

Table 3. Construct Reliability

	Cronbach's Alpha	rho_A	Composite Reliability
Dividend Policy (Z)	1.000	1.000	1.000
Firm Value (Y)	0.979	0.979	0.990
Profitability (X1)	0.895	0.921	0.950
Firm Size (X2)	0.950	1.177	0.974

Source: Data processed in SmartPLS, 2026

Based on the results of the instrument reliability test in the table above, all variables yielded a Composite Reliability score of more than 0,70 and a *Cronbach's Alpha* of at least 0.60, indicating that all constructs met the reliability criteria. Additionally, *rho_A* falls within the range of 0,7 to 0,9, indicating that the indicators are capable of measuring the variables consistently. Therefore, variables X1, X2, Y, and Z in this study are deemed reliable and suitable for use in subsequent analyses.

3.2 Structural Model Evaluation (Inner Model)

The structural model evaluation (*Inner Model*) in SEM-PLS was conducted to assess the relationships among latent variables in the research model. This model illustrates the direction and strength of the influence between constructs as formulated in the research hypotheses; the constructed structural model effectively explains the causal relationships among the constructs.

3.2.1 Coefficient of Determination (R-Square)

Coefficient of Determination (*R-Square*) is used to indicate the extent to which exogenous variables can explain the variation in endogenous constructs within a research model. The higher the *R-Square* (R^2) value obtained, the higher the proportion of the dependent variable's variance that can be explained by the independent variables.

Table 4. R-Square

	R Square	R Square Adjusted
Firm Value (Y)	0.829	0.825

Source: Data processed in SmartPLS, 2026

Based on the table above, the coefficient of determination for the firm value variable, as indicated by the *R-Square* (R^2) value of 0,825, indicates a strong influence; that is, variations in firm value can be explained by the independent variables in the model. This means that the variables of profitability, firm size, and dividend policy can explain 82,5%, of the firm value, while the remaining 17,5% is explained by other variables outside the scope of this study. This R^2 value is considered strong, so it can be concluded that the model has a high ability to explain the dependent variable.

3.2.2 Effect Size (f-square)

Effect Size (*f-square*) is used to evaluate the relative contribution of each exogenous latent variable to the endogenous latent variable in the structural model. The f^2 value indicates the extent to which an independent variable can increase the *R-Square* value for the dependent variable. Additionally, f^2 is used to assess the strength of the influence between variables in the research model. The criteria for evaluating f^2 are $> 0,02$ is categorized as a small effect, $> 0,15$ is categorized as a small effect, $> 0,35$ as a large effect.

Table 5. f-square

	Firm Value (Y)
Firm Value (Y)	

Dividend Policy (Z)	0.006
Firm Size (X2)	0.036
Profitability (X1)	4.272

Source: Data processed in SmartPLS, 2026

Based on the test results above, the effect size (*f-square*) for independent variable X1 indicates that the profitability variable has a value of 4,272 which falls into the large category, meaning the profitability variable has a strong/large influence on firm value; while variables X2 0,036 and Z 0,006 fall into the small category, meaning the firm size and dividend policy variables have a weak influence on firm value.

3.2.3 Hypothesis Testing Results

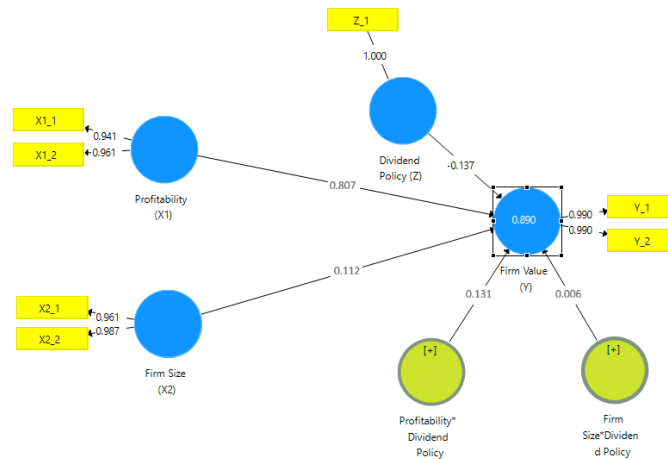


Figure 4. Full Research Model

Source: Data processed in SmartPLS, 2026

The relationships between variables in *Partial Least Squares-Structural Equation Modeling* (PLS-SEM) analysis are measured through *path coefficients* and the significance levels between constructs. This study used a significance level of 5% (0.05) as the basis for decision-making. Hypothesis testing is determined based on a *p-value* < 0.05, indicating that the alternative hypothesis (H_a) is accepted, thus showing a significant relationship between variables, while a *p-value* $\geq$ 0.05 indicates that the null hypothesis (H_0) is accepted and there is no significant relationship.

