

ANALYSIS CORRELATION CAPITAL STRUCTURE, POLICY DIVIDENDS, GOOD CORPORATE GOVERNANCE, OPPORTUNITIES GROWTH AND PROFITABILITY ON FIRM VALUE IN MANUFACTURING COMPANIES ON THE INDONESIA STOCK EXCHANGE 2019-2024

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Abstract

This research study is about the correlation between capital structure, dividend policies, good corporate governance (GCG), opportunities for growth, and profitability with the firm value of manufacturing companies that are listed on the Indonesia Stock Exchange (IDX) from 2019 to 2024. By using the purposive sampling method, we obtained a sample of 120 companies with a total of 720 observations (firm-year). Firm value is measured using Price to Book Value (PBV). At the same time, variables include the Debt-to-Equity Ratio (DER), Dividend Payout Ratio (DPR), institutional ownership, independent board of commissioners, independent audit committee, Market to Book Value of Equity (MBVE), Return on Equity (ROE), and company size (Ln Asset). Because data distribution is not normal, the research uses the Spearman correlation test. The results indicate that DPR, MBVE, ROE, and the proportion of commissioner independence have a positive and significant connection with the market company in the upcoming year. On the other hand, DER, ownership institutions, the audit committee, and company size do positively impact market value. These findings confirm that profitability, policy dividends, growth opportunities, and governance effectiveness through the role of the independent commissioner all contribute significantly to increasing firm value. Managerial implications indicate that the company needs to prioritize improvement strategies for profitability, maintain consistent dividend policies, strengthen governance quality, and utilize growth opportunities strategically to enhance market and investor confidence.

Keywords: *firm value, capital structure, policy dividends, good corporate governance, profitability, growth opportunities*

INTRODUCTION

Firm value is an important indicator that reflects the perception of successful management in managing resources and producing profits in the long term, according to Asep et al. (2021) The Firm value is the present value of future cash flows that are influenced by risk and investor expectations, thus reflecting the extent to which investors trust the long-term prospects of a business entity. Firm Value also signifies that investors believe in the company's stability to manage capital structure and profitability. Achieving sustainable growth, with a high-ranking company, indicates that the company is well-managed and has optimized performance and financial results for shareholders (Leny & Nurul, 2023). In the structure of Indonesia's economy, the manufacturing sector occupies a central position because it is a key focus in national policy development and a driving force for economic sustainability. The Ministry of Industry (Kemenperin) reported that in 2024, the manufacturing sector contributed 18.98% to the Product Gross Domestic Product (GDP). This figure increased compared to the previous year. Specifically, in 2022, it was recorded at 18.34%, while in 2023, it increased to 18.67%. The contribution accounted for 0.90% of the national economic growth, which increased by 5.03% in the same year, making the manufacturing sector the second largest contributor to economic development in Indonesia (Nadia, 2025). In addition, at the start of 2025, the Purchasing Managers' Index (PMI), an index that measures the level of activity in the manufacturing sector based on surveys of managers related to production, orders, new orders, supplies, and power Work recorded at level 51.9% (December: 51.2%) (KEMENKEU, 2025), highest since June 2024.



Figure 1.1 Indonesian Manufacturing PMI Index
Source: data processed by researchers

Figure 1.1 shows the value of Indonesia's Manufacturing PMI index from June 2024 to June 2025, with an average of 49.7%. The PMI index experienced significant fluctuations. PMI provides high value at the beginning of 2025, but from April to June 2025, it experienced a decline. The condition shows that the Indonesian manufacturing sector is still in a cyclical phase, where contractions often follow short periods of expansion due to external and domestic pressures, such as global inflation, weakening export demand, and increased production input costs (Trading Economics, 2025). Fluctuations in the company's manufacturing are relevant to firm value because they reflect the real economic conditions that can influence profitability and financial decisions. A decline in the PMI usually results in a reduction in revenue and profit, which in the end will affect the Return on Assets (ROA) and Price Book Value (PBV) indicators. This can also influence capital structure (DER) and policy dividend (DPR), thereby increasing the need for liquidity. Thus, this research uses the manufacturing sector as an object of study because it generally reflects the Indonesia Stock Exchange (IDX) from 2019 to 2024. In the context of companies that have gone public, especially in the manufacturing sector in the Indonesian Stock Exchange, increasing firm value has become a significant focus because of its direct implications for share prices and investor interest (Subiyanto & Maulidya, 2024). Therefore, managers have the responsibility to continuously strive to increase the company's value through strategies and policies oriented towards creating long-term value. (Azaro et al., 2020). Management strategies in finance, such as capital structure, dividend decision, and the implementation of good corporate governance (GCG), are crucial for creating and maintaining firm value. Financial performance, profitability, and opportunity growth also play an essential role as internal drivers that can strengthen the connection between policy management and firm value.

