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THE EFFECT OF COMPANY GROWTH AND LEVERAGE ON FIRM VALUE WITH DIVIDEND POLICY AS A MODERATING VARIABLE

Hanna Nur Afifah [1)], Etty Gurendrawati [2)], Tri Hesti Utaminingtyas [3)]
Universitas Negeri Jakarta

Correspondence		
Email: han.afifah24@gmail.com	No. Telp:	
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ABSTRACT

This study aims to determine the effect of company growth and leverage on firm value with dividend policy as a moderator. Sampling in this study was carried out using purposive sampling method with a total sample of 17 food and beverages subsector companies during 2020-2022 and a total of 51 observations. The data used is secondary data taken from the Indonesia Stock Exchange (IDX) website. The data analysis method in this study is panel data regression and interaction analysis using moderated regression analysis (MRA). The test results show that company growth has a positive effect on firm value. Leverage has a negative effect on firm value. Dividend policy is able to moderate the effect of company growth on firm value. Dividend policy is not able to moderate the effect of leverage on firm value. Testing the independent variables with the f test proves that company growth, leverage, interaction of company growth with dividend policy, and interaction of leverage with dividend policy can affect firm value together.

Keyword: leverage; dividend policy; firm value; company growth

Introduction

Increasing firm value is one of the main goals that is important for companies to achieve, because firm value serves as an indicator of their operational performance. In addition, firm value can reflect management's ability to optimize company resources (Indira & Wany, 2021). Firm value is the investor's perception of how management manages the company's resources which is related to the company's share price (Indrarini, 2019). For publicly traded companies, firm value is a reference for investors when making investment decisions and can significantly shape investors' perceptions of the company. One of the indicators that can describe the value of a company is the stock market price of a company whose shares are publicly traded on the Indonesia Stock Exchange (IDX) (Adityaputra & Ariyanto, 2020). An increase in stock price reflects an increase in firm value. A high stock price indicates that investors have confidence in the company's current performance and future potential (Adityaputra & Ariyanto, 2020). The company's good performance illustrates its ability to improve the welfare of its shareholders, thus attracting investors to invest in the company.

The food and beverage industry sector in Indonesia shows consistent growth every year. However, between 2020 and 2022, the growth of the food and beverages industry has decreased due to the COVID-19 pandemic. Despite the decline, during 2020-2022 the food and beverages industry still recorded a positive growth amid the challenges posed by the COVID-19 pandemic. Throughout the 2020-2022 observation period, the share prices and profits of companies in the food and beverage sector showed a fluctuating trend. In fact, there were a number of companies that experienced losses during 2020-2022. This trend is shown in Table 1, which shows data on the share prices and profits of ten food and beverage companies during the observation years 2020-2022.

Table 1. Stock Price and Profit of Food and Beverages Industry Companies during 2020-2022

No.	Company Code	Profit/Loss (In Rupiah)			Stock Price per Share (Rp)		
		2020	2021	2022	2020	2021	2022
1	ALTO	(10.506)	(8.932)	(16.129)	308	280	50
2	COCO	2.738	8.532	6.620	700	288	268
3	MLBI	285.617	665.850	924.906	9.700	7.800	8.950
4	FOOD	(17.398)	(14.658)	(22.068)	103	133	111
5	GOOD	245.103	492.637	521.714	1.270	525	525
6	IKAN	(1.087)	1.599	2.035	147	95	59
7	ENZO	1.196	10.191	2.144	50	50	66
8	PANI	224	1.680	288.311	116	1.725	950
9	SKLT	6.622	84.254	74.865	1.565	2.420	1.950
10	PSDN	(52.304)	(81.182)	(25.834)	130	153	83

Source: IDX Website, data processed (2024)

