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The Effect of Dividends Policy, Debt Policy, and Profitability on Firm Value (An Empirical Study of Manufacturing Companies in the Consumer Non-Cyclical Sector Listed as ISSI Stocks)

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Abstract: This study aims to analyze the effect of dividend policy, debt policy, and profitability on firm value in consumer non-cyclical sector companies listed in the Indonesia Sharia Stock Index (ISSI) during the 2018–2022 period. Firm value is proxied by the company's book value, while dividend policy is measured using the Dividend Payout Ratio (DPR), debt policy is measured using the Debt to Asset Ratio (DAR), and profitability is measured using Return on Assets (ROA). This research employs a quantitative approach with an associative research design to examine the relationships and effects among variables. The data used in this study are secondary data obtained from officially published annual financial statements. The population consists of all consumer non-cyclical sector companies listed on the Indonesia Stock Exchange, with a sample of 16 companies selected through purposive sampling based on predetermined criteria. Data analysis was conducted using panel data regression with the assistance of EViews 10 software. Model selection was performed through the Chow test, Hausman test, and Lagrange Multiplier test, supported by classical assumption tests and hypothesis testing. The results indicate that, partially, dividend policy and debt policy do not have a significant effect on firm value. In contrast, profitability as measured by ROA has a positive and significant effect on firm value. These findings suggest that a company's ability to generate profits from its assets is a key factor considered by investors in assessing sharia-based consumer non-cyclical sector companies. This study is expected to contribute to the development of sharia financial literature and to provide practical insights for investors and corporate management in making financial decisions.

Keywords: Dividend Policy, Debt Policy, Profitability, Firm Value, Consumer Non-Cyclical Sector, Indonesia Sharia Stock Index (ISSI)

Introduction

The increasingly tight and competitive business world demands that companies consistently demonstrate optimal performance and achieve sustainable growth (Afridayani & Mua'rif, 2022). In this context, efforts to enhance and maintain corporate value become a primary goal as well as a significant challenge, especially amid the dynamic changes of the times and the waves of globalization, which have a considerable impact on economic, political, social, and cultural aspects (Hasanah et al, 2023). Therefore, companies are required to continuously innovate and develop well-directed and carefully planned

strategies to achieve the company's main objective, namely optimizing corporate value (Rohaeni et al, 2018).

Companies that have conducted an initial public offering (go public) have an advantage in terms of information transparency, particularly regarding corporate value movements that can be observed directly through the capital market. The capital market serves as a meeting place for two main interests: parties in need of funds (issuers) and parties with surplus funds (investors). Unlike conventional markets, the capital market trades company assets or securities such as stocks, bonds, and other financial instruments. Stock prices are then used as the main indicator by investors to assess company performance and value, as well as forming the basis for investment decisions (Husna & Satria, 2019a).

The development of the capital market in Indonesia has also facilitated investors, particularly through the presence of the sharia capital market. The sharia capital market provides an alternative for investors to invest in companies and financial instruments that comply with sharia principles. The selection of sharia-compliant securities is conducted by the Financial Services Authority (OJK) through the issuance of the Sharia Securities List (Daftar Efek Syariah, DES), first launched in November 2007 together with Bapepam (Bursa Efek Indonesia, 2020). DES is published biannually, in May and November. Over the past five years, the number of sharia-compliant securities in Indonesia has shown a significant upward trend, with approximately 139 new stocks added from early 2018 to reach a total of 552 securities (Bursa Efek Indonesia, 2020). One of the dominant sectors in the Sharia Securities List is the consumer non-cyclical sector. Data published by OJK in May 2023 shows that the non-cyclical consumer goods sector, or essential goods, ranks second after the consumer cyclical sector, with a share of 14.94 percent (Winarni, 2023). The consumer non-cyclical sector is an industry whose growth aligns with population growth and public income levels (Dwicahyani et al, 2022). As public income rises, demand for products from this sector tends to increase. Its main characteristic is its anti-cyclical nature, where product demand remains relatively stable and is less affected by economic conditions (Kesara et al, 2023). Therefore, this sector is known as a provider of essential or daily necessities. Sub-sectors include food and beverage, food and staples retailing, processed foods, agricultural products, household products, personal care products, and tobacco (Khayati et al, 2022).