The structure of policy dividends and the implementation of Corporate Governance significantly impact a company's value, especially in those with growth opportunities. Some studies have analyzed variables with different proxies and outcomes. According to Saleh et al. (2020), finds that government ownership has a significantly negative impact, while managerial and family ownership have no significant influence. Regarding growth opportunities, leverage, and dividends, Ghalandari (2013) found that in companies with high growth opportunities, leverage and dividends negatively influence the market value of the company. In contrast, in companies with low opportunity growth, leverage and dividends have a positive influence. The company's values are reflected in the high Price to Book Value (PBV) ratio, which has become one of the main objectives in current business activities, because it has implications for increasing shareholder welfare (Putro et al., 2024). Capital structure is a comparison between the use of debt and equity in a company's funding, which will affect the company's value and financial risk. (Brahmayanti, 2024). The capital structure, also known as financial leverage, indicates the proportion of debt and equity used to finance the assets of a business (Bui et al., 2023). Capital structure ratio can include both short-term and long-term debt, especially when a business has a prolonged overdraft. The selection of debt or equity for a finance company's investments can influence the cost of capital. However, if the company uses excessive debt, it can increase financial risk, which ultimately can lower the firm's value. Every Company has a policy to decide whether profit earned during one period is shared in its entirety as a dividend or saved as profit retained. Investors often view high dividends as a positive signal of future growth prospects for companies, according to the perspective theory signal (Effendi, 2022). Studies like AlGhazali et al. (2024) suggest that policy dividends positively influence form values. However, other studies also show that the policy dividend does not affect firm value; rather, it serves as a mechanism for distributing wealth from wealthy companies to their shareholders (Husna & Satria, 2019). Furthermore, to establish good

corporate values, a company also needs to pay attention to its governance system. Good Corporate Governance (GCG) is the ultimate benchmark for assessing whether a company can effectively conduct its operations and business processes. According to Worokinasih et al. (2020), GCG can also help increase investor confidence in the company. Based on behavioral arguments, investor confidence directly affects the evaluation of firm value, with investors considering some companies superior to others. Great investor confidence (Adebambo & Yan, 2018). In other words, investor confidence and a value company are related positively. Growth opportunity allows investors to evaluate the firm's future growth. Companies with stable growth tend to require more external funding in the future, as investment and expansion are necessary (Fauziyah & Muazaroh, 2025). Profitability is a ratio that measures a management company's ability to generate profit from its source of power over a specific period (Kasmir, 2019). High profitability will signal to investors that the company is in favorable conditions (Setyawan & Ghozali, 2025). Considering the inconsistency of research results in research related to capital structure, dividend policy, corporate governance, profitability, and growth opportunities on company value, further research is still needed to obtain stronger empirical evidence that is relevant to current conditions.