The table above shows that the profits of ten food and beverage companies in 2021 are likely to increase compared to those in 2020. Then, the companies' profits showed a more volatile trend in 2022, indicating an improvement in the companies' performance, which may have led to a rise in share prices that year. However, some companies that showed an increase in profit compared to the previous year actually experienced a decrease in share price. An example is PT Wahana Interfood Nusantara Tbk (COCO). Although its profit increased by 211.6% in 2021, its share price fell by 143.1% compared to the previous year. The loss value of PT Prasidha Aneka Niaga Tbk (PSDN), on the other hand, increased by 55.2% in 2021, even though its share price increased by 17.7% compared to the previous year. The existence of changing trends and losses experienced by a particular company indicates the instability of its performance, which may affect investors' assessment of the company. Due to these phenomena, further analysis is essential to evaluate the overall performance of the company and know the true value of the company before deciding to invest.

The ability of a company to increase the scale of its business by increasing its size is called company growth (Silalahi & Sihotang, 2021). Company growth can be seen from asset growth by comparing the total assets of the previous year with the current year. For investors, company growth indicates an increase in profits (Silalahi & Sihotang, 2021). As a result, investors' expectations regarding the desired rate of return will also increase, which can invite new investors to invest which can ultimately increase the value of the company. Previous studies show different results about the relationship between firm growth and firm value. Research by (Silalahi & Sihotang, 2021) and (Yunita & Artini, 2019) concluded that firm growth has a positive influence on firm value. In contrast, research (Purwani & Santoso, 2023) and (Sinaga & Mustafa, 2019) concluded that company growth has no influence on firm value.

Leverage is a ratio that can be used to assess the extent to which a company's assets are financed by debt (Kolamban et al., 2020). Leverage can reflect the company's capacity to pay long-term and short-term debt. Investors can be more interested in investing because a low leverage value indicates low financial risk. Debt to Equity Ratio (DER) as a proxy for leverage

measurement is a ratio to measure the ratio of how much company debt to company capital (Andiana, 2023). DER can show how much company debt can be repaid by available capital. The company has more debt if the DER value is higher. The more debt the company has, the higher the risk of returning the debt. The high risk can make investor interest in investing decrease so that in the end it will affect the decline in stock prices and firm value. According to research (Anisa et al., 2022) and (Kolamban et al., 2020), leverage has a negative impact on firm value. However, other studies by (Falisca & Osesoga, 2023) and (Ndruru et al., 2020) found the opposite, that leverage does not have a negative impact on firm value.

According to (Ovami & Nasution, 2020), management's decision on how the company will distribute the profits generated as dividends or reinvest them is called dividend policy. Dividend payments will reduce retained earnings, which can be used to finance business growth. But on the contrary, the distribution of profits to shareholders also needs to be considered because it is the main goal in a business. Dividend distribution shows that the company pays attention to the welfare of its shareholders. Therefore, companies must have a good dividend policy to prioritize shareholder welfare, but on the other hand, they can still grow and develop their business. Dividend Payout Ratio (DPR) is a ratio that shows the share of profit received by a business and given to its shareholders in the form of dividends (Anggraeni & Sulhan, 2022). A higher DPR value indicates that more dividends are given by the company to its shareholders. Previous research by (Pristi & Anwar, 2022) found that dividend policy cannot moderate the effect of company growth on firm value. However, research by (Baroroh et al., 2024) found that dividend policy can moderate the effect of company growth on firm value. Previous research by (Lutfi & Yudiana, 2021) found that dividend policy can moderate leverage on firm value. However, other research conducted (Aldi et al., 2020) found that dividend policy cannot moderate leverage on firm value.

The background explanation above shows the differences in results from previous studies which form the research gap in this study. Therefore, researchers are interested in conducting further research on variables that affect firm value with company growth and leverage as independent variables, and dividend policy as a moderating variable. Then, due to the phenomenon of instability in the performance of food and beverages companies amid positive industry growth in Indonesia during the co-19 pandemic, researchers chose to examine food and beverages companies listed on the Indonesia Stock Exchange (IDX). Based on the background description, the hypothesis can be formulated as follows:

1. Company's growth has a positive effect on the firm value.
2. Leverage has a negative effect on the firm value.
3. Dividend policy can moderate the effect of company growth on firm value.
4. Dividend policy can moderate the effect of leverage on firm value.

