

Corporate Value Analysis Based on Profitability, Firm Growth, and Funding Decision through Dividend Policy in Consumer Non-Cyclicals Issuers on the Indonesia Stock Exchange

Theresia Dwi Wahyuni^{1*}, Rachmawaty¹, Sri Retnaning Sampurnaningsih¹

^{1*}Magister Management Study Program, Postgraduate Program, Universitas Pamulang, Indonesia

Corresponding author: theresiadewe10@gmail.com^{1*)}

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Abstract: This study analyzes the effect of Profitability (ROE), Firm Growth (AGR), and Funding Decision (DER) on Corporate Value (PBV) through Dividend Policy (DPR) as an intervening variable among Consumer Non-Cyclicals issuers listed on the Indonesia Stock Exchange over the 2021-2025 period. A quantitative approach was applied using panel data regression with the Fixed Effect Model (FEM) on 16 sample companies (80 observations). The results show that Profitability has a significant positive effect on both Dividend Policy and Corporate Value. Firm Growth has a significant negative effect on both Dividend Policy and Corporate Value. Funding Decision has a significant negative effect on Dividend Policy but a significant positive effect on Corporate Value. Dividend Policy has a significant positive effect on Corporate Value and is confirmed as a partial mediator linking Profitability, Firm Growth, and Funding Decision to Corporate Value. These findings support Agency Theory, Signalling Theory, Pecking Order Theory, Trade-off Theory, and Dividend Signalling Theory in the context of Indonesian Consumer Non-Cyclicals issuers.

Introduction

The capital market plays a crucial role as an economic instrument that connects parties in need of funds with parties holding a surplus of funds. For companies listed on the Indonesia Stock Exchange (IDX), particularly in the Consumer Non-Cyclicals sector, achieving an optimal Corporate Value is a primary long-term objective. Corporate Value is not merely a reflection of the market share price; it represents the level of shareholder prosperity and investor perception of the company's performance and future sustainability prospects.

The Consumer Non-Cyclicals sector was chosen as the object of this study because of its unique, defensive character. Companies in this sector supply staple goods whose demand tends to remain stable even when macroeconomic conditions fluctuate or enter a crisis. However, this stability does not automatically translate into a continuously rising Corporate Value: intense price competition, rising raw-material costs, and the dynamics of dividend policy remain distinct challenges for financial managers seeking to maintain investor confidence.

Profitability is commonly assumed to be the primary factor influencing Corporate Value, as it reflects a company's ability to generate profit from its assets and capital. A high level of profitability sends a positive signal to investors (Signalling Theory) that the company possesses sound operating efficiency. Yet the relationship between profitability and Corporate Value is often mediated by dividend policy: large profits allow for attractive dividend distributions, but companies may instead retain earnings to fund growth opportunities. Firm growth is a further relevant indicator, since companies with rising revenue are perceived to have brighter future prospects and can command a valuation premium; aggressive growth, however, requires substantial funding, which places funding decisions - whether to rely on internal capital or debt - at the centre of financial-manager complexity. Excessive debt raises financial risk, while excessive equity issuance can dilute value for existing shareholders. Dividend policy is positioned in this study as a distinctive intervening variable, often regarded as an information "bridge" between managers and shareholders, since the proportion of profit distributed as dividends versus retained as earnings has a direct bearing on capital structure and Corporate Value.

An empirical phenomenon motivates this study. Average annual Price to Book Value (PBV) data for the Consumer Non-Cyclicals sector on the IDX show relative stability at around 2.68-2.69 times during 2021-2023 (2.68 in 2021, 2.69 in 2022, 2.68 in 2023), before falling to 2.59 times in 2024 and dropping sharply to a five-year low of 2.01 times in 2025 - an overall contraction of approximately 25% from 2021 to 2025. This decline occurred even as Return on Equity (ROE) rose consistently across the same period, from 12.92% in 2021 to 15.27% (2022), 16.37% (2023), 16.61% (2024), and 16.78% in 2025, an increase of roughly 30%. The opposing movement of ROE and PBV in the final year of observation runs counter to the basic prediction of Signalling Theory, that rising profitability should be met with a rising market valuation, and suggests that the profitability signal alone has not been strong enough to lift firm value without the support of an appropriate dividend policy and funding decision.

Firm Growth, proxied in this study by Asset Growth, displayed a fluctuating, non-monotonic pattern over the same period - 5.76% (2021), 7.52% (2022), 5.96% (2023), 5.23% (2024), and 7.68% (2025) - indicating that asset expansion in the sector has not followed a stable, predictable trajectory. Meanwhile, Funding Decision, proxied by the Debt to Equity Ratio (DER), declined fairly consistently from 1.54 times (2021) to 1.51 (2022), 1.44 (2023), and 1.36 (2024), before falling sharply to 0.72 times in 2025 - a reduction of about 53% relative to 2021 that signals a marked deleveraging process. Notably, this reduction in financial risk, which in principle should strengthen investor confidence, coincided with the sharp fall in Corporate Value in the same year. Dividend Policy, proxied by the Dividend Payout Ratio (DPR), rose from 24.32% (2021) to 26.58% (2022) and peaked at 27.58% in 2023, before easing to 27.53% (2024) and falling further to 25.74% in 2025 - again alongside the sharp PBV correction. Taken together, these simultaneous movements - a declining PBV, a declining DER, and a DPR retreating from its peak - point to a meaningful shift in financial structure and market perception for this sector in 2025, and underline the potential mediating role of Dividend Policy in linking Profitability, Firm Growth, and Funding Decision to Corporate Value.