LITERATURE REVIEW

Agency Theory

According to Jensen & Meckling (1976) Agency Theory explains the relationship between an agent and a principal, where the principal provides benefits to another party. In contrast, the agent carries out company duties on behalf of the principal as a decision-maker. This theory states that the relationship between an agent and a principal involves differing interests, which can lead to agency conflicts. Problems can arise from differing interests between investors and managers, which can lead to agency costs. According to Aprianti & Khomsiyah (2022), a capital structure with a certain proportion of debt can serve as a disciplinary mechanism for managers because the obligation to make interest payments encourages efficiency and reduces potential misuse of company funds. Furthermore, Amrullah & Wijaya (2018) state that dividend policy plays a vital role in pressing conflict agency, because consistent dividend payments lower free cash flow that managers can utilize for private interests. Meanwhile, Harmana (2023) also emphasized that the implementation of sound GCG principles can increase company value by strengthening financial discipline and managerial performance. Thus, agency theory provides a conceptual basis for efficient capital structure management, appropriate dividend policies, and strong GCG implementation, which can reduce agency conflicts, strengthen investor confidence, and increase company value.

Legitimacy Theory

Legitimacy theory explains how a company ensures that its operations align with societal values and norms, as well as the surrounding environment, which affects the company's standing. This theory emphasizes the importance of government and society. Therefore, the company requested that all its activities be in harmony with the hopes of society. According to Riyadh et al. (2022), the concept of legitimacy is considered necessary for analyzing the connection between an organization and its surroundings. Legitimacy theory explains the connection between organizations and society. In addition, actions taken by organizations are constrained by applicable values and norms, and the organization's contribution serves as a method to gain legitimacy for its behavior. In the context of this study, the most relevant theory to explain the variables of Good Corporate Governance (GCG), opportunity for growth, and profitability is needed. The implementation of GCG functions as a mechanism for transparency and accountability, ensuring the company acts in accordance with market ethics and the public interest, thereby strengthening its legitimacy in the eyes of the public (Santosa et al., 2022a). Hastalona et al. (2025) also found that growth opportunities, along with profitability and liquidity, simultaneously influence firm value. This indicates that companies with clear growth opportunities and adequate resources are more trusted by investors. In addition, profitability variables are fundamental factors that not only increase social legitimacy but also enhance the company (Kepramareni et al., 2024). Thus, the theory's legitimacy provides a foundation for GCG, highlighting the importance of growth and profitability in strengthening public trust and maintaining the firm's value sustainability.

HYPOTHESIS DEVELOPMENT

1. Capital Structure and Firm Value

Capital structure is a financial decision that reflects the composition of debt, equity, and assets to fulfill funding needs, as well as the market value and perception of the company (Mohammad & Fitriyah, 2024). The company can achieve optimal value by balancing the benefits of using debt with the financial risks, ensuring that debt also positively signals the company's prospects and increases firm value. This is demonstrated in the research results

conducted by Gultom et al., (2022), which shows that capital significantly influences firm value, as investors assess the debt and equity of prospective gains in future benefits.

Hypothesis 1: Capital structure correlated positively with firm value in the year following

2. Policy Dividends and Firm Value

Policy dividend refers to the distribution of profits to the holders. The company management has the right to decide whether the profits earned by the Company are distributed to the holders' shares as planned. Policy Dividend assessed use Dividend Payout Ratio (DPR). According to Kapons et al. (2023), investor interest in dividend-distributing shares increases when trust levels decrease, which in turn enhances the market value of the company.

Hypothesis 2: Policy Dividend correlated positively with firm value in the year following

3. Good Corporate Governance (GCG) and Firm Value

Good Corporate Governance (GCG) is one of the ways a company can increase its value. Recommendations by Setiawati et al. (2024) indicate that Good Corporate Governance (GCG) significantly increases market capitalization, improves financial performance, and enhances the company's performance and stability. Allow it to increase its overall firm value periodically. In some GCG research, ownership institutions, commissioner independence, and audit committees are proxied (Bakhtiar et al., 2021; Ichwan et al., 2023). An Independent Commissioner is a member of the Board of Commissioners who does not have any financial, management, share ownership, or family relationship with fellow members of the Board of Commissioners, Directors, or controlling shareholders, or any other relationship that could potentially affect his/her independence in carrying out his/her duties. According to Agency theory, the presence of independent commissioners serves as a mechanism for supervision, ensuring that management acts in accordance with the interests of shareholders. Azaro et al. (2020) explain that an independent commissioner can increase functional supervision as well as give effective input to the board of directors to reduce agency conflicts, so that performance and quality reports increase and eventually have a positive impact on the firm's value.