Research Method

This research is quantitative research using secondary data as the data source. The population in this study are food and beverages subsector companies listed on the IDX in 2020-2022. The data in this study are secondary data using the annual financial statements of food and beverages subsector companies listed on the IDX in 2020-2022 obtained from the Indonesia Stock Exchange website. The sampling technique is non-probability sampling with purposive sampling method. There are 61 companies included in the population of this study with 44 of them not distributing dividends during 2020-2022 in a row so they do not meet the sample criteria. Based on the sample selection, the companies that meet the criteria are 17 companies with 3 years of observation so that there are 51 total observations in this study.

In this study, the dependent variable studied is firm value and the independent variables are company growth and leverage moderated by dividend policy. The proxies used to measure these variables are:

Table 2. Variable Measurement Proxy

No.	Variabel	Penelitian Terdahulu	Proksi
1	Pertumbuhan Perusahaan	(Silalahi & Sihotang, 2021)	$Asset\ Growth = \frac{Total\ Asset_{(t)} - Total\ Asset_{(t-1)}}{Total\ Asset_{(t-1)}}$
2	Leverage	(Falisca & Osesoga, 2023)	$DER = \frac{Total\ Debt}{Total\ Equity}$
3	Kebijakan Dividen	(Lutfi & Yudiana, 2021)	$DPR = \frac{Dividend\ per\ Share}{Earning\ per\ Share}$
4	Nilai Perusahaan	(Aldi et al., 2020)	$Tobin's\ Q = \frac{MVE + D}{TA}$

Source: Data processed (2024)

The data analysis technique in this study uses panel data regression and interaction tests using Moderated Regression Analysis (MRA). The tests were carried out using the Eviews 13 application. The equations formed from the two regression methods are:

$$Y = \alpha + \beta1X1it + \beta2X2it + \varepsilon it \text{.....(Model 1)}$$

$$Y = \alpha + \beta1X1it + \beta2X2it + \beta3Zit + \beta4X1Zit + \beta5X2Zit + \varepsilon it \text{.....(Model 2)}$$

Description:

Y : Tobin's Q
X1 : Company Growth
X2 : Leverage
Z : Dividend Policy
X1Z : Interaction between Company Growth and Dividend Policy
X2Z : Interaction between Leverage and Dividend Policy
α : Constant
β1- β5 : Regression coefficient of each independent variable
ε : Standard error
t : Time
i : Company

Result and Discussion

1. Descriptive Statistic Analysis

The results of descriptive statistical analysis of company growth, leverage, dividend policy, and firm value variables in food and beverages subsector companies in 2020-2022 are as follows:

	Firm Value	Company's Growth	Leverage	Dividend Policy
Mean	1.651082	0.103621	0.766536	0.452549
Median	1.247187	0.070420	0.749104	0.357367
Maximum	3.684505	1.673843	2.464993	2.516129
Minimum	0.677016	-0.153900	0.108542	0.108000
Std. Dev.	0.862044	0.256658	0.553079	0.381784
Skewness	0.613130	4.813983	1.179032	3.365674
Kurtosis	2.061333	29.22207	4.528347	17.96585
Jarque-Bera	5.067717	1658.127	16.77966	572.2367
Probability	0.079352	0.000000	0.000227	0.000000
Sum	84.20516	5.284655	39.09334	23.07997
Sum Sq. Dev.	37.15598	3.293674	15.29479	7.287947
Observations	51	51	51	51

Figure 1. Descriptive Statistic Analysis Result
Source: Eviews 13, data processed (2024)

Based on the table of descriptive statistical analysis results above on the firm value variable, the lowest value (minimum) is 0.677016 by PT PP London Sumatra Indonesia Tbk. The highest value (maximum) is 3.684505 by PT Charoen Pokphand Indonesia Tbk. The average value (mean) is 1.651082. Meanwhile, the standard deviation is 0.862044. The standard deviation is smaller than the average value, which means that the firm value variable has a homogeneous nature.