To refine the classification of sharia securities, the Indonesia Stock Exchange (IDX) launched a sharia stock index with specific criteria, one of which is the Indonesia Sharia Stock Index (ISSI). ISSI includes all sharia-compliant stocks listed in DES and recorded on the IDX's main and development boards, and is published by OJK. ISSI is calculated using a weighted average based on market capitalization, similar to other IDX stock indices, with the base year of December 2007. The year-on-year (YoY) market capitalization of ISSI during 2018–2022 shows a rapid growth trend. Although there was a decline in 2020, ISSI's market capitalization recovered and experienced significant growth the following year, reaching 19.1 percent, and continued to rise until the end of 2022. Compared to other sharia indices, such as JII and JII70, ISSI shows greater total growth and market capitalization, indicating its ability to recover and stabilize market capitalization more quickly, making it an interesting subject for analyzing influencing factors (Bursa Efek Indonesia, 2020).

This phenomenon is an important consideration for investors in making investment decisions. However, to comprehensively assess company performance and optimization, investors generally analyze financial statements. The information contained in financial statements serves as a signal for investors to evaluate company value, as explained in signaling theory (Liong & Su'un, 2023). Corporate value reflects management's ability to manage company resources, as indicated by stock prices as a basis for obtaining optimal returns. Common ratios used to measure corporate value include Price to Book Value (PBV), Price Earnings Ratio (PER), and Tobin's Q (Susanty & Pangestuti, 2022). In this study, corporate value is measured using PBV because it effectively reflects the market's appreciation of the company's book value (Afridayani & Mua'rif, 2022). Using the PBV ratio reflects a company's orientation toward maximizing shareholder wealth through stock price increases (Husna & Satria, 2019b). The higher the stock price investors are willing to pay, the higher the corporate value (Masitah & Khalifaturofi'ah, 2023). High corporate value also indicates greater opportunities for the company to provide shareholder welfare (Hertina et al, 2021). This success can be analyzed through financial ratios presented in annual company reports. This study examines several financial ratios suspected of influencing corporate value, considering the inconsistencies in previous research findings (Khan & Hidayat, 2022).

Dividend policy is one of the variables examined in this study. Dividends are a major attraction for investors alongside capital gains (Khan & Hidayat, 2022). The amount of dividends distributed affects investor confidence and decisions. Higher dividends tend to increase demand for company shares, which can ultimately enhance company funding. Dividend policy is measured using the Dividend Payout Ratio (DPR), the ratio of dividends distributed to net profit. Previous research shows mixed results, with some studies indicating no effect of dividend policy on corporate value, while others show significant influence. The next variable is debt policy, which reflects the company's decision regarding the proportion of debt used to finance assets, measured using the Debt to Assets Ratio (DAR). A higher DAR indicates a greater proportion of assets financed by debt. Although high debt levels may increase financial risk, using debt can also attract investor interest and potentially increase corporate value (Tandrio & Handoyo, 2023). However, previous studies have shown varying findings regarding the impact of debt policy on corporate value (Liong & Su'un, 2023).

Profitability is another variable analyzed in this study, representing the company's ability to generate profit and efficiently manage assets. Profitability is measured using Return on Assets (ROA). High ROA indicates the company's capacity to generate higher profits, reflecting strong corporate performance. Nevertheless, prior studies have also shown inconsistent results regarding the effect of profitability on corporate value. Empirical phenomena and research gaps from previous studies form the basis for this research. The results are expected to provide practical contributions to companies as a reference in formulating financial management strategies, given the crucial role of financial decisions in influencing corporate value. This aligns with trade-off theory, which explains the balance between the benefits of debt usage and the risk of financial distress, necessitating careful funding decisions.

Based on the urgency of the consumer non-cyclical sector and the growth potential of sharia-compliant companies with relatively stable demand, this study selects manufacturing companies in the consumer non-cyclical sector listed on the ISSI as research objects. The study involves 16 companies: BISI, CEKA, CPIN, HOKI, ICBP, INDF, JPFA, LSIP, MYOR, ROTI, ULTJ, AALI, EPMT, FISH, SKLT, and TGKA. Thus, based on the background described, this study aims to analyze the influence of dividend policy, debt policy, and profitability on corporate value in the consumer non-cyclical sector listed on the ISSI. Specifically, it focuses on how dividend policy, debt policy, and profitability affect the level of corporate value in this sector.

Methodology

This study is an associative research using a quantitative approach. Associative research is employed to analyze the relationships between several variables, which in this study involve four independent variables and one dependent variable. The quantitative approach is applied by collecting data that can be measured numerically and analyzed using statistical methods to test the formulated hypotheses, in accordance with the positivist paradigm.