Hypothesis 3: Commissioner Independent correlated positively with firm value in the following year

Institutional ownership is when the company is owned by institutions (insurance companies, banks, investment companies and other institutions). Company management, as the manager, will strive to improve performance through various decisions to increase the company's value. According to Silalahi & Lestari (2023), institutional ownership has a supervisory or monitoring function in increasing company value.

Hypothesis 4: Ownership Institutions correlated positively with firm value in the following year

The Audit Committee plays a strategic role in maintaining the credibility of the preparation of financial reports and in upholding good corporate governance, which in turn supports the achievement of good company performance and increases the company's value. According to Susilowati et al. (2022), the audit committee assists the board of commissioners by providing an independent professional opinion to enhance work quality and reduce irregularities in the management company. The existence of the audit committee is expected to increase the quality of profit and firm value.

Hypothesis 5: Audit Committee correlated positively with firm value in the following year

4. Growth Opportunities and Firm Value

Company valuation is generally measured using market indicators such as Price to Book Value (PBV) or Market to Book Value of Equity (MBVE), which illustrate the extent to which investors assess a company's ability to generate long-term profits. Psychoyios (2024) states that companies with high revenue growth rates and low systematic risk tend to have higher stock valuations because investors positively assess the company's future growth prospects and are willing to pay a higher share price.

Hypothesis 6: Growth Opportunity correlated positively with firm value in the following year

5. Profitability and Firm Value

Profitability is considered to indirectly influence company value. A good company has high profitability. Profitability is assessed using Return on Equity (ROE), which is the ratio between net profit and capital. High profits are considered to increase company value. According to Junia et al., (2025), an increase in company value occurs in line with a high Return on Assets (ROA). Therefore, companies need to pay attention to and continuously improve ROA by optimizing operational activities that can generate higher profits.

Hypothesis 7: Profitability (ROE) correlated positively with firm value in the following year

6. Firm Size and Firm Value

Firm size is an essential factor frequently used in research related to firm value. Rochman et al. (2025) state that firm size significantly influences firm value because larger firms are often perceived as better able to manage risk and gain access to funding. Therefore, firm size is seen as related to firm value because larger firms are considered more credible, stable, and have better growth prospects than smaller firms. This variable is calculated using Ln Total Assets. Hypothesis: Ln ASSETS correlated positively with firm value in the following year

METHODOLOGY

The population in the study is manufacturing companies listed on the Indonesia Stock Exchange from 2022 to 2024. Excluding companies without complete financial data during the research period and that do not use the rupiah currency, the total number of Companies acquired is 120 samples. Research has been done for 5 years. Despite the short timeframe, this will not affect the estimation model. This study analyzes the relationship between Firm Value and several variables, including Capital Structure (DER), Dividend Policy (DPR), GCG (KI, DKI, and KA), Growth Opportunities (MBVE), profitability (ROE), and firm size (Ln Asset). This study applies descriptive analysis and non-parametric analysis through the Spearman correlation test. This test is used to determine the direction of the relationship between variables, whether it is positive or negative, as well as to determine the level of strength of the relationship between these variables. The reason for using the non-parametric test in this study is that, although the number of samples obtained is quite large, namely 120 observations of manufacturing companies on the Indonesia Stock Exchange for the period 2019–2024, the data distribution is not normal based on the results of the normality test. Therefore, the Spearman correlation test is used because it is more appropriate to analyze the relationship between variables without requiring normal data distribution, so that the analysis results remain valid even though the parametric assumptions are not met. This study uses 120 research samples entered the model (t) to (t + 1) to determine the correlation of the independent and dependent variables in the following year.