In the company growth variable, the minimum value obtained is -0.153900 owned by PT Ultrajaya Milk Industry and Trading Company Tbk. in 2021. Then, the maximum value is 1.673843 owned by PT Indofood CBP Sukses Makmur Tbk. (ICBP) in 2020. The mean value is 0.103621. Furthermore, the standard deviation is 0.256658. The standard deviation is greater than the average value, which means that the company growth variable is heterogeneous.

In the leverage variable, the minimum value obtained is 0.108542 by PT Wilmar Cahaya Indonesia Tbk (CEKA). The maximum value is 2.464993 owned by PT Tunas Baru Lampung Tbk (TBLA). The mean value of the leverage variable is 0.766536. Then, the standard deviation of the leverage variable is 0.553079. The standard deviation is smaller than the average value, which means that the leverage variable is homogeneous.

In the dividend policy variable, the minimum value obtained is 0.108000 which is owned by PT Ultrajaya Milk Industry & Trading Company Tbk. (ULTJ) in 2020. The maximum value is 2.516129 which is owned by PT Delta Djakarta Tbk. (DLTA) in 2020. The mean value is 0.452549. Then, the standard deviation is 0.381784, where this value is smaller than the average value, which means that the dividend policy variable is homogeneous.

2. Model Selection Test

a. Chow Test

In the chow test, if the cross-section chi-square probability value is > 0.05, then the best regression model is the Common Effect Model (CEM). Meanwhile, if the cross-section chi-square probability value is <0.05, then the best model is the Fixed Effect Model (FEM).

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	33.039629	(16,31)	0.0000
Cross-section Chi-square	147.558092	16	0.0000

Figure 2. Chow Test Results
Source: Eviews 13, data processed (2024)

Based on the figure above, the cross-section chi-square probability value is 0.0000. This value is <0.05, so the selected regression model is FEM and the Hausman test needs to be carried out.

b. Hausman Test

In the hausman test, if the cross-section probability < 0.05, then the selected regression model is FEM. However, if the cross-section probability > 0.05, then the best model is the Random Effect Model (REM).

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	4.272071	3	0.2335

Figure 3. Hausman Test Results
Source: Eviews 13, data processed (2024)

Based on this figure, the cross-section probability is 0.2335. This value is > 0.05 so that the selected regression model is REM and then the lagrange multiplier test needs to be done.

c. Lagrange Multiplier Test

In the lagrange multiplier test, if the breusch-pagan cross-section value> 0.05, then the best estimation model is CEM. Meanwhile, if the breusch-pagan cross-section value <0.05, the best estimation model is REM.

Lagrange Multiplier Tests for Random Effects
Null hypotheses: No effects
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	34.34086 (0.0000)	0.889703 (0.3456)	35.23057 (0.0000)
Honda	5.860108 (0.0000)	-0.943240 (0.8272)	3.476750 (0.0003)
King-Wu	5.860108 (0.0000)	-0.943240 (0.8272)	1.064074 (0.1436)
Standardized Honda	6.428077 (0.0000)	-0.667209 (0.7477)	0.688083 (0.2457)
Standardized King-Wu	6.428077 (0.0000)	-0.667209 (0.7477)	-1.022586 (0.8467)
Gourieroux, et al.	--	--	34.34086 (0.0000)

Figure 4. Lagrange Multiplier Test Results
Source: Eviews 13, data processed (2024)

Based on the figure above, the breusch-pagan cross-section is 0.0000. This value is <0.05, so the best regression model chosen in this study is REM.

