IJEBAS
INTERNASIONAL JOURNAL OF ECONOMIC, BUSINESS ACCOUNTING, AGRICULTURE MANAGEMENT AND SHARIA ADMINISTRATION

THE EFFECT OF DIVIDEND POLICY AND LEVERAGE ON COMPANY VALUE (STUDY OF FMCG COMPANIES LISTED ON THE STOCK EXCHANGE IN 2019-2023)

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Received : 2024-10-18 Published : 2024-12-30 DOI : 10.54443/ijebas.v4i6.2216
Accepted : 2024-11-10

Abstract
Investors believe in the high value of the company because it shows good performance and profitable future prospects. Companies seek to increase profits or wealth, especially for their shareholders, by increasing the market value of the company's stock price. This study investigates how dividend policy and leverage affect the value of the company in Fast-Moving Consumer Goods (FMCG) companies listed on the Stock Exchange from 2020 to 2023. Secondary data obtained from relevant company financial statements were used in the data collection process. Panel data regression was used to test the hypotheses. The results show that dividend policy increases the value of the company, which means that investors consider a good dividend policy as an indicator of the health and growth of the company. Leverage also has a positive effect on the value of the company, indicating that the wise use of debt can increase the value of the company. This study makes an important contribution to the understanding of the factors that affect the value of the company in the context of the FMCG industry. The practical implication of this study is that company management can consider a better dividend policy, wise debt management as a strategy to increase their company value.

Keywords: Dividend Policy, Leverage, Company Value

1. INTRODUCTION

The company's goal is to maximize the wealth or value of the company for shareholders. The value of a company that has gone public is reflected in the company's stock price, while the understanding of the value of a company that has not gone public is realized when the company is sold. A high company value indirectly shows that the prosperity of shareholders is also high so that investors will be interested in investing their capital in the company (Haruman in David, 2020).

Company value is a measure of the success of company management in past operations and future prospects to convince shareholders. The purpose of company value is to maximize the value of the company and prosper shareholders, increase the wealth of the company's owners by achieving maximum profit or the greatest possible profit. Company value is the investor's perception of the company, which is often associated with stock prices. Company value formed through stock market indicators is greatly influenced by investment opportunities.

There are several factors that affect the value of the company. Some of the variables investigated to assess their impact on the value of the company are Dividend Policy and Leverage The prosperity of shareholders which is the company's goal can be seen from the dividends distributed to shareholders. The company's ability to distribute dividends is also seen from the profits obtained by the company. The profits obtained by banks are seen from their financial ratios. The profitability ratio is a very useful measure in seeing banking profits, because the profits generated by a company show the company's profitability (Yusra, 2016). Excessive use of debt is not good because it is feared that there will be a decrease in the company's profits. This means that a higher leverage value will describe the investment that is made at high risk, while a small leverage will indicate the investment that is made at low risk (Analisa, 2011). Leverage is a description of a company's use of debt to finance the company's operational activities. Leverage management is very important, because the decision to use high debt can increase the company's value due to a reduction in income tax. The price that potential buyers are prepared and willing to pay for a company if it is to be sold can be referred to as the company's value. Stock price is a parameter of company value for certain companies that trade on the stock exchange. Because high company value can mean high investor wealth, company value becomes very important (Brigham, Houston, Hsu, Koong, & Bany-Ariffin, 2020). Calculation of company value can use the Price Book Value (PBV) ratio which can provide an overview of companies that are considered good by investors, meaning low risk and high growth. A company with good prospects has a PBV value of more than or equal to one (Brigham & Houston, 2018). The high price of a company's shares indicates that the company's value is also high, which can provide an overview of the company's future prospects (Abbas, Dillah, & Sutardji, 2021).

2. IMPLEMENTATION METHOD

DESCRIPTION OF RESEARCH OBJECT

This explanation provides clear information about the population and sample used in the study. The study population includes all FMCG companies listed on the Indonesia Stock Exchange (IDX) that publish annual reports and financial statements from 2019-2023. The final sample size used was 15 companies during the period 2019-2023.

Research Design

According to Sekaran, research design is a plan to plan the collection, measurement, and analysis of data to answer questions from the research being conducted. Designing research in such a way that the necessary data can be collected and analyzed to obtain the right solution.