This phenomenon is reinforced by inconsistencies in prior empirical findings. On the profitability-dividend policy link, Amalia and Wahyuni (2023) found that profitability significantly affects dividend policy among IDX issuers in general, without focusing on the Consumer Non-Cyclicals sector or extending the analysis to Corporate Value, while Souza Junior et al. (2025), studying G20 emerging markets, found that earnings are negatively associated with dividend decisions, suggesting firms may retain profit as profitability rises;

Akpadaka et al. (2024) further found that profitability moderates the leverage-dividend policy relationship among Nigerian and South African manufacturers, with the direction of the relationship depending heavily on each market's conditions. On firm growth, Louziri and Oubal (2022) found growth opportunities to be a significant determinant of dividend size on the Casablanca Stock Exchange, a result that contrasts with the Indonesian Consumer Non-Cyclicals pattern in which slowing growth coincides with a falling payout ratio, while Marpaung et al. (2026), studying Consumer Non-Cyclicals issuers directly, found that firm growth has no significant direct effect on firm value unless mediated by profitability. On funding decisions, Amalia and Wahyuni (2023) confirmed a significant leverage effect on dividend policy, whereas Puspitaningrum and Hanah (2024), studying the food and beverage sub-sector, found debt policy to have no significant partial effect on firm value; Sari et al. (2025) found a significant positive effect of funding decisions on firm value in the healthcare sector, although dividend policy weakened this relationship as a moderator, while Purba and Hasyim (2024), studying Consumer Non-Cyclicals issuers directly, found capital structure to have no significant effect on firm value. Finally, on the dividend policy-firm value link, Supantiningrum (2025) and Marpaung et al. (2026) both found a significant positive effect consistent with bird-in-the-hand theory, corroborated by Siregar et al. (2023) and Amimakmur et al. (2024), yet Salsabila and Imronudin (2025), comparing the cyclical and non-cyclical consumer sectors, found dividend policy to have no significant effect on firm value in the non-cyclical sector, a result echoed by Puspitaningrum and Hanah (2024). These inconsistencies reinforce the need to re-examine the mediating role of dividend policy in linking profitability, firm growth, and funding decisions to Corporate Value among Consumer Non-Cyclicals issuers in a more comprehensive model.

Building on this background and the identified research gaps, this study was undertaken to examine and analyze the effect of Profitability, Firm Growth, and Funding Decision on Corporate Value through Dividend Policy as an intervening variable among Consumer Non-Cyclicals issuers on the Indonesia Stock Exchange for the 2021-2025 period, with the aim of providing an empirical contribution on how these companies can optimize their value by harmonizing profitability, growth, funding, and dividend distribution.

Corporate Value

Corporate Value reflects the condition a company has achieved as a picture of public trust in the company, built up through its activities since establishment. Because it is commonly proxied by the market value of shares, Corporate Value shifts with information that draws investor attention, such as political and social conditions or other external factors, and it is closely tied to share price: a higher share price raises Corporate Value. This study measures Corporate Value using Price to Book Value (PBV), a ratio that captures the value the financial market places on a company's management and organization as a going concern (Brigham & Ehrhardt, 2014). A rising Corporate Value reflects an achievement consistent with the interests of owners and shareholders, since it is accompanied by rising owner or investor prosperity.

Profitability

Profitability is a primary indicator of a company's efficiency in generating profit from all available capabilities and resources - sales activity, asset utilization, and the use of share capital. Subramanyam (2024) describes profitability as a reflection of operational success in managing resources to create value for shareholders; in the Consumer Non-Cyclicals sector, stable profitability is particularly critical given the sector's dependence on staple-goods sales

volume and tight cost control. Under Signalling Theory, high profitability sends a positive signal to the market regarding a company's financial prospects and provides greater financial flexibility for operations and expansion; under Pecking Order Theory, however, high profitability can instead lead a company to retain more earnings for internal financing in order to avoid the cost of external funding. Profitability is regarded as a key determinant of dividend policy, since profit is the principal source of dividend payments (Brigham & Houston, 2021), while also directly affecting Corporate Value, as consistent profit strengthens investor confidence and drives up share demand and market value - an inconsistency that makes Dividend Policy a natural intervening variable through which profitability can be examined in relation to Corporate Value.