3. Classical Assumptions Test

In this study, the classical assumption test is conducted based on the Random Effect Model (REM) regression model. In REM, only normality and multicollinearity tests are required, while heteroscedasticity and autocorrelation tests do not have to be performed. This is because REM uses the Generalized Least Square (GLS) method for its regression estimation. Autocorrelation usually appears in time series data, while panel data predominantly uses cross-section data, so the autocorrelation test is not required (Basuki, 2021). In addition, (Basuki, 2021) states that REM can overcome the problem of heteroscedasticity. Therefore, REM is considered free from heteroscedasticity and autocorrelation problems.

a. Normality Test

The normality test is used to determine whether the independent and dependent variables in the regression model are normally distributed. The normality test results show that the data is normally distributed with the criterion that the probability value is greater than 0.05.

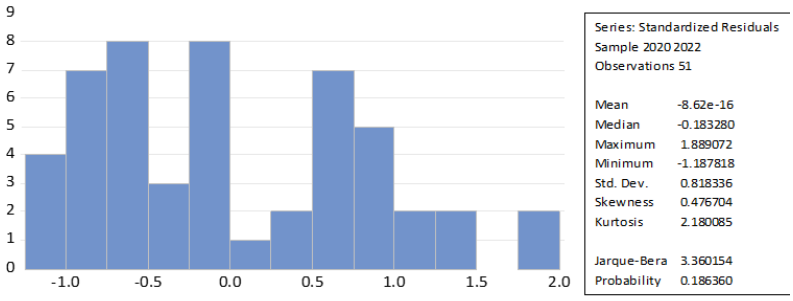

Figure 5. Normality Test Results
Source: Eviews 13, data processed (2024)

The data in this study is normally distributed, as shown in Figure 5, because the normality test shows a probability value of 0.186360, where this value is greater than 0.05.

b. Multicolinearity Test

Multicollinearity test is conducted to determine whether each independent variable has a correlation. Good results from this test indicate that there is no multicollinearity between one independent variable and another. The correlation value between the two must be less than 0.90 in order to be declared that there is no multicollinearity.

	X1	X2	Z
X1	1.000000	0.180161	-0.192639
X2	0.180161	1.000000	-0.201888
Z	-0.192639	-0.201888	1.000000

Figure 6. Multicollinearity Test Results
Source: Eviews 13, data processed (2024)

Based on the figure, the multicollinearity test shows that the correlation between variables X1 (company growth) and X2 (leverage) is 0.180161, which is still below 0.90. This indicates that there is no multicollinearity between X1 and X2. The correlation between X1 and Z (dividend policy) is -0.192639, which is also less than 0.90, so there is no multicollinearity between the two variables. Furthermore, the correlation between X2 and Z is -0.201888, which is still below 0.90, confirming that there is no multicollinearity between X2 and Z. Overall, it can be concluded that all independent variables in this study do not experience multicollinearity.

4. Panel Data Regression Analysis

Regression analysis is used to determine the strength of the relationship between the independent variable and the dependent variable (Ghozali, 2018). In this study, panel data regression analysis will be carried out using the Random Effect Model (REM) model as the panel data regression model. The model 1 regression equation will be generated from this approach. Based on the panel data regression results, the following model 1 regression equation is formed:

$$Y = 1{,}927040 + 0{,}047592X1it - 0{,}366441X2it + \varepsilon it \ldots\ldots\ldots\ldots \text{(Model 1)}$$

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.927040	0.290994	6.622263	0.0000
X1	0.047592	0.148062	0.321431	0.7493
X2	-0.366441	0.260052	-1.409105	0.1652

Figure 7. Data Panel Regression Analysis Results
Source: Eviews 13, data processed (2024)