Table 1. Variable measurement

Variables	Definition	Formula	Scale
Firm Value	Firm value reflects how investors perceive successful company performance, leading them to believe that the company has promising prospects (Sintyana & Artini, 2018).	$PBV = \frac{\text{Stock Price}}{\text{Book Value per Share}}$	Ratio
Capital Structure	Capital structure is a long-term investment strategy where the company is evaluated by comparing its long-term debt to its own capital. (Sudana, 2011)	$DER = \frac{\text{total debt}}{\text{total equity}} \times 100\%$	Ratio
Policy Dividend	Policy Dividend is part of the distributed profits to the holder of shares. Policy payment dividend is measured using the ratio payment dividends, namely dividend per share (DPS) divided by earnings per share (EPS), and is denoted with the DPR (Stevanus et al., 2017)	$DPR = \frac{\text{total dividends}}{\text{net profit}}$	Ratio
Good Corporate Governance (GCG)	In agency theory, institutions as holders share the majority of assessments and can pressurize the opportunistic manager through more effective supervision (Suari & Oktaryani, 2025)	$\text{Institutional Ownership} = \frac{\sum \text{Institutional ownership}}{\text{Outstanding Share}}$	Ratio

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Variables	Definition	Formula	Scale
	Independent Commissioner is a member of the commissioners who is not affiliated with management, members of the board of commissioners, others, and holders of shares, as well as free from connection with business and relationships with others that can influence their abilities. For acting independently or acting solely for the benefit of the Company(Guna & Herawaty, 2010)	$\text{Independent Commissioner} = \frac{\sum \text{Independent Commissioner}}{\sum \text{Board of Commissioner}}$	Ratio
	Size of Audit Committee is one of the member committees in a company, with a certain number of members on the audit committee listed in the annual reports in the governance report (Abidin & Lestari, 2020).	$\text{Audit Committe} = \sum \text{Audit Committee}$	Ratio
Profitability	Return on Equity (ROE) is a ratio that measures profit after tax on equity, which shows the efficient use of equity (Teguh Ari Maulana, 2023)	$\text{ROE} = \frac{\text{Earning after tax}}{\text{Total equity}} \times 100\%$	Ratio
Opportunity Growth	Opportunity Growth signifies potential future growth and opportunities for investments that can be profitable for the company(Kusna & Setijani, 2018)	$\text{MBVE} = \frac{\text{Outstanding} \times \text{Closing price}}{\text{total equity}}$	Ratio
Firm Size	Company Size describes big, small, or medium-sized companies that can be shown with total assets, total sales, average level of sales, and average total assets (Abidin & Lestari, 2020)	$\text{Firm Size} = \text{Ln (Total Assets)}$	Ratio

RESEARCH RESULTS AND DISCUSSION

Sampling in this study was by purposive sampling with criteria according to table 1. With a total of 120 research samples.

Table 2. Research Sample and the criteria

Information	Amount
Population: MANUFACTURING companies listed on the IDX	223
Retrieval sample based on criteria (purposive sampling):	
1. Companies that do not list on the IDX from 2019 to 2024	-60
2. Companies that do not report the financial period 2019-2024	-16
3. Companies that do not use the currency Rp	-27
Research Sample	120
Total Sample (n x periods of research) (120 x 6 years)	720

Table 2 presents descriptive statistical analysis results, including minimum, maximum, average (mean), and standard deviation values for each variable, based on a total of 120 observation data.

Table 2. Statistics Descriptive

	N	Minimum	Maximum	Mean	Standard Deviation
DER	120	-17.94	44.63	-.8385	4.65179
DPR	120	-.92	20.41	.4803	1.88401
DKI	120	.25	.77	.4107	.08838
KI	120	.00	1.00	.6627	.24014
KA	120	2.00	4.00	2.9983	.17869
MBVE	120	-103.56	80.53	2.0640	12.83953
ROE	120	-9.30	13.72	.0879	1.53347
Ln ASSET	120	25.19	32.69	28.3220	1.48363
PBV	120	-103.56	80.53	2.0640	12.83952
Valid N (listwise)	120				

Table 3 below is the result of the normality test using Kolmogorov-Smirnov and Shapiro-Wilk.