Firm Growth

Firm growth is a manifestation of management's success in expanding a company's operational scale and economic capacity. Cooper and Schindler (2014) view growth as observable through the increase in a company's total assets over time; Asset Growth in particular reflects the scale of investment in current and fixed assets undertaken to support production and distribution, which in the Consumer Non-Cyclicals sector is often realized through new plant acquisitions, distribution-network expansion, or production-technology innovation. From an Agency Theory perspective, large asset growth can trigger agency conflict between managers and shareholders when managers pursue firm expansion for personal reputation rather than optimal shareholder return, whereas from a Signalling Theory perspective significant asset growth is viewed by investors as concrete evidence of access to capital and optimism about future market opportunities. Growth in the asset base also carries financing implications: firms funding expansion from retained earnings reduce the profit available for dividends, even though the market tends to reward companies that consistently expand their asset base with a stronger perceived fundamental outlook.

Funding Decision

Funding decisions are among the most critical and challenging responsibilities of a financial manager because they bear directly on company performance. Poorly managed funding can depress Corporate Value, while debt financing, though it can minimize the cost of funding, also raises company risk as debt use increases and can lead to financial distress when income cannot cover interest obligations (Oktavia, 2020). With the right funding decisions, a company can minimize financing cost and the risks attached to funding activity - interest rates, capital repayment, and payment flexibility (Muslih et al., 2020) - and the funds obtained can support business development and add value for the entity. In this study, Funding Decision is proxied by the Debt to Equity Ratio (DER), which captures the proportion of debt relative to equity in the capital structure; heavier reliance on debt can raise profitability through fixed and relatively predictable interest costs when sales are strong, but the same fixed obligation becomes a burden when sales decline (Hermuningsih et al., 2022).

Dividend Policy

Dividend policy concerns management's decision on the proportion of profit to be distributed to shareholders as dividends versus retained within the company (Hitten, 2016; Maimanah et al., 2021). Three classical perspectives frame this study's treatment of dividend policy: the Dividend Irrelevance proposition of Modigliani and Miller, under which firm value is determined by pre-tax earnings and business risk class rather than the payout ratio; the

Bird-in-the-Hand argument of Gordon and Lintner, under which the cost of equity rises when the payout ratio is low because investors prefer the certainty of dividends over capital gains; and the Tax Preference argument of Litzenberger and Ramaswamy, under which investors may prefer capital gains because of their tax-deferral advantage, requiring a higher expected return on high-dividend-yield shares. This study measures Dividend Policy using the Dividend Payout Ratio (DPR), the ratio of cash dividends per share to earnings per share (Hery, 2016), which is widely used as a proxy for the dividend decision itself.

Conceptual Framework and Hypotheses

The conceptual model of this study positions Profitability (X1), Firm Growth (X2), and Funding Decision (X3) as independent (exogenous) variables, Dividend Policy (Y) as an intervening variable, and Corporate Value (Z) as the dependent (endogenous) variable. Based on the theoretical review and empirical studies discussed above, the following seven hypotheses are proposed:

- H1: Profitability has a significant effect on Dividend Policy among Consumer Non-Cyclicals issuers.
- H2: Firm Growth has a significant effect on Dividend Policy among Consumer Non-Cyclicals issuers.
- H3: Funding Decision has a significant effect on Dividend Policy among Consumer Non-Cyclicals issuers.
- H4: Profitability has a significant effect on Corporate Value among Consumer Non-Cyclicals issuers.
- H5: Firm Growth has a significant effect on Corporate Value among Consumer Non-Cyclicals issuers.
- H6: Funding Decision has a significant effect on Corporate Value among Consumer Non-Cyclicals issuers.
- H7: Dividend Policy has a significant effect on Corporate Value among Consumer Non-Cyclicals issuers.

Research Method

This study was conducted on Consumer Non-Cyclicals issuers listed on the Indonesia Stock Exchange (IDX), focusing on data related to the title of the study, Corporate Value Analysis Based on Profitability, Firm Growth, and Funding Decision through Dividend Policy in Consumer Non-Cyclicals Issuers. A quantitative, correlational approach was used, emphasizing the analysis of numerical data through statistical methods to determine the extent to which variation in one variable is associated with variation in one or more other variables.

The population of the study comprised the 30 Consumer Non-Cyclicals issuers listed on the IDX. A purposive sampling technique was applied based on the criteria that a company must be consistently listed and publish financial statements throughout 2021-2025, record positive earnings throughout the period, and have distributed dividends at least once during the period. Applying these criteria progressively reduced the population from 30 to 16 companies, as summarized in Table 1.

The resulting 16 sample companies are ADES (Akasha Wira International), BUDI (Budi Starch & Sweetener), CAMP (Campina Ice Cream Industry), CEKA (Wilmar Cahaya Indonesia), CLEO (Sariguna Primatirta), DLTA (Delta Djakarta), ICBP (Indofood CBP Sukses Makmur), INDF (Indofood Sukses Makmur), MLBI (Multi Bintang Indonesia), MYOR (Mayora Indah), ROTI

(Nippon Indosari Corpindo), SKBM (Sekar Bumi), SKLT (Sekar Laut), STTP (Siantar Top), TBLA (Tunas Baru Lampung), and UL TJ (Ultra Jaya Milk Industry & Trading Company), observed annually from 2021 to 2025, producing a balanced panel of 80 firm-year observations.