The population of this study comprises all consumer non-cyclical sector companies listed on the Indonesia Stock Exchange (IDX) as of December 31, 2017, totaling 125 companies. The research sample was determined using purposive sampling, a technique that selects samples based on specific criteria to align with the research objectives. Based on the screening process according to predetermined criteria including the company's status as an ISSI stock during the 2018–2022 period, availability of complete financial statements, dividend distribution, and use of external funding 16 companies were found to meet all criteria and were selected as the research sample.

Data collection in this study was conducted using the documentation method, which involves gathering secondary data sourced from the financial statements of consumer non-cyclical sector companies listed on the Indonesia Sharia Stock Index (ISSI) during the 2018–2022 period. The data were obtained from officially published documents, ensuring relevance and reliability for research analysis.

Meanwhile, data analysis was carried out quantitatively through several stages. The analysis began with descriptive statistics to illustrate the characteristics of the research data. Next, panel data regression analysis was conducted using the Two-Way Model approach, which combines time series and cross-sectional data to examine the effect of independent variables on the dependent variable. The selection of the best regression model was performed through the Chow Test, Hausman Test, and Lagrange Multiplier Test.

To ensure the model's suitability, the study also applied classical assumption tests, including normality, multicollinearity, autocorrelation, and heteroscedasticity tests. The final stage of the analysis involved hypothesis testing, which included the coefficient of determination test (R^2), F-test (simultaneous), and T-test (partial), to determine the model's ability to explain the dependent variable and the significance of the independent variables' effects, both collectively and individually.

Results and Discussion

Descriptive Statistical Analysis

Descriptive statistical testing is conducted to provide an overall overview of the data for each variable tested, which includes Dividend Payout Ratio (DPR), Debt to Asset Ratio (DAR), Return on Assets (ROA), and Price to Book Value (PBV). This analysis is expected to provide initial information and an overview of the issues being investigated. The results of the descriptive statistical analysis in this study are as follows:

Table 1. Results of Descriptive Statistical Analysis

	PBV (Y)	DPR (X1)	DAR (X2)	ROA (X3)
Mean	2.265297	0.516398	0.364459	0.081995
Median	1.713826	0.394085	0.322070	0.076175
Maximum	6.857417	5.385075	0.747882	0.171684
Minimum	0.593233	0.120876	0.097914	0.002214
Std. Dev.	1.450646	0.599632	0.166123	0.040958
Skewness	0.883950	6.891960	0.347226	0.262261
Kurtosis	3.179247	55.87352	2.227431	2.160477
Jarque-Bera	10.52534	9952.019	3.597090	3.266409
Probability	0.005181	0.000000	0.165540	0.195303
Sum	181.2238	41.31184	29.15672	6.559592
Sum Sq. Dev.	166.2456	28.40514	2.180151	0.132527
Observations	80	80	80	80

Based on Table 1 above, several general insights can be obtained, including the number of data points for each variable, totaling 80 observations from 16 companies in the consumer non-cyclical sector listed on the Indonesia Sharia Stock Index (ISSI) for the period 2018–2022. The Dividend Payout Ratio (DPR) values for each company range from a minimum of 0.120876 to a maximum of 5.385075, with a mean of 0.516398 and a standard deviation of 0.599632. This indicates that the highest DPR was recorded by HOKI in 2022, while the lowest DPR was recorded by ULTJ in 2019. The Debt to Asset Ratio (DAR) values for each company range from a minimum of 0.097914 to a maximum of 0.747882, with a mean of 0.364459 and a standard deviation of 0.166123. This shows that the highest DAR was recorded by FISH in 2018, while the lowest DAR was recorded by CEKA in 2022. The Return on Assets (ROA) values for each company range from a minimum of 0.002214 to a maximum of 0.171684, with a mean of 0.081995 and a standard deviation of 0.040958. This indicates that the highest ROA was achieved by ULTJ in 2021, while the lowest ROA was recorded by HOKI in 2022. The Price to Book Value (PBV) values for each company range from a minimum of 0.593233 to a maximum of 6.857417, with a mean of 2.265297 and a standard deviation of 1.450646. This indicates that the highest PBV was recorded by MYOR in 2018, while the lowest PBV was recorded by FISH in 2020.