5. Moderated Regression Analysis (MRA)

Multiple linear regression analysis using moderation regression (MRA), which involves the interaction element of multiplying two or more independent variables (Asteria & Putu, 2023). The model 2 regression equation will result from this approach. Based on the MRS test results, the following model 2 regression equation is formed:

$$Y = 2{,}200638 + 1{,}508287X1it - 0{,}591425X2it - 0{,}588439Zit - 3{,}924107X1Zit + 0{,}410336X2Zit + \varepsilon it \ldots\ldots\ldots\ldots\ldots\ldots\ldots \text{(Model 2)}$$

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.200638	0.311444	7.065927	0.0000
X1	1.508287	0.478667	3.151015	0.0029
X2	-0.591425	0.291584	-2.028320	0.0485
Z	-0.588439	0.305615	-1.925429	0.0605
X1Z	-3.924107	1.241358	-3.161140	0.0028
X2Z	0.410336	0.346826	1.183118	0.2430

Figure 8. Moderated Regression Analysis Results
Source: Eviews 13, data processed (2024)

6. Hypothesis Test

a. T Test

According to (Ghozali, 2018), the t test is used to measure how much influence individual (partial) independent variables have on the dependent variable. The t test criterion is if the probability value ≤ 0.05, then the independent variable has an influence on the dependent variable. The t test results for regression analysis of models 1 and 2 in this study are as follows:

Table 3. T Test Results Regression Model 1 and 2

	Coefficient	*t-Statistic*	Prob.
Model 1			
X1	0,047592	0,321431	0,7493
X2	-0,366441	-1,409105	0,1652
Model 2			
X1	1,508287	3,151015	0,0029
X2	-0,591425	-2,028320	0,0485
Z	-0,588439	-1,925429	0,0605
X1Z	-3,924107	-3,161140	0,0028
X2Z	0,410336	1,183118	0,2430

Source: Eviews 13, data processed (2024)

As shown in table 3, the best result for variable X1 (company growth) is with a probability value of 0.0029, where the value is <0.05 which indicates that company growth affects firm value. On the other hand, the coefficient value of variable X1 in model 2 shows a positive direction of 1.508287. This shows that company growth has a positive influence on firm value. Therefore, it can be concluded that H1 is **accepted**.

For variable X2 (leverage), the best result is found in the regression analysis results of model 2, which shows that leverage affects firm value, with a probability value of 0.0485 <0.05. Then, the coefficient value of variable X2 in model 2 has a negative direction of -0.591425, which indicates that the effect of leverage on firm value is negative. Therefore, it can be concluded that leverage has a negative effect on firm value and H2 is **accepted**.

The interaction variable between firm growth and dividend policy (X1Z) has a significance value of 0.0028 <0.05, which indicates that dividend policy is able to moderate the effect of firm growth on firm value. On the other hand, the interaction coefficient between firm growth and dividend policy has a negative direction, with a value of -3.9241. This indicates that dividend policy can moderate, especially weaken the effect of firm growth on firm value and H3 is **accepted**.

The probability value for the interaction variable of leverage with dividend policy (X2Z) is 0.2430> 0.05 so it can be concluded that dividend policy is not able to moderate the effect of leverage on firm value. In other words, even though the dividend policy is high or low, it will not affect the effect of leverage on firm value. In conclusion, dividend policy is unable to moderate the effect of leverage on firm value and H4 is **rejected**.

b. F Test

The F test is used to measure the effect of independent variables on the dependent variable simultaneously (Ghozali, 2018). The F test criterion is that if the probability value of F <0.05, then the independent variable can affect the dependent variable simultaneously. The F test results from the regression analysis of model 1 and model 2 in this study are as follows:

Table 4. F Test Results Regression Model 1 and 2

	F-Statistic	Prob.
Model 1	1,037737	0,362066
Model 2	2,886931	0,024120

Source: Eviews 13, data processed (2024)

The results show that regression analysis 2 has the best results, as shown in table 4, with an f probability value of 0.024120, which is a value smaller than 0.05. Based on this finding, it can be concluded that the factors of firm growth, leverage, dividend policy, interaction of firm growth with dividend policy, and interaction of leverage with dividend policy can affect firm value simultaneously.

c. Coefficient of Determination

The coefficient of determination (R^2) test is used to evaluate the model's ability to explain the variation in the dependent variable explained by each independent variable in the study. The coefficient of determination is calculated using the Adjusted R^2 value, which is between zero and one.