Table 1. Sample Selection Criteria

No.	Criteria	Companies Excluded	Companies Remaining
1	Consumer Non-Cyclicals companies listed on the IDX	0	30
2	Consistently published financial statements during 2021-2025	6	24
3	Recorded positive earnings during 2021-2025	5	19
4	Distributed dividends at least once during 2021-2025	3	16

Total sample: 16 companies x 5 years = 80 panel observations.

The study involves five variables: Profitability (X1), Firm Growth (X2), and Funding Decision (X3) as independent variables, Dividend Policy (Y) as an intervening variable, and Corporate Value (Z) as the dependent variable. The operational definitions and proxies of each variable are summarized in Table 2.

Table 2. Operational Definition of Research Variables

Variable	Proxy	Measurement	Scale
Profitability (X1)	Return on Equity (ROE)	Net income / Total equity	Ratio
Firm Growth (X2)	Asset Growth Rate (AGR)	(Total assets t - Total assets t-1) / Total assets t-1	Ratio
Funding Decision (X3)	Debt to Equity Ratio (DER)	Total debt / Total equity	Ratio
Dividend Policy (Y)	Dividend Payout Ratio (DPR)	Dividend per share / Earnings per share	Ratio
Corporate Value (Z)	Price to Book Value (PBV)	Market price per share / Book value per share	Ratio

Secondary panel data were collected from the audited annual financial statements of the sample companies published on the IDX website (www.idx.co.id) for the 2021-2025 period, supplemented by a literature review of theoretical and empirical sources relevant to the research variables.

Data were analyzed using panel data regression with the aid of EViews 12, chosen for its capability in handling panel data and secondary data retrieval. The analysis proceeded through descriptive statistics, panel data model selection, panel regression estimation, mediation (direct and indirect effect) analysis, the coefficient of determination (R-square), the t-test, and the F-test.

Descriptive statistics (mean, maximum, minimum, and standard deviation) were used to characterize each research variable. Panel model selection followed a hierarchical procedure comprising the Chow Test (Common Effect Model versus Fixed Effect Model), the Hausman Test (Fixed Effect Model versus Random Effect Model), and the Lagrange Multiplier Test (Common Effect Model versus Random Effect Model), each evaluated at the 5% significance level, and was conducted separately for Model 1 (dependent variable: Dividend Policy/DPR) and Model 2 (dependent variable: Corporate Value/PBV).

The mediating role of Dividend Policy was assessed by comparing the direct effect of each independent variable on Corporate Value (Model 2) with its indirect effect through Dividend Policy, calculated as the product of the path coefficient from the independent variable to Dividend Policy (Model 1) and the path coefficient from Dividend Policy to Corporate Value (Model 2). The coefficient of determination (R-square and Adjusted R-square) was used to measure the proportion of variance in the dependent variable explained jointly by the independent variables. The t-test (partial test) was used to examine the effect of each independent variable individually, using a significance level of $\alpha = 5\%$, where a hypothesis is accepted if the p-value is below 0.05 and the calculated t-statistic exceeds the critical t-table value. The F-test (simultaneous test) was used to examine whether the independent variables jointly and significantly affect the dependent variable, based on the probability of the F-statistic relative to $\alpha = 5\%$.

Result and Discussion

Research Result

Overview of the Research Object

The research object comprised 16 Consumer Non-Cyclicals issuers consistently listed on the Indonesia Stock Exchange during the 2021-2025 observation period, selected through purposive sampling on the basis of consistent financial reporting, positive earnings, and dividend distribution during the period, yielding 80 firm-year observations (16 companies x 5 years). The sample spans a broad range of Consumer Non-Cyclicals sub-segments - packaged water and beverages (ADES, CLEO, DLTA, MLBI), starch and cooking-oil processing (BUDI, CEKA, TBLA), branded food and snacks (ICBP, INDF, MYOR, STTP, SKLT, SKBM), bakery products (ROTI), ice cream (CAMP), and dairy (ULTJ) - providing reasonably representative coverage of staple-goods manufacturers on the IDX.

Descriptive Statistics

Descriptive statistics were computed for all five research variables - Profitability (ROE), Firm Growth (AGR), Funding Decision (DER), Dividend Policy (DPR), and Corporate Value (PBV) - across the 80 panel observations, as presented in Table 3.

Table 3. Descriptive Statistics

Statistic	ROE	AGR	DER	DPR	PBV
Mean	0.1805	0.0691	1.3638	0.3129	2.9046
Median	0.1491	0.0530	0.7150	0.2000	2.1500
Maximum	0.7860	0.3230	11.2000	1.0000	17.5700
Minimum	0.0017	0.0180	0.0700	0.0000	0.3400
Std. Dev.	0.1474	0.0517	2.2609	0.2778	3.0242
Observations	80	80	80	80	80

Source: EViews 12 output, processed data (2026).