Panel Data Regression Model

The panel data regression model is classified into three types: the Common Effect Model (CEM), the Fixed Effect Model (FEM), and the Random Effect Model (REM). The descriptions are as follows:

Common Effect Model

This model is also commonly referred to as the Ordinary Least Squares (OLS) model, where neither individual nor time dimensions are considered, as it is assumed that the behavior of the data from each company is the same across all periods.

Table 2. Common Effect Model Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.029496	0.844296	1.219355	0.2265
X1	0.309774	0.234802	1.319296	0.1911
X2	0.384789	1.241541	0.309929	0.7575
X3	22.84344	3.664141	6.234324	0.0000
R-squared	0.358875	Mean dependent var		2.265297
Adjusted R-squared	0.324682	S.D. dependent var		1.450646
S.E. of regression	1.192109	Akaike info criterion		3.249786
Sum squared resid	106.5842	Schwarz criterion		3.398663
Log likelihood	-124.9914	Hannan-Quinn criter.		3.309475
F-statistic	10.49546	Durbin-Watson stat		0.550187
Prob(F-statistic)	0.000001			

Based on the data processing results in the table above, it is evident that the variables X1 and X2 show insignificant results, as their probability values are greater than 0.05, namely 0.1911 for X1 and 0.7575 for X2. Meanwhile, variable X3 shows a significant effect because its probability value is less than 0.05, specifically 0.0000. Additionally, the results of this model test indicate an R-squared value of 0.358875 and an F-statistic value of 10.49546.

Fixed Effect Model (FEM)

Unlike the Common Effect Model (CEM), the Fixed Effect Model assumes that not all variables can be included in the model equation, allowing the intercept to vary for each individual and time period.

Table 3. Fixed Effect Model Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.025863	0.789963	1.298623	0.1990
X1	0.050098	0.125552	0.399022	0.6913
X2	0.783089	1.485073	0.527307	0.5999
X3	14.14924	2.739493	5.164911	0.0000

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.893604	Mean dependent var	2.265297
Adjusted R-squared	0.859912	S.D. dependent var	1.450646
S.E. of regression	0.542953	Akaike info criterion	1.828729
Sum squared resid	17.68785	Schwarz criterion	2.424235
Log likelihood	-53.14914	Hannan-Quinn criter.	2.067484
F-statistic	26.52271	Durbin-Watson stat	2.339638
Prob(F-statistic)	0.000000		

Based on the table above, the probability values for X1, X2, and X3 are 0.6913, 0.5999, and 0.0000, respectively. This indicates that variables X1 and X2 have an insignificant effect on variable Y, while variable X3 has a significant effect on Y since its probability value is less than 0.05. Furthermore, data processing using FEM resulted in an R-squared value of 0.893604 and an F-statistic value of 26.52271, indicating a strong explanatory power of the model.

Random Effect Model (REM)

This model assumes that differences across individuals and time are accommodated through the error term. This technique also considers that the error term may be correlated across the data, both in the time series and cross-sectional dimensions.

Table 4. Random Effect Model Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.905713	0.762470	1.187867	0.2386
X1	0.076394	0.123637	0.617887	0.5385
X2	1.013982	1.266471	0.800635	0.4259
X3	15.06234	2.615329	5.759251	0.0000
Effects Specification				
			S.D.	Rho
Cross-section random			1.160837	0.8205
Idiosyncratic random			0.542953	0.1795
Weighted Statistics				
R-squared	0.329249	Mean dependent var		0.463801
Adjusted R-squared	0.293476	S.D. dependent var		0.642937
S.E. of regression	0.540421	Sum squared resid		21.90409
F-statistic	9.203761	Durbin-Watson stat		1.919872
Prob(F-statistic)	0.000004			

Based on the REM data processing results, the probability values for X1, X2, and X3 are 0.5385, 0.4259, and 0.0000, respectively. This indicates that variable X3 has a significant effect on variable Y, while variables X1 and X2 have an insignificant effect on Y. Additionally, the REM model produces an R-squared value of 0.329249 and an F-statistic value of 9.203761.

Selection of Panel Data Regression Model

The regression model selection is conducted to determine which model is the best for analyzing the data among the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). Three tests are commonly used in the model classification process: the Chow Test, the Hausman Test, and the Lagrange Multiplier Test. The classification tests are as follows:

Chow Test

The Chow Test is used to compare the Common Effect Model (CEM) and the Fixed Effect Model (FEM) to determine which model is more appropriate for the data.