Table 5. Coefficient of Determination Results Model 1 and 2

	R-Squared	*Adjusted R-Squared*
Model 1	0,041447	0,001507
Model 2	0,242866	0,158740

Source: Eviews 13, data processed (2024)

Based on table 5, the coefficient of determination test results in model 1 regression analysis show that the growth and strength variables can only explain the firm value variable by 0.15% and the variation in the dependent variable by 99.85% is influenced by other variables not examined in this study.

Meanwhile, the coefficient of determination in regression analysis model 2 is 0.158740. So it can be concluded that the construction of company growth, leverage, dividend policy, the interaction between company growth and dividend policy, as well as the interaction between leverage and dividend policy, can explain 15.9% of the variance in the firm value variable. While the remaining 84.1% of the variation in the dependent variable is caused by other variables not examined in this study. Based on these results, it is known that the coefficient of determination in regression analysis model 2 is better than model 1. Thus, it can be concluded that dividend policy, which

functions as a moderating variable, can strengthen the effect of firm growth and leverage on firm value.

7. Discussions

a. The Effect of Company Growth on Firm Value

The results showed that company growth has a positive effect on its value. In other words, the higher the level of business growth, the higher the firm value. The results of descriptive statistical analysis show that companies in the food and beverage subsector will grow by an average of 10.4% during 2020-2022. The amount of assets owned by the company increased on average in the current year compared to the previous year. This indicates that the average company in this subsector can maintain its performance and increase its value.

According to signal theory, high company growth can be a good signal for users of financial statements because it shows good performance and prospects as well as the ability to gradually expand its business, so investors will respond positively, which in turn increases the value of the company. The development of this company can be seen, among others, through an increase in the number of assets owned by the company. this increase in the number of assets is expected to encourage an increase in company revenue and profits. The company's ability to generate high profits indicates that the business has good prospects for the future. The company's ability to generate high profits indicates that the business has good prospects for the future. This will increase investors' confidence that the business can meet the needs of its shareholders, thereby increasing the expected rate of return expected by investors. Therefore, the demand for shares will increase, which in turn will increase the share price and firm value.

Previous studies (Raditya & Kajeng, 2023), (Baroroh et al., 2024), and (Marpaung et al., 2022) found that business growth has a positive impact on its value, so if business growth increases, its value will also increase, but if business growth decreases, its value will also decrease. However, previous research (Belinda & Dewi, 2023) dan (Purwani & Santoso, 2023) found that business growth does not affect business value.

b. The Effect of Leverage on Firm Value

The results showed that leverage has a negative effect on the value of a company. The higher the leverage ratio of a company, the value will decrease, and vice versa, the lower the leverage ratio of a company, the value will increase. Food and beverage companies on average have a fairly low leverage ratio of 0.766 when proxied by the Debt to Equity Ratio (DER) during 2020-2022. This value is less than one (<1), indicating that the company's debt is lower than its capital. In addition, a leverage ratio of less than one indicates that the average food and beverage company during 2020-2022 in this study has more sources of funds from capital than debt.

In signal theory, a high leverage ratio can give a bad signal to investors because it shows the high financial risk and the amount of debt that the company must repay. In this case, a high DER value indicates high leverage, which means that the company has more debt than its own capital. The risk of repaying the company's debt will increase if the company does not have enough capital to repay its debt. A high risk of return can signal poorly to investors as they will assume that the company is at risk of not being able to repay its debts. Since investors do not want to bear high risks related to their investment, this may reduce their interest in investing. Therefore, the demand for shares will fall, which means that the company's share price will fall, and ultimately, the company's value will fall.