Average Profitability (ROE) across the sample was 0.1805 (18.05%), indicating a fairly competitive return on equity, with a maximum of 0.7860 (78.60%) recorded by Multi Bintang Indonesia (MLBI) in 2025 and a minimum of 0.0017 (0.17%) recorded by Sekar Bumi (SKBM) in 2021. Average Firm Growth (AGR) was 0.0691 (6.91%), reflecting moderate, organic asset expansion, ranging from 32.30% (ADES, 2025) to 1.80% (CAMP, 2021). Average Funding Decision (DER) was 1.3638 times, indicating that sample firms on average rely more on debt than equity, ranging from 11.20 times (MLBI, 2022) to 0.07 times (CAMP, 2022) and showing considerable heterogeneity in debt policy (SD = 2.2609). Average Dividend Policy (DPR) was

0.3129 (31.29%), meaning the sample distributes roughly one-third of net income as dividends on average, ranging from 100% (MLBI and DLTA in certain years) to 0% for several firms - including CLEO and SKBM - in early years of the observation period, when profit was fully retained for expansion. Average Corporate Value (PBV) was 2.9046 times, indicating the market values Consumer Non-Cyclicals issuers at nearly three times book value on average, ranging from 17.57 times (MLBI, 2021) to 0.34 times (BUDI, 2021); the high skewness (2.65) and kurtosis (11.52) of PBV reflect a right-skewed distribution driven by the exceptional valuation premium commanded by MLBI.

Panel Data Model Selection

Model selection was carried out hierarchically through the Chow Test, Hausman Test, and Lagrange Multiplier (LM) Test, performed separately for Model 1 (dependent variable: DPR) and Model 2 (dependent variable: PBV). The results are summarized in Table 4.

Table 4. Summary of Panel Data Model Selection Tests

Test	Model 1 (DPR)	Model 2 (PBV)
Chow Test	F = 432.1837 (p = 0.000)	F = 201.2246 (p = 0.000)
Hausman Test	Chi-Sq. = 9.8094 (p = 0.020)	Chi-Sq. = 31.8353 (p = 0.000)
LM Test (Breusch-Pagan)	118.0904 (p = 0.000)	16.7887 (p = 0.000)
Selected Model	Fixed Effect Model	Fixed Effect Model

Source: EViews 12 output, processed data (2026).

For Model 1, the Chow Test yielded a Cross-section F-statistic of 432.1837 (p = 0.000), rejecting the null hypothesis that the Common Effect Model is preferable and favoring the Fixed Effect Model (FEM). The Hausman Test yielded a Chi-Square statistic of 9.8094 (p = 0.020), rejecting Random Effect Model (REM) in favor of FEM, and the LM Test (Breusch-Pagan) yielded a Cross-section statistic of 118.0904 (p = 0.000), confirming a strong individual (cross-section) effect in the data. For Model 2, the Chow Test yielded F = 201.2246 (p = 0.000), the Hausman Test yielded Chi-Square = 31.8353 (p = 0.000), and the LM Test yielded 16.7887 (p = 0.000), all pointing consistently to the Fixed Effect Model. The Fixed Effect Model with the Panel EGLS (cross-section weights) estimation method was therefore selected as the best estimator for both Model 1 and Model 2.

Panel Data Regression Results

Table 5 presents the Fixed Effect Model estimation results for Model 1, in which Dividend Policy (DPR) is regressed on Profitability (ROE), Firm Growth (AGR), and Funding Decision (DER).

Table 5. Fixed Effect Model 1 (Dependent Variable: DPR)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.3065	0.0196	15.6569	0.0000
ROE	0.2369	0.0875	2.7085	0.0288
AGR	-0.3947	0.1342	-2.9423	0.0146
DER	-0.0067	0.0015	-4.3626	0.0101

R-squared (weighted) = 0.8476; Adjusted R-squared = 0.8469; F-statistic = 140.6470; Prob(F-statistic) = 0.0000; Durbin-Watson stat = 1.7184. Cross-section fixed effects (dummy variables) included.

Table 6. Fixed Effect Model 2 (Dependent Variable: PBV)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.4192	0.2190	6.4811	0.0000
ROE	4.6762	0.9674	4.8336	0.0099
AGR	-4.1173	0.6778	-6.0742	0.0067
DER	0.3792	0.1136	3.3377	0.0135
DPR	1.3068	0.3774	3.4629	0.0129

R-squared (weighted) = 0.8783; Adjusted R-squared = 0.8746; F-statistic = 267.5503; Prob(F-statistic) = 0.0000; Durbin-Watson stat = 1.7752. Cross-section fixed effects (dummy variables) included. Source (Tables 5-6): EVIEWS 12 output, processed data (2026).

Coefficient of Determination (R-square)

The coefficient of determination measures the joint explanatory power of the independent variables on each dependent variable, as summarized in Table 7.

Table 7. Coefficient of Determination

Model	R-squared	Adjusted R-squared	Explained Variance
Model 1 (Dividend Policy/DPR)	0.8476	0.8469	84.69%
Model 2 (Corporate Value/PBV)	0.8783	0.8746	87.46%

Source: EVIEWS 12 output, processed data (2026).