Table 3. Normality Test

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistics	df	Sig.	Statistics	df	Sig.
ASSET	.084	120	.036	.974	120	.020
DER	.402	120	<,001	.287	120	<,001
ROE	.412	120	<,001	.208	120	<,001
DPR	.359	120	<,001	.201	120	<,001
MBVE	.419	120	<,001	.285	120	<,001
DKI	.149	120	<,001	.881	120	<,001
AUDIT	.462	120	<,001	.348	120	<,001
KI	.112	120	<,001	.890	120	<,001
PBV	.419	120	<,001	.285	120	<,001

a. Lilliefors Significance Correction

The result shows that all variables are marked as significant, but not all have p-values less than 0.05 (Machali, 2017). So, none of the variables passed the normality test. Research: This is still to be continued with using non-parametric tests, namely the Spearman Test After confirming that the data is not normally distributed, the next step is to conduct a correlation analysis. This study used the Spearman test for correlation analysis. A variable is considered correlated if its significance value is less than 0.05 (Machali, 2017). The correlation coefficient indicates the direction of the relationship between the variables. The results of the Spearman correlation test are as follows:

Table 4. Spearman Test Results for the Relationship between Independent Variables and the Dependent Variable for the next year

Variables Dependent	Variables Independent	Spearman test		Results
		Coefficient Correlation	Significance Level	
PBV (t+1)	DER _t	-.173	0.058	Not correlated
	DPR _t	.280 **	.002	Correlated
	DKI _t	.189 *	.038	Correlated
	KI _t	.047	.612	Not correlated
	KA _t	.077	.406	Not correlated
	MBVE _t	1,000 **	<,001	Correlated
	ROE _t	.336 **	<,001	Correlated
	Ln ASSET _t	.085	.357	Not correlated

Source: Processed data

*. Correlation is significant at the 0.05 level (2-tailed)

**. Correlation is significant at the 0.01 level (2-tailed)

The results of Spearman's analysis (Table 4) revealed that only some of the independent variables significantly correlated with firm value (PBV) for the t+1 year. Dividends Payout Ratio (DPR) (0.280; 0.002), independent board of commissioners (DKI) (0.189; 0.038), opportunities growth (MBVE) (1.000; <0.001), and profitability (ROE) (0.336; <0.001) are proven correlated positively with firm value, which shows that policy dividends, effectiveness of the board of commissioners independent, opportunity growth, as well as profitability is element key that can increase PBV in the period next. In other words, the policy aspect of finance and fundamental performance indicators become key factors driving firm value. On the other hand, the capital structure (DER) (-0.173; 0.058), independent commissioners (KI) (0.047; 0.612), audit committee (KA) (0.077; 0.406), and ASSETS (0.085; 0.357) did not show a significant correlation with PBV. This indicates that factors such as leverage, ownership institutions, audit committees, and company size do not relate directly to the increase in market value. Therefore, internal factors such as profitability, policy dividends, and growth opportunities are significant determinants of firm value in the coming year.

Discussion of Research Results

The following is a summary of the results of the study.

Table 5. Summary results Hypothesis

Hypothesis	Statement Hypothesis	Decision
H1	DER is related positively to PBV in the following year	Rejected
H2	DPR is positively related to PBV in the following year	Accepted
H3	DKI is related positively to PBV in the following year	Accepted
H4	KI is related positively to PBV in the following year	Rejected
H5	KA is related positively to PBV in the following year	Rejected
H6	MBVE is related positively to PBV in the following year	Accepted
H7	ROE is related positively to to PBV in the following year	Accepted
H8	Ln ASSETS is related positively to PBV in the following year	Rejected