Types of research

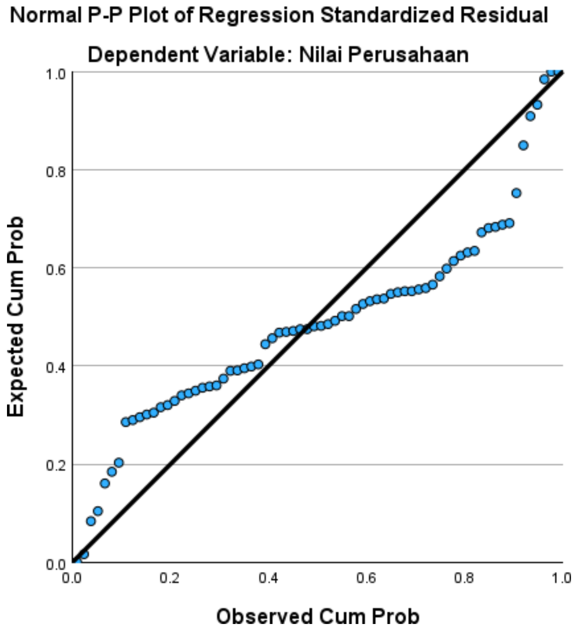
This type of research is quantitative research, which is used to research populations or samples using measuring instruments or research instruments, quantitative or statistical data analysis with the aim of testing the hypotheses that have been made.

Sampling Techniques

The sampling technique in this study used purposive sampling, which is a technique that has certain criteria in taking samples. The reason for selecting samples using purposive sampling is because not all samples have the criteria according to what has been determined. Not all populations of PROPER participating companies are samples in this study because there are certain criteria. The population is all objects or subjects that have certain qualities and characteristics that are determined by the researcher to be the source of research data. While the sample is part of the population that can represent the population whose data is used in the study

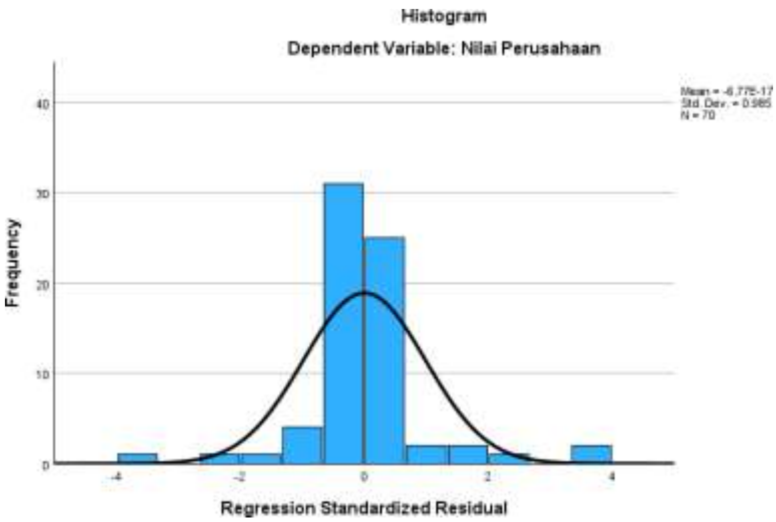
3. RESULTS AND DISCUSSION

Classical Assumption Test: Linearity



Description: In the results of the normal probability plots test, the points form a straight line following the diagonal from point 0. It can be concluded that the data in this study is normally distributed.

Normality Assumption Test



Description: The normality test is a test carried out to check whether the research data comes from a population with a normal distribution.

Multicollinearity Test

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	-.130	.643		-.202	.840		
	Leverage	.130	.120	.129	1.090	.280	.999	1.001
	Dividend Policy	.008	.004	.231	1.958	.054	.999	1.001

a. Dependent Variable: Nilai Perusahaan

Referring to the explanation (Agus Widarjono: 81) states that an independent variable faces a multicollinearity problem if the Variance Inflation Factor (VIF) number is greater than 10 or VIF> 10. On the other hand, the tolerance value ranges from 1. In this case, it shows the assumption that there is no multicollinearity problem between the independent variables. This means that this research is worthy of being continued for analysis.