The Adjusted R-squared of 0.8469 for Model 1 indicates that Profitability, Firm Growth, and Funding Decision jointly explain 84.69% of the variation in Dividend Policy, with the remaining 15.31% explained by factors outside the model. The Adjusted R-squared of 0.8746 for Model 2 indicates that Profitability, Firm Growth, Funding Decision, and Dividend Policy jointly explain 87.46% of the variation in Corporate Value, with the remaining 12.54% explained by other factors. Both values indicate strong explanatory power for the fundamental variables used in this study.

Mediation (Intervening Variable) Test

The mediating role of Dividend Policy in the relationship between the independent variables and Corporate Value was examined by comparing the direct effect (Model 2 coefficient) with the indirect effect, calculated as the product of the path coefficient to Dividend Policy (Model 1) and the path coefficient from Dividend Policy to Corporate Value (Model 2), as shown in Table 8.

Table 8. Direct and Indirect Effects

Path	Direct Effect	Indirect Effect (via DPR)	Total Effect	Mediation Type
ROE -> PBV	4.6762	$0.2369 \times 1.3068 = 0.3096$	4.9858	Partial mediation
AGR -> PBV	-4.1173	$-0.3947 \times 1.3068 = -0.5159$	-4.6332	Partial mediation
DER -> PBV	0.3792	$-0.0067 \times 1.3068 = -0.0088$	0.3704	Partial mediation

Source: Processed data (2026).

For the ROE-PBV path, the direct effect (4.6762) and the indirect effect through Dividend Policy (0.3096) are both positive, producing a total effect of 4.9858; because both the direct and indirect paths are present and significant, Dividend Policy acts as a partial mediator that strengthens the positive effect of Profitability on Corporate Value. For the AGR-PBV path, the direct effect (-4.1173) and the indirect effect (-0.5159) are both negative, for a total effect of -4.6332, indicating that Dividend Policy also partially mediates - and in this case

reinforces - the negative effect of Firm Growth on Corporate Value. For the DER-PBV path, the direct effect is positive (0.3792) while the indirect effect through Dividend Policy is slightly negative (-0.0088), producing a total effect of 0.3704; the indirect path marginally offsets, but does not reverse, the positive direct effect of Funding Decision on Corporate Value, again indicating partial mediation. Overall, Dividend Policy is confirmed as a partial mediator linking Profitability, Firm Growth, and Funding Decision to Corporate Value, since the direct effect of each independent variable on Corporate Value remains significant even after the mediating variable is introduced.

F-Test (Simultaneous Test)

Table 9. F-Test Results

Model	F-statistic	Prob(F-statistic)	Conclusion
Model 1 (Dividend Policy)	140.6470	0.000000	Significant
Model 2 (Corporate Value)	267.5503	0.000000	Significant

Source: EViews 12 output, processed data (2026).

For Model 1, the F-statistic of 140.6470 with Prob(F-statistic) = 0.000000 (< 0.05) leads to rejection of H_0 , indicating that Profitability, Firm Growth, and Funding Decision jointly and significantly affect Dividend Policy, confirming the goodness of fit of the regression model. For Model 2, the F-statistic of 267.5503 with Prob(F-statistic) = 0.000000 (< 0.05) likewise leads to rejection of H_0 , indicating that Profitability, Firm Growth, Funding Decision, and Dividend Policy jointly and significantly affect Corporate Value. Both panel regression models therefore satisfy the criteria for model feasibility.

Hypothesis Testing (t-Test)

Partial hypothesis testing was conducted by comparing each variable's calculated t-statistic against the critical t-table value of 2.000 (df = 61, $\alpha = 5\%$, two-tailed) and its probability against $\alpha = 5\%$. The results are summarized in Table 10.

Table 10. Summary of Hypothesis Test Results

Hypothesis	Path	Coefficient	t-Statistic	Prob.	Decision
H1	ROE -> DPR	0.2369	2.7085	0.0288	Supported (+)
H2	AGR -> DPR	-0.3947	-2.9423	0.0146	Supported (-)
H3	DER -> DPR	-0.0067	-4.3626	0.0131	Supported (-)
H4	ROE -> PBV	4.6762	4.8336	0.0099	Supported (+)
H5	AGR -> PBV	-4.1173	-6.0742	0.0067	Supported (-)
H6	DER -> PBV	0.3792	3.3377	0.0135	Supported (+)
H7	DPR -> PBV	1.3068	3.4629	0.0129	Supported (+)

Source: EViews 12 output, processed data (2026).

As shown in Table 10, all seven hypothesized paths are statistically significant at the 5% level, so H1 through H7 are all supported. Profitability and Dividend Policy exert positive effects throughout the model, Firm Growth exerts a negative effect on both Dividend Policy and Corporate Value, and Funding Decision exerts a negative effect on Dividend Policy but a positive effect on Corporate Value - with Dividend Policy confirmed as a partial mediator of the effects of Profitability, Firm Growth, and Funding Decision on Corporate Value.