Based on the results analysis in Table 5, it can be concluded that only the variables DPR, DKI, and MBVE are positively and significantly subsumed. In contrast, the variables DER, KI, KA, and Ln ASET are not correlated significantly. The results of testing eight hypotheses indicate varying influences between independent variables on firm value. Acceptance of the second, third, sixth, and seventh hypotheses indicates a significant relationship between dividend policy, an independent board of commissioners, growth opportunities, and profitability on firm value. A high-dividend policy reflects greater profit distribution to shareholders, thereby increasing investment attractiveness and strengthening investor confidence. The presence of the board of commissioners effectively ensures strengthened strategic decision-making, as explained by Ahmad et al. (2025). In the IDX manufacturing sector, the board of commissioners is closely linked to the composite performance, opportunities, and high signals that positively impact the market for prospects and expansion. Strong profitability also plays a vital role as a signal for investors regarding good performance, sound finances, and potential for stable dividend distribution. Overall results. Confirms that fundamental factors such as governance, policies, and finance, along with operational aspects, play a more significant role in influencing value compared to other factors, such as size or capital composition. Meanwhile, the rejection of the hypothesis stating that capital structure is positively related to firm value indicates that capital structure is unrelated to firm value. This is in line with the findings of Febrianti et al. (2024) who emphasized that the balance between the benefits and risks of using debt remains key to achieving optimal firm value. Thus, managerial decisions regarding the composition of debt and equity only serve as a financing mechanism without changing the company's total cash flow. A similar rejection was also found for the hypothesis stating that institutional ownership and the number of audit committee members are positively related to firm value.

This lack of relationship may be due to the fact that institutional ownership often has no relationship to firm value due to several structural factors and investor behavior in the Indonesian capital market. Institutional investors are usually oriented towards short-term profits, such as capital gains, so they tend to be passive in overseeing company management (Taufik & Jonathan, 2021). This short-term investment orientation makes the institutional role more of a capital provider than a controller of company policy. Furthermore, the fact that the effectiveness of an audit committee is determined more by the quality, competence, and independence of its members, rather than the number of members, can be interpreted as meaning that the existence of an audit committee does not always guarantee improved company performance. The market tends to view the existence of an audit committee as not a primary factor in determining the appreciation of company value. Furthermore, since the issuance of the Surat Edaran Direksi PT Bursa Efek Jakarta No. SE-008/BEJ/12-2001 dated 7 December 2001 concerning audit committee membership, investors assume that every listed company has fulfilled these provisions, so that the number of audit committees is no longer an essential consideration in making investment decisions. In this study, company size did not correlate with firm value. Company size does not always reflect operational performance or efficiency, as large companies do not necessarily have high levels of profitability or investor confidence. According to Hirdinis (2019), companies with large assets and inventories may be unable to distribute dividends (retained earnings) due to assets accumulated in accounts receivable and inventory. Therefore, company size does not always reflect increased market value, as investors now value efficiency and profitability more than simply asset size (Santosa et al., 2022b).

CONCLUSION

Based on the analysis, this study concludes that the Dividend Payout Ratio (DPR), Independent Board of Commissioners (DKI), Growth Opportunities (MBVE), and Profitability (ROE) have a significant positive relationship with firm value (PBV). This indicates that dividend policy, the effectiveness of the independent commissioner's role, growth prospects, and the company's ability to generate profits are important factors in increasing investor confidence and firm value. Conversely, Capital Structure (DER), Institutional Ownership (KI), Audit Committee (KA), and Company Size (Ln ASSETS) are not related to firm value, indicating that these factors are more influenced by management quality and external conditions, and that company size does not always reflect efficiency or better performance prospects. From a managerial perspective, this study's findings imply that companies need to focus their strategies on increasing profitability through operational efficiency and business innovation, maintaining a consistent dividend policy as a form of commitment to shareholders, and strengthening corporate governance by optimizing the role of the independent board of commissioners. Furthermore, companies need to pay attention to market perceptions by strategically exploiting growth opportunities, as investor expectations regarding growth prospects have been shown to significantly influence company value. Thus, the right managerial strategy in managing these factors will be able to strengthen the company's position in the market while increasing investor confidence.

LIMITATIONS AND SUGGESTIONS

This study is limited by its small sample size and the use of non-parametric tests, which limits the generalizability of the results. Future research is recommended to use a larger sample size, a longer observation period, and more robust analytical methods such as PLS or SEM, along with the addition of other measures of firm value, such as EVA or VBM, to obtain more valid and comprehensive results.

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