Table 5. Chow Test Results

Effects Test	Statistic	d.f.	Prob.
Cross-section F	14.599526	(15,60)	0.0000
Cross-section Chi-square	143.684598	15	0.0000

Based on the results of the Chow Test above, the probability value obtained is 0.0000, which is less than 0.05. This indicates that between the Common Effect Model and the Fixed Effect Model, the Fixed Effect Model is the preferred model. Thus, the null hypothesis (H0) is rejected, and the alternative hypothesis (H1) is accepted.

Hausman Test

The Hausman Test is used to choose between the Fixed Effect Model (FEM) and the Random Effect Model (REM). This test is conducted if the Chow Test result indicates that the Fixed Effect Model is preferred.

Table 6. Hausman Test Results

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	3.302158	4	0.5086

Based on the Hausman Test results above, the probability value obtained is 0.5086, which is greater than 0.05. This indicates that between the Fixed Effect Model and the Random Effect Model, the Random Effect Model is the preferred model. Therefore, the null hypothesis (H0) is accepted.

Lagrange Multiplier (LM) Test

The Lagrange Multiplier (LM) Test is used to select the best model between the Random Effect Model (REM) and the Common Effect Model (CEM). This test is conducted when the Hausman Test results indicate that the Random Effect Model is preferred.

Table 7. Lagrange Multiplier Test Results

Null (no rand. effect)	Cross-section	Period	Both
Alternative	One-sided	One-sided	
Breusch-Pagan	83.88262	1.233306	85.11593
	(0.0000)	(0.2668)	(0.0000)
Honda	9.158746	-1.110543	5.690939
	(0.0000)	(0.8666)	(0.0000)
King-Wu	9.158746	-1.110543	3.215577
	(0.0000)	(0.8666)	(0.0007)
GHM	--	--	83.88262
	--	--	(0.0000)

Sumber : Olah data dengan *Eviews 10*, 2025

Based on the LM Test results above, the probability value obtained is 0.0000, which is less than 0.05. This indicates that between the Random Effect Model and the Common Effect Model, the Random Effect Model is the preferred model. Therefore, the null hypothesis (H0) is rejected, and the alternative hypothesis (H1) is accepted. Based on the model selection tests conducted starting from the Chow Test, the Hausman Test, and the Lagrange Multiplier Test it can be concluded that the Random Effect Model (REM) is the most appropriate model to use for analyzing the data in this study.

Normality Test

The normality test examines the residuals generated from the selected model, based on the results of the previously conducted model selection tests. The normality of the data distribution is determined using the Jarque-Bera (JB) probability value. If the probability value is greater than 0.05, it can be concluded that the data are normally distributed. Conversely, if the probability value is less than 0.05, it indicates that the data are not normally distributed.

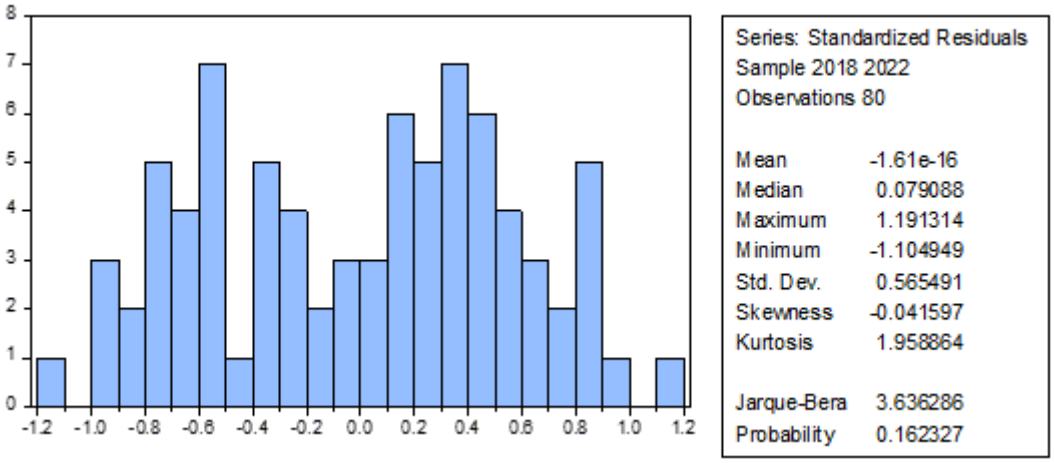

Figure 1. Normality Test Results

Based on the table above, the Jarque-Bera (JB) probability value is 0.162327, which is greater than 0.05. Therefore, it can be concluded that in this study, the residuals of the data used are normally distributed.