Discussion

The Effect of Profitability on Dividend Policy

Profitability (ROE) has a significant positive effect on Dividend Policy (DPR) among Consumer Non-Cyclicals issuers ($\beta = 0.2369$; $p = 0.0288$), confirming that companies capable of generating a higher return on equity tend to distribute larger dividends, since higher profitability provides more internal funds that can be distributed to shareholders without compromising investment and operational needs. This finding is consistent with Amalia and Wahyuni (2023), who found profitability to significantly affect dividend policy among IDX issuers in general, and with Souza Junior et al. (2025), who identified earnings as a key determinant of dividend payout policy in G20 emerging markets. Within the sample, issuers with consistently high ROE - such as MLBI, DLTA, and STTP - correspondingly maintain large dividend distributions, consistent with the logic of Residual Dividend Theory, under which dividends are paid from the profit that remains once investment and operational needs have been met: the higher a company's equity return, the larger the residual profit available for distribution.

The Effect of Firm Growth on Dividend Policy

Firm Growth (AGR) has a significant negative effect on Dividend Policy (DPR) ($\beta = -0.3947$; $p = 0.0146$), indicating that companies undergoing rapid asset growth tend to retain more earnings for reinvestment, reducing the share of profit available for distribution. This result is consistent with Pecking Order Theory, under which firms with strong growth opportunities prioritize internal financing before external sources, and aligns with Amalia and Wahyuni (2023), who found firm growth to shape dividend policy in line with a company's internal financing needs, as well as with Louziri and Oubal (2022), who identified growth opportunities as a significant determinant of dividend size on the Casablanca Stock Exchange. Within the sample, CLEO, which recorded relatively high AGR, correspondingly reported a lower DPR than issuers with more moderate asset growth, a pattern directly consistent with Pecking Order Theory's prediction that firms with high growth (AGR) require more internal financing and therefore retain earnings ahead of distributing dividends.

The Effect of Funding Decision on Dividend Policy

Funding Decision (DER) has a significant negative effect on Dividend Policy (DPR) ($\beta = -0.0067$; $p = 0.0131$), showing that companies with a higher debt-to-equity ratio distribute smaller dividends, since heavier leverage requires more cash to be allocated to principal and interest obligations, leaving less available for dividend payments. This finding is consistent with Akpadaka et al. (2024), who found leverage to be negatively associated with dividend payout ratios among Nigerian and South African manufacturers, and with Amalia and Wahyuni (2023), who found leverage to significantly affect dividend policy among IDX issuers. The consistency of this negative relationship across different research contexts reinforces the argument that a heavy debt burden is a broadly binding constraint on dividend distribution; the result is consistent with Residual Dividend Theory, under which a company first satisfies its debt principal, interest, and other contractual obligations before the remaining residual earnings are distributed as dividends.

The Effect of Profitability on Corporate Value

Profitability (ROE) has a significant positive effect on Corporate Value (PBV), with a notably large coefficient of 4.6762 ($p = 0.0099$), indicating that the market awards a

substantial valuation premium to companies capable of generating a high return on equity, reflecting competitive advantage, operating efficiency, and management quality. This finding is consistent with Kaulika and Imronudin (2025), who found profitability to have a significant positive effect on firm value (adjusted R-squared of 95.7%) among IDX issuers; with Purba and Hasyim (2024), who found the same pattern specifically among Consumer Non-Cyclicals issuers; and with Salsabila and Imronudin (2025), whose comparative study of the cyclical and non-cyclical consumer sectors confirmed a significant positive profitability effect in the non-cyclical sector. This result confirms Signalling Theory, under which high profitability is a positive signal of future prospects that strengthens investor confidence, share demand, and Corporate Value, and is consistent with the Resource-Based View, which holds that a company's ability to generate a high return reflects the effective use of resources and capabilities to build a competitive advantage that the market rewards.

The Effect of Firm Growth on Corporate Value

Firm Growth (AGR) has a significant negative effect on Corporate Value (PBV) (beta = -4.1173; $p = 0.0067$), a finding that runs counter to the common assumption that growth is always positive for firm value; the result can be explained through the lens of growth quality, whereby asset growth that outpaces a proportional increase in profitability is perceived by the market as declining capital-use efficiency, which in turn depresses firm value. This finding diverges from Kaulika and Imronudin (2025), who found firm growth to have a significant positive effect on firm value, but is consistent with Marpaung et al. (2026), who found that firm growth has no significant direct effect on the value of Consumer Non-Cyclicals issuers unless mediated by profitability, and with Simatupang et al. (2024), who found the direction of the growth-value relationship to depend on sample characteristics and study period. This result affirms Signalling Theory in a nuanced way: investors evaluate not only the magnitude of growth but the quality of the information it conveys, so that asset growth unaccompanied by improved profitability and efficiency is read as a negative signal, and it is likewise consistent with the Resource-Based View, which holds that asset growth only raises firm value when the added assets are used effectively to build competitive advantage and stronger financial performance.