Table 8. *Path Coefficient*

Path Coefficients						
☐ Mean, STDEV, T-Values, P-...	☐ Confidence Intervals	☐ Confidence Intervals Bias ...	☐ Samples	Copy to Clipboard: Excel Format		
	Original Sampl...	Sample Mean...	Standard Devi...	T Statistics (O/ST...	P Values	
Dividend Policy (Z) -> Firm Value (Y)	-0.137	-0.144	0.063	2.161	0.031	
Profitability (X1) -> Firm Value (Y)	0.807	0.792	0.088	9.204	0.000	
Profitability*Dividend Policy -> Firm Value (Y)	0.131	0.182	0.109	1.210	0.227	
Firm Size (X2) -> Firm Value (Y)	0.112	0.131	0.043	2.588	0.010	
Firm Size*Dividend Policy -> Firm Value (Y)	0.006	0.005	0.061	0.097	0.922	

Source: Data processed in SmartPLS, 2026

Based on the analysis results in the table above, the following conclusions can be drawn:

- 1) Profitability has a value of 0.807 with a *p-value* of 0.000, which is smaller than the significance level (α) of 0.05. This means profitability has a significant positive effect on firm value; that is, if profitability increases, firm value will also increase. Thus, H_0 is rejected and H_1 is accepted.
- 2) Company size has a value of 0.112 with a *p-value* of 0.010, which is smaller than the significance level (α) of 0.05. This means that company size has a significant positive effect on firm value; thus, as company size increases, firm value tends to increase. Thus, H_0 is rejected and H_1 is accepted.
- 3) Dividend policy has a value of -0.137 with a *p-value* of 0.031, which is smaller than the significance level (α) of 0.05. This indicates that dividend policy has a significant negative effect on firm value; an increase in dividend policy tends to decrease firm value. Thus, H_0 is rejected and H_1 is accepted.

3.2.4 Moderated Regression Analysis

- 1) The dividend policy has a value of 0.131 with a *p-value* of 0.227, which is greater than the significance level (α) of 0.05. This means that the dividend policy does not moderate the

relationship between profitability and firm value. This indicates that corporate profits tend to be reinvested, thus not yet providing a strong positive signal for firm growth. Therefore, the null hypothesis (H_0) is accepted and the alternative hypothesis (H_a) is rejected.

- 2) Dividend policy has a value of 0.006 with a p -value of 0.922, which is greater than (α) of 0.05, meaning that dividend policy has no effect in moderating the relationship between firm size and firm value. This indicates that firm size has not made dividend policy a primary consideration for investors in increasing firm value. Thus, H_0 is accepted and H_1 is rejected.

3.3 The Effect of Profitability on Firm Value

The test results show that profitability has a positive and significant effect on firm value, with a coefficient of 0,780 and p -value of 0,000. These results suggest that the higher the profitability, the greater the firm's value in the eyes of investors. Profitability, proxied by ROA, ROE, and NPM, reflects a company's effectiveness in managing its resources to maximize profits. A company's strong ability to generate profits sends a positive signal to investors regarding the company's future prospects, thereby driving increased investment interest, which in turn leads to a rise in corporate value as reflected by PBV and *Tobin's Q*.

These research findings align with those of Hertina et al. (2021), Margono and Gantino (2021), and Wulandari et al. (2024) who state that the more effectively a company generates profits, the higher investors' valuation of the company becomes, ultimately increasing the company's value in the capital market, consistent with *signaling theory*. This is supported by the fact that companies in the *non-cyclical consumer* sector, which were able to maintain profit stability during the 2019–2023 period, tended to receive a positive response from investors; thus, increased profitability serves as a strong signal driving an increase in firm value.

3.4 The Effect of Firm Size on Firm Value

Test results indicate that firm size has a positive and significant effect on firm value with a coefficient of 0,112 and p -value of 0,010. This suggests that the size of assets owned indicates the firm's ability to manage resources optimally, while high sales reflect a strong level of market dominance. Company size, proxied by *Ln Total Assets* and *Ln Total Sales*, reflects the company's operational capacity to sustain business activities. This condition sends a positive signal to investors regarding the company's stability and future growth prospects.