Multicollinearity Test

The multicollinearity test is a classical assumption test aimed at examining whether there is a correlation among the independent variables used in the model. The criterion is that if the correlation value is less than 0.9, it can be concluded that there is no problematic multicollinearity, and the model can be considered free from multicollinearity issues.

Table 8. Multicollinearity Test Results

	X1	X2	X3
X1	1.000000	-0.131219	-0.199842
X2	-0.131219	1.000000	-0.324502
X3	-0.199842	-0.324502	1.000000

It is known that the correlation between DPR (X1) and DAR (X2) is -0.131219, between DPR (X1) and ROA (X3) is -0.199842, and between DAR (X2) and ROA (X3) is -0.324502. The correlations among the independent variables are negative, except for ROA, which shows a positive correlation. Since all correlation values are less than 0.9, it can be concluded that there is no multicollinearity problem in the data.

Autocorrelation Test

In this study, the autocorrelation test is commonly referred to as the Durbin-Watson test.

Table 9. Autocorrelation Test Results

Effects Specification			
		S.D.	Rho
Cross-section random		1.160837	0.8205
Idiosyncratic random		0.542953	0.1795
Weighted Statistics			
R-squared	0.329249	Mean dependent var	0.463801
Adjusted R-squared	0.293476	S.D. dependent var	0.642937
S.E. of regression	0.540421	Sum squared resid	21.90409
F-statistic	9.203761	Durbin-Watson stat	1.919872
Prob(F-statistic)	0.000004		

Given that $k = 4$and $n = 80$with a significance level of 0.05, the lower bound $d_L = 1.5337$and the upper bound $d_U = 1.7430$were obtained. Since the Durbin-Watson value (DW = 1.919872) is greater than d_U(1.7430 < 1.919872), it can be concluded that there is no autocorrelation problem in the data.

Heteroscedasticity Test

In this study, the heteroscedasticity test used is the Glejser test. According to the criteria, if the probability value from the Chi-square output is greater than 0.05, it can be concluded that the data is free from heteroscedasticity problems.

Table 10. Heteroscedasticity Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.464942	0.568458	0.817901	0.4160
X1	-0.061741	0.102378	-0.603064	0.5483
X2	0.566868	0.943177	0.601020	0.5496
X3	3.489679	2.107083	1.656166	0.1019

The probability values for X1, X2, and X3 are 0.5483, 0.5496, and 0.1019, respectively, all greater than 0.05. Therefore, it can be concluded that there is no heteroscedasticity problem in the data used.

Panel Data Regression Analysis

Based on the Chow test, Hausman test, and Lagrange Multiplier test, the selected model is the Random Effect Model (REM). The following are the results of the panel data regression using the Random Effect Model processed in Eviews 10:

Table 11. Panel Data Regression Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.905713	0.762470	1.187867	0.2386
X1	0.076394	0.123637	0.617887	0.5385
X2	1.013982	1.266471	0.800635	0.4259
X3	15.06234	2.615329	5.759251	0.0000

Based on the table above, the panel data regression equation can be formulated as follows:

$$Y_{it} = 0.905713 + 0.076394X_1 + 1.013982X_2 + 15.06234X_3$$

From the equation above, it can be explained that:

1. The regression constant (C) is 0.905713, meaning that if the independent variables used (DPR, DAR, and ROA) remain constant, the company's value is 0.905713.
2. The regression coefficient for **DPR (X1)** is 0.076394 and is positive. This indicates that for each one-unit increase in DPR, the company's value increases by 0.076394, assuming other independent variables remain constant.
3. The regression coefficient for **DAR (X2)** is 1.013982 and is positive. This indicates that for each one-unit increase in DAR, the company's value increases by 1.013982, assuming other independent variables remain constant.
4. The regression coefficient for **ROA (X3)** is 15.06234 and is positive. This indicates that for each one-unit increase in ROA, the company's value increases by 15.06234, assuming other independent variables remain constant.

Coefficient of Determination Test

The coefficient of determination test is conducted to explain the extent of variation in the dependent variable that can be explained by the independent variables. This test can be measured using the R-Square or Adjusted R-Square value. R-Square is generally used when there is only one independent variable, while Adjusted R-Square is preferred when there are multiple independent variables in the study.