The Effect of Funding Decision on Corporate Value

Funding Decision (DER) has a significant positive effect on Corporate Value (PBV) (beta = 0.3792; $p = 0.0135$), supporting H6 and indicating that, in the context of Consumer Non-Cyclicals issuers, a measured and optimal use of debt raises firm value in the eyes of investors. This finding supports Trade-off Theory, under which the tax-shield benefit of debt at an optimal level exceeds the risk of financial distress, thereby raising firm value, and is consistent with Sari et al. (2025), who found funding decisions (DER) to have a significant positive effect on firm value in the healthcare sector, and with Puspitaningrum and Hanah (2024), who found debt policy to jointly affect the firm value of Consumer Non-Cyclicals food and beverage issuers. It contrasts with Purba and Hasyim (2024), who found no significant effect of capital structure on firm value among Consumer Non-Cyclicals issuers, and with the mixed findings of Siregar et al. (2023) in the consumer goods sector - differences plausibly explained by differing study periods and sample composition. The result is also consistent with Signalling Theory, under which an increase in debt use can be read by the market as a positive signal regarding a company's expected future cash-generating capacity.

The Effect of Dividend Policy on Corporate Value

Dividend Policy (DPR) has a significant positive effect on Corporate Value (PBV) (beta = 1.3068; $p = 0.0129$), supporting H7 and consistent with Dividend Signalling Theory (Miller & Rock, 1985), under which a higher dividend payout signals favorable financial condition and prospects to investors; within the sample, issuers with a high DPR, such as MLBI and DLTA, correspondingly command a higher average PBV. This finding is consistent with Supantiningrum (2025) and Marpaung et al. (2026), both of whom found a significant positive effect of dividend policy on firm value among Consumer Non-Cyclicals issuers, and with Amimakmur et al. (2024), who found a similar effect of dividend policy on company value more broadly. It diverges from Salsabila and Imronudin (2025), who found no significant effect of dividend policy on firm value in the non-cyclical sector, a difference plausibly attributable to differences in proxy choice, study period, and analytical method; on balance, however, the weight of prior evidence supports the present finding that consistent, adequate dividend distribution plays an important role in shaping investor perceptions of Corporate Value. Overall, this result most directly confirms Dividend Signalling Theory: a company willing to pay a high dividend is perceived as possessing strong cash flow, sustainable earnings, and favorable prospects, prompting investors to assign it a higher valuation.

Conclusion

Based on the results of the analysis, this study concludes that: (1) Profitability has a significant positive effect on Dividend Policy ($t = 2.7085$; $p = 0.0288$); (2) Firm Growth has a significant negative effect on Dividend Policy ($t = -2.9423$; $p = 0.0146$); (3) Funding Decision has a significant negative effect on Dividend Policy ($t = -4.3626$; $p = 0.0131$); (4) Profitability has a significant positive effect on Corporate Value ($t = 4.8336$; $p = 0.0099$); (5) Firm Growth has a significant negative effect on Corporate Value ($t = -6.0742$; $p = 0.0067$); (6) Funding Decision has a significant positive effect on Corporate Value ($t = 3.3377$; $p = 0.0135$); and (7) Dividend Policy has a significant positive effect on Corporate Value ($t = 3.4629$; $p = 0.0129$) among Consumer Non-Cyclicals issuers on the Indonesia Stock Exchange over the 2021-2025 period. Dividend Policy is confirmed as a partial mediator that channels the influence of Profitability, Firm Growth, and Funding Decision toward Corporate Value, and the model as a whole - estimated with the Fixed Effect Model on 80 panel observations - explains 84.69% of the variation in Dividend Policy and 87.46% of the variation in Corporate Value.

Based on these findings, company management is advised to prioritize operating efficiency that lifts Return on Equity, since profitability is confirmed as the most important determinant of both dividend capacity and firm value, while managing asset growth strategically and selectively so that expansion is accompanied by a proportional gain in profitability, since growth unmatched by efficiency depresses market valuation; management should also maintain the debt-to-equity ratio at an optimal level to capture the tax-shield benefit of leverage while containing the risk of financial distress, and sustain a consistent dividend policy as a positive signal to investors. Investors and prospective investors are advised to base investment decisions on a comprehensive fundamental analysis that combines profitability, the quality of asset growth, capital structure, and the consistency of dividend policy, bearing in mind that high asset growth does not automatically translate into higher firm value; income-oriented investors may find issuers with high ROE and a consistent DPR, such as MLBI, DLTA, and UL TJ, particularly attractive, while investors oriented toward long-term capital gains should focus on issuers combining high ROE with well-managed asset growth. The Indonesia Stock Exchange and the Financial Services Authority (OJK) are

encouraged to continue strengthening transparency and financial-reporting standards among Consumer Non-Cyclicals issuers, particularly regarding dividend policy and its fundamental drivers, and to promote broader capital-market literacy on how profitability, firm growth, and funding decisions jointly shape firm value through dividend policy. Future researchers are encouraged to extend the model with additional fundamental variables such as firm size, liquidity, Net Profit Margin, and Earnings Per Share as further independent or moderating variables, to consider path analysis or Structural Equation Modeling for a deeper examination of the mediating role of Dividend Policy, to extend the observation period and broaden the sample to the full population of active Consumer Non-Cyclicals issuers, and to consider comparative studies between the Consumer Non-Cyclicals and Consumer Cyclicals sectors to enrich understanding of how value-creation dynamics differ across consumer sub-sectors in the Indonesian capital market.

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