Forming a regression equation

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	.233	1.758		.133	.895		
	Dividend Policy	7.341	1.831	.381	4.010	<,001	1.000	1.000
	Leverage	.004	.001	.493	5.182	<,001	1.000	1.000

a. Dependent Variable: Nilai Perusahaan

Information: Based on the image above, the regression equation obtained is Y = 0.233 (Company Value) + 7.341 X1 (Dividend Policy) + 0.004 X2 (Leverage)

The explanation of the regression equation is:

a. The coefficient (0.233) shows the value of Y when all independent variables X1 and X2 are equal to zero. In this context, it shows the initial or baseline value of Y.
b. The coefficient of 7.3417 indicates that each unit increase in X1 (Dividend Policy) will increase Y by 7.341 units, assuming other variables remain constant.
c. The coefficient of 0.0040 indicates that each unit increase in X2(Leverage) will increase Y by 0.004 units, assuming other variables remain constant.

Hypothesis Test Results

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	.233	1.758		.133	.895		
	Dividend Policy	7.341	1.831	.381	4.010	<,001	1.000	1.000
	Leverage	.004	.001	.493	5.182	<,001	1.000	1.000

a. Dependent Variable: Nilai Perusahaan

Information: To provide specific hypothesis test results, it can be seen that the p-value is given in the table. The p-value is a measure of how significant the results of a statistical test are to the null hypothesis. The null hypothesis in this context might be that the regression coefficients for Dividend Policy (X1) and Leverage (X2) are zero, meaning that there is no relationship between these variables and the dependent variable (Y). If the p-value is smaller than the set significance level (0.05), it means that the regression coefficient is considered statistically significant. So if the set significance level is 0.05, then the results of the hypothesis test are as follows:

Dividend Policy (X1)
P-value (0.001) < Significance level (0.05) Since the p-value is smaller than the set significance level, the conclusion is that the regression coefficient for Dividend Policy (X1) is statistically significant to the dependent variable (Y).

Leverage (X2)
The p-value (0.001). Significance level (0.05) Because the p-value is smaller than the specified significance level. In conclusion, the regression coefficient for Leverage (X2) is also statistically significant to the dependent variable (Y). Thus, based on the results of the hypothesis test, it can be concluded that Dividend Policy and Leverage both have a significant influence on company value.

DISCUSSION

The influence of dividend policy on company value

This study shows that dividend policy can affect business value through a positive signal mechanism to investors. Investors tend to prefer businesses that distribute dividends because it provides certainty regarding the return on their investment and investors can have a positive perception that the company's condition is good. Thus, this positive signal can lead to an increase in stock prices, which in turn will increase the value of the company. The test results showing that dividend policy benefits the value of the company strengthen this argument. Many companies expect this to happen because they can attract more investors and show their disagreement. This study is in line with the findings of the journals (Wibowo & Andayani, 2021) and (Kusumaningrum & Aris, 2020).

The effect of leverage on company value

The results of the study indicate that the leverage value is positively correlated with the company's value. The test results are in line with the theory put forward by Modigliani and Miller (1963) (in Husnan, 2006:269), which states that companies must use debt to increase their value if they are subject to income tax. This can happen because the repayment of interest on loans can reduce the burden of costs that must be paid for tax payments. This activity can also increase the EAT value, increase company profits and increase market valuation.

CONCLUSION

Based on the analysis and discussion of the influence of dividend policy and leverage on company value, the following is true:

1. In this study, data analysis shows that the data distribution meets the classical and linear assumptions, which indicates that the data can be considered as a sample of a larger population and can be relied upon for use in further analysis.
2. The regression equation for this model is as follows: $Y = 0.233 + 7.341X1 + 0.004X2$. In this equation, the dependent variable to be predicted is Y, while the independent variables are X1 and X2. The regression coefficient for X1 is 7.341, indicating that, assuming all other variables remain constant, every one-unit increase in X1 will cause an increase of 7.341 units in Y. Meanwhile, the regression coefficient for X2 is 0.004, indicating that every one-unit increase in X2 will cause an increase of 0.004 units in Y. Therefore, this regression equation

can be used to predict the value of Y based on the values of X1 and X2.

3. This study shows that dividend policy can affect business value through a positive signal mechanism to investors. Investors tend to prefer businesses that distribute dividends because it provides certainty about the return on their investment and investors can have a positive perception that the company's condition is good.
4. The results of the study indicate that leverage value is positively correlated with company value. The test results are in line with the theory put forward by Modigliani and Miller (1963) (in Husnan, 2006:269), which states that companies must use debt to increase their value if they are subject to income tax.

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