Table 12. Coefficient of Determination Test Results

Weighted Statistics			
R-squared	0.329249	Mean dependent var	0.463801
Adjusted R-squared	0.293476	S.D. dependent var	0.642937
S.E. of regression	0.540421	Sum squared resid	21.90409
F-statistic	9.203761	Durbin-Watson stat	1.919872
Prob(F-statistic)	0.000004		
Unweighted Statistics			
R-squared	0.296133	Mean dependent var	2.265297
Sum squared resid	117.0148	Durbin-Watson stat	0.359382

It is known that the R-squared value is 0.329249 and the Adjusted R-Square value is 0.293476. In this study, the Adjusted R-Square is used as the measurement because more than one independent variable is involved, namely dividend policy, debt policy, profitability, and liquidity. It can be concluded that the independent variables can explain 29.35% of the variation in firm value, while the remaining 70.65% is explained by other factors not included in this study.

Simultaneous Test (F-Test)

The F-test is used to determine whether the regression model is suitable or significant. Based on the results of the random effect model regression in Table 12, the F-Statistic probability is 0.000004. Since this value is less than 0.05, it indicates that the independent variables (dividend policy, debt policy, profitability, and liquidity) simultaneously have a significant effect on the dependent variable, which is firm value, especially in the consumer non-cyclical sector listed on the ISSI index.

Partial Test (T-Test)

The T-test is used to determine whether the parameters (regression coefficients and constant) used in the model are appropriate, with the aim of assessing how well each independent variable explains its influence on the dependent variable. The results of the T-test using Eviews 10 are as follows:

Table 13. Partial Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.905713	0.762470	1.187867	0.2386
X1	0.076394	0.123637	0.617887	0.5385
X2	1.013982	1.266471	0.800635	0.4259
X3	15.06234	2.615329	5.759251	0.0000

This study uses a two-tailed regression test, by comparing the t-table with the t-count and observing the probability value of each variable. The t-table value at a 5% significance level, with sample size $n = 80$and number of independent variables $k = 5$, is calculated as: $df = n - k - 1 = 80 - 5 - 1 = 74$. The resulting t-table value is 1.665.

Hypothesis Testing of X1 (Dividend Policy)

Based on the table above, it is shown that the calculated t-value for X1, which represents the dividend policy variable (Dividend Payout Ratio/DPR), is 0.617887, which is smaller than the t-table value (0.617887 < 1.665). In addition, the probability value is 0.2386, which is greater than the significance level of 0.05 (0.2386 > 0.05). Therefore, H1 is rejected, indicating that dividend policy as measured by the DPR does not have a significant effect on firm value, particularly for consumer non-cyclical sector companies listed on the Indonesian Sharia Stock Index (ISSI).

Hypothesis Testing of X2 (Debt Policy)

Based on the table above, the calculated t-value for X2, which represents the debt policy variable (Debt to Asset Ratio/DAR), is 0.800635, which is lower than the t-table value (0.800635 < 1.665). The probability value is 0.4259, which exceeds the significance level of 0.05 (0.4259 > 0.05). Thus, H2 is rejected, meaning that debt policy as measured by the DAR does not have a significant effect on firm value, particularly among consumer non-cyclical companies listed on the ISSI.

Hypothesis Testing of X3 (Profitability)

Based on the table above, the calculated t-value for X3, which represents the profitability variable measured by Return on Assets (ROA), is 5.759251, which is greater than the t-table value (5.759251 > 1.665). The probability value is 0.0000, which is lower than the significance level of 0.05 (0.0000 < 0.05). Therefore, H3 is accepted, indicating that profitability as measured by ROA has a significant effect on firm value, particularly for consumer non-cyclical sector companies listed on the ISSI.

The Effect of Dividend Policy on Firm Value in the Consumer Non-Cyclical Sector Listed on the Indonesian Sharia Stock Index (ISSI) for the 2018–2022 Period

Based on the results of the hypothesis testing, it is found that the dividend policy variable does not have a positive and significant effect on firm value. This is indicated by the calculated t-value being smaller than the t-table value (0.617887 < 1.665) and the probability value being greater than the applied significance level (0.2386 > 0.05). These findings indicate that the amount of dividends distributed to investors does not significantly affect the book value of the firm, particularly for consumer non-cyclical companies listed on the ISSI. The results of this study contradict the findings of (Khan & Hidayat, 2022) who argued that dividend distribution has a significant effect on firm value. Most investors tend to focus more on the overall return on investment, whether derived from dividends or capital gains. Consequently, investors do not place substantial emphasis on how corporate profits are allocated whether distributed as dividends or retained earnings for sustaining operational activities. This condition is consistent with the dividend irrelevance theory, which states that firm value is not determined by dividend policy but rather by earnings and the firm's financial risk. Accordingly, the size of dividend payments does not affect the firm's cost of capital. The findings of this study are also consistent with prior research

conducted by (Husna & Satria, 2019b), as well as (Apriyani et al, 2022), who concluded that dividend policy does not significantly influence firm value.