During the 2019–2023 period, companies in the *non-cyclical consumer* sector with consistent asset and sales growth tended to show an increase in corporate value. From the perspective of *signaling theory*, a company's size serves as a positive signal of operational stability and growth prospects, thereby enhancing investor confidence in the company. This finding aligns with Putri and Sholichah (2023), who state that larger companies possess more adequate resources, higher market confidence, and better capabilities in maintaining performance stability and managing risks.

3.5 The Effect of Dividend Policy on Firm Value

The test results indicate that dividend policy has a negative and significant effect on firm value, with a coefficient of -0,137 and p -value of 0,031. The size of the dividends distributed by a company is not yet a primary factor influencing investors' assessment of the company. Investors tend to prioritize the sustainability of earnings and a company's ability to manage resources efficiently over simply focusing on the size of the dividends distributed. During the 2019–2023 period, many companies in the *non-cyclical consumer* sector prioritized allocating profits to maintain operational stability and strengthen business expansion, meaning dividend distributions have not yet provided a sufficiently strong signal regarding an increase in firm value.

This phenomenon is evident in the *non-cyclical consumer* sector, where companies have maintained dividend payouts, yet this has not always been accompanied by an increase in corporate value, as investors prioritize profitability stability and long-term growth prospects. However, under economic pressure and falling stock prices, dividend policies are not always positively received by investors, as relatively high dividend payouts can reduce internal funds for operations and expansion. These findings align with Akhyaar et al. (2025), but do not align with Ariyanti et al. (2024).

3.6 The Moderating Role of Dividend Policy on the Relationship Between Profitability and Firm Value

Test results indicate that the dividend policy has a coefficient value of 0,131 with a p -value of 0,227. Profitability, measured through ROA, ROE, and NPM, has exerted a sufficiently strong direct influence on the increase in firm value; thus, the presence of a dividend policy does not significantly strengthen this relationship. Investors tend to focus more on a company's ability to generate consistent profits rather than the size of the dividends distributed.

This phenomenon is evident in companies in the *non-cyclical consumer* sector during the 2019–2023 period, where increased profitability was consistently accompanied by an increase in firm value even though the dividend policy remained relatively volatile. This indicates that investors prioritize a company's

ability to generate profits as the basis for valuation over the size of the dividends distributed. These findings align with those Febriana et al. (2024) and Thennesius and Tampubolon (2025).

3.7 The Moderating Role of Dividend Policy on the Relationship Between Firm Size and Firm Value

Test results indicate that the dividend policy has a coefficient value of 0,006 with a *p-value* of 0,922. Investors' decisions in evaluating companies are primarily based on the company's ability to maintain business scale and operational stability; thus, dividend policy has not yet become a factor that strengthens the relationship between firm size and firm value. Investors tend to view larger firms as having greater resilience in facing risks and more sustainable growth opportunities.

This phenomenon is evident in companies in the *non-cyclical consumer* sector during the 2019–2023 period, where companies with stable assets and sales continued to receive a positive response from investors despite fluctuations in dividend payouts. This indicates that firm size plays a more dominant role in shaping market perceptions of firm value. These findings align with those of Aldi et al. (2020).

4. CONCLUSIONS AND RECOMMENDATIONS

4.1 Conclusions

Based on the research results, the following conclusions can be drawn. First, profitability has a positive and significant effect on firm value in the *non-cyclical consumer* sector for the 2019–2023 period, indicating that a firm's ability to generate profits effectively serves as a positive signal for investors in assessing the firm's prospects. Second, firm size has a positive and significant effect on firm value, indicating that the scale of operations reflects operational stability and the firm's capacity to ensure business sustainability. Third, dividend policy has a negative and significant effect on firm value, suggesting that dividend distribution decisions have not yet become a primary consideration for investors in evaluating firms. Fourth, dividend policy fails to moderate the relationship between profitability and firm value. Fifth, dividend policy does not moderate the relationship between firm size and firm value.

4.2 Suggestions/Recommendations

Based on the conclusions outlined above, firms need to strengthen their financial performance through consistent profit management and maintain business capacity to ensure stability in driving firm value growth. Dividend policy also needs to be aligned with the firm's fundamental conditions to maintain investor confidence. For future researchers, it is recommended to include other relevant variables and expand the research period and sector coverage to obtain more comprehensive results.

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