The results of this study are in line with the findings of previous studies (Anisa et al., 2022), (Maduma & Naibaho, 2022), and (Lutfi & Yudiana, 2021) which show that leverage has a negative impact on firm value, with higher leverage levels leading to lower firm value. However, the findings of this study are not in line with the findings of previous studies (Albab et al., 2022) dan (Belinda & Dewi, 2023) which concluded that leverage has no effect on firm value.

c. The Effect of Company Growth on Firm Value Moderated by Dividend Policy

The results showed that dividend policy can moderate the effect of business growth on firm value. Based on tests on the food and beverage business during 2020-2022, with a negative interaction coefficient of -3.9241, dividend policy as a moderating variable can weaken the effect of business growth on business value. The effect of company growth on its value will be weaker along with the amount of dividends paid by the company.

A growing company will need a lot of funds to expand its operations. The profit generated is a source of funds that can be utilized by the company. The company can retain these profits and reinvest them to encourage company growth. Conversely, companies will prefer to retain profits rather than pay dividends to shareholders, which may affect investors' decision to invest. Investors with long-term investment goals tend to prefer to receive dividends rather than capital gains from their investment activities because this can reduce investment risk.

According to signal theory, company growth will provide a good signal to users of financial statements. Investors, especially, will observe the company's business development over time in this regard. Businesses need more funds to fuel their growth, so management should make the right dividend policy. This is because the company must set the right policy on how much dividends to distribute to shareholders because the more dividends distributed, the less money can be reinvested for business development. In other words, more dividends distributed can weaken the company's profits.

The results of this study are in line with the findings of previous research (Baroroh et al., 2024) and (Raditya & Kajeng, 2023), which show that dividend policy can moderate the impact of company growth on firm value. However, the findings of previous research (Pristi & Anwar, 2022) and (Belinda & Dewi, 2023) show that dividend policy cannot moderate the impact of firm growth on firm value.

d. The Effect of on Firm Value Moderated by Dividend Policy

The results of this study indicate that dividend policy cannot moderate the impact of leverage on firm value. In other words, if a company has high leverage, a low dividend rate will not affect investors' valuation of the company. High leverage indicates that the company uses more debt than equity or assets. With a high dividend policy, investors will assume that companies with high leverage also have high risk, so they will be more cautious when choosing to invest.

Besides containing high risks, the company uses a lot of debt, resulting in high principal debt repayment obligations and interest expenses. This can make investors think that the company will focus more on paying off the principal debt and interest expenses rather than providing dividends to shareholders, resulting in lower dividend distributions by the company. In addition, high interest expenses will result in a decrease in the company's profits. Therefore, investors' assessment of companies with high leverage cannot be influenced by good dividend policies.

Previous research (Aldi et al., 2020), (Asteria & Putu, 2023), dan (Rutin et al., 2019) found that dividend policy cannot moderate the effect of leverage on firm value.

However, the findings of this new research contradict the findings of previous studies (Akustika & Wikartika, 2023), (Belinda & Dewi, 2023), dan (Lutfi & Yudiana, 2021) which concluded that dividend policy can moderate the effect of leverage on firm value.

Conclusion

By using dividend policy as a moderating variable, this study aims to determine how company growth and leverage affect its value. During the period 2020–2022, this research was conducted on companies in the food and beverage subsector listed on the IDX. There are 17 companies as samples, and 51 observations were conducted in total. Based on the results of the previous tests and discussions, it can be concluded that company growth has a positive effect on firm value, leverage has a negative effect on firm value, dividend policy can moderate the effect of company growth on firm value, and dividend policy cannot moderate the effect of leverage on firm value.

Future research is recommended to use a broader sample beyond the food and beverage subsector. Future research is also recommended to conduct observations over a longer period. In addition, it is also recommended to use other independent variables besides company growth and leverage, and moderation variables besides dividend policy.

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