The Effect of Debt Policy on Firm Value in the Consumer Non-Cyclical Sector Listed on the Indonesian Sharia Stock Index (ISSI) for the 2018–2022 Period

Based on the hypothesis testing results, the debt policy variable does not have a significant effect on firm value. This is evidenced by the calculated t-value being lower than the t-table value (0.800635 < 1.665) and the probability value exceeding the significance level (0.4259 > 0.05). These results suggest that the magnitude of corporate debt, whether short-term or long-term, does not significantly affect firm value, particularly for consumer non-cyclical companies listed on the ISSI. This finding contrasts with the study conducted by (Sofiani & Siregar, 2022), who found that debt levels significantly influence firm value. This result is supported by capital structure theory proposed by (Modigliani & Miller, 1958) which asserts that firm value is not affected by capital structure, including the level of debt. From the perspective of trade-off theory, although debt provides tax benefits through interest expense deductions, firms will still incur costs regardless of whether they use debt financing or not, either in the form of interest expenses or taxes. Consequently, the value of firms with debt is theoretically equivalent to that of firms without debt. The findings of this study are consistent with previous research conducted by (Husna & Satria, 2019b) (Nuradawiyah & Susilawati, 2020) (Salsabila, 2025) which concluded that debt policy does not significantly affect firm value.

The Effect of Profitability on Firm Value in the Consumer Non-Cyclical Sector Listed on the Indonesian Sharia Stock Index (ISSI) for the 2018–2022 Period

Based on the hypothesis testing results, the profitability variable has a positive and significant effect on firm value. This is indicated by the calculated t-value being greater than the t-table value (5.759251 > 1.665) and the probability value being lower than the significance level (0.0000 < 0.05). These findings demonstrate that higher profitability, as measured by Return on Assets (ROA), significantly increases firm value, particularly for consumer non-cyclical companies listed on the ISSI. The results are consistent with previous studies conducted by (Husna & Satria, 2019b) (Nuradawiyah & Susilawati, 2020) all of which found that profitability has a significant effect on firm value. This result supports signaling theory, which suggests that positive signals conveyed by firms influence investor confidence. Profitability serves as a crucial signal that investors use to assess firm performance. As a result, higher profitability enhances investor perception, leading to an increase in firm value that aligns with the firm's earnings performance.

Conclusions

Based on the results of the analysis and testing conducted on consumer non-cyclical sector companies listed in the Indonesian Sharia Stock Index (ISSI) during the 2018–2022 period, it can be concluded that, partially, dividend policy measured using the Dividend Payout Ratio (DPR) has no effect on the company's book value. This finding indicates that the size of dividends distributed to investors has not become a determining factor in increasing the company's book value) (therefore, dividend distribution decisions do not directly reflect an increase in firm value from an accounting perspective.

Furthermore, debt policy proxied by the Debt to Asset Ratio (DAR) is also proven to have no significant effect on the company's book value. This result suggests that the proportion of debt in the company's capital structure is not a primary consideration in the formation of book value in Sharia-based consumer non-cyclical sector companies, particularly during the period observed in this study.

In contrast to the two previous variables, profitability measured using Return on Assets (ROA) is proven to have a positive and significant effect on the company's book value. This finding confirms that a company's ability to manage its assets effectively to generate profits is a crucial factor in increasing book value. The higher the level of profitability achieved, the greater the company's book value, making profitability a key variable considered by investors in assessing the performance and prospects of consumer non-cyclical sector companies listed on the ISSI.

Based on these findings, future research is encouraged to expand the scope of analysis by incorporating additional variables such as firm size, asset growth, operational efficiency, and corporate governance, as well as by extending the observation period or examining different industry sectors to enhance the robustness and generalizability of the results. From a practical perspective, the results suggest that management of Sharia-compliant consumer non-cyclical companies should prioritize strategies aimed at improving profitability through effective asset utilization and operational efficiency, as profitability has been shown to directly contribute to an increase in book value, while dividend and debt policies may be managed more flexibly in accordance with prudent financial management and Sharia principles.

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