

The Influence of Debt Policy and Investment Decisions on Company Value with Dividend Policy as a Moderating Variable (Empirical Study on LQ 45 Companies Listed on the IDX)

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Abstract

This study aims to analyze the effect of debt policy and investment decisions on firm value, with dividend policy as a moderating variable. This research is quantitative and uses secondary data in the form of audited annual financial statements sourced from the official website of the Indonesia Stock Exchange (IDX). The population consists of 45 LQ45 companies listed on the IDX during the 2020–2024 period. Purposive sampling was employed to select 16 companies that met the criteria, which were observed over a five-year period. Data analysis was conducted using panel data regression and moderated regression analysis with EViews 12 software. The results indicate that debt policy partially affects firm value, and investment decisions affect firm value. Dividend policy does not moderate the effect of debt policy on firm value, whereas dividend policy does moderate the effect of investment decisions on firm value.

Keywords :

Debt Policy, Investment Decisions, Firm Value, Dividend Policy

INTRODUCTION

A company is a business unit formed by a group of people to carry out economic activities, whether in the form of production, distribution, or services, to meet the ever-growing needs of life. During its founding process, each company formulates a vision, mission, and strategic objectives as a direction for achieving its goals. The primary focus of a company's establishment is to maximize profits so that it can survive and thrive despite constantly changing economic conditions. Currently, competition between companies is increasingly intense, so companies—especially public companies—must not only maintain profitability but also safeguard shareholder welfare. A good corporate value and image are crucial, as changes in a company's value will directly affect its market capitalization, which in turn impacts investor interest in investing or withdrawing

their capital. Therefore, increasing corporate value is a strategic priority for all levels of management (Fadilah, 2025).

The Indonesia Stock Exchange (IDX) continues to innovate by providing various types of stock indices as instruments that can be utilized by all capital market players, both through collaboration with other parties and independently. Stock indices themselves function as statistical indicators that reflect the value movements of a selected group of stocks based on specific criteria and are updated regularly. One of the most well-known indices is the LQ45 index, which contains 45 stocks with high liquidity and is often used as a barometer of stock trading performance. These stocks have large market capitalizations and high transaction frequency, thus being considered to have solid growth prospects and stable financial conditions. These criteria ensure that companies included in the LQ45 index have superior corporate value, as evidenced by their relatively high Price-to-Book Value (PBV) ratios (Panjaitan et al., 2025).

Over the past five years, several issuers on the IDX have shown declining performance, reflected in the weakening of the LQ45 index. PBV is used as an indicator to assess the performance of these companies throughout 2020–2024, and the results show quite striking differences between companies. The graph shows an average PBV of 3.58 in 2020, increasing slightly to 3.60 in 2021, but then dropping back to 3.12 in 2022 and continuing to decline to 3.00 in 2023. However, 2024 showed a significant recovery, with a PBV jump to 4.35. To attract investors, companies must implement appropriate strategies to increase their company value. A high company value provides a positive signal regarding future growth prospects. Every financial policy a company takes will impact subsequent decisions and ultimately influence its valuation.

Implementing sound financial management is a crucial factor in increasing a company's value. Some of the influential financial decisions include investment decisions, debt policy, and dividend policy (Irawan & Kusuma, 2019). Company value can be understood as the price potential investors are willing to pay when a share ownership transaction occurs. Stock price movements are often used as a benchmark for assessing a company's value. The higher the share price, the greater the company's value, and this increases investor confidence in maintaining or even increasing their investment (Panjaitan et al., 2025). A company's value also reflects its future growth opportunities, which can be seen through the PBV

ratio. This ratio indicates how much the market values a company's equity relative to its book value. A high PBV indicates a company's ability to maximize shareholder capital and helps investors determine whether the stock price is appropriate, undervalued, or overvalued (Azzura & Yusrialis, 2024).

Investment decisions play a crucial role in determining a company's value. Investment is the activity of placing assets, whether funds or other valuable assets, into specific instruments with the expectation of future profits. Invested assets are typically managed to generate returns, which are then distributed back to investors according to an agreed-upon agreement (Saputro & Basyarudin, 2024). Furthermore, debt policy also impacts company value. Debt policy is a decision regarding the use of external funding to support a company's operations. To a certain extent, increasing debt can increase a company's value. However, if the debt level exceeds the optimal limit, the company's value can actually decline because the financial burden is greater than the profit generated. Therefore, companies must manage their debt ratio wisely to avoid it being too high or too low (Aprida & Sanulika, 2024).

In addition to these two factors, dividend policy also influences company value. This policy relates to the distribution of profits to shareholders or the retention of earnings as development capital. Dividends are often attractive to investors because they provide immediate income from investments. However, companies must balance the need to maintain long-term growth and provide welfare for shareholders (Tambunan, 2025). Previous research has shown mixed results. (Sahroni et al., 2020) found that debt and investment policies have a positive but insignificant effect, and dividend policy is unable to moderate this relationship. Research (Syahputra et al., 2021) shows that investment decisions significantly influence company value, and dividend policy can moderate this relationship.

Other findings also show inconsistencies. (Suardana et al., 2020) stated that debt and dividend policies had no effect on firm value, while investment decisions had a significant effect. Conversely, research by (Apriyanti et al., 2023) showed that dividend policy had a negative impact on firm value, but investment decisions had a positive effect. Furthermore, (Hendryani & Amin, 2022) found that debt policy had an effect on firm value, while dividend policy had no effect. Based on the discrepancies in the results of various previous studies and the importance of

the firm value variable, further study is needed. This study focuses on debt policy, investment decisions, and dividend policy, focusing on companies listed in the LQ45 index for the 2020–2024 period.

METHODS

This research uses a quantitative approach, a method that focuses on hypothesis testing through the analysis of numerical data obtained from a specific sample or population using a measured research instrument (Sugiyono, 2023). The data used is secondary, obtained from company annual reports published on the official website of the Indonesia Stock Exchange (www.idx.co.id).

Table 1. Definition of Operational Variables

Variabel	Indikator/Pengukuran	Skala
Nilai Perusahaan (Y) Sumber : (Hamidah & Ramdani, 2023)	$PBV = \frac{\text{Harga Per Lembar Saham}}{\text{Nilai Buku Per Lembar Saham}}$	Rasio
Kebijakan Utang (X) Sumber : (Nuryatin et al., 2022)	$DER = \frac{\text{Total Utang}}{\text{Total Modal}}$	Rasio
Keputusan Investasi (X ₂) Sumber : (Oktavia & Kalsum, 2021)	$PER = \frac{\text{Harga Per Lembar Saham}}{\text{Laba Per Lembar Saham}}$	Rasio
Kebijakan Dividen (Z) Sumber : (Ardatiya, 2022)	$DPR = \frac{\text{Dividen Per Lembar Saham}}{\text{Laba Per Lembar Saham}}$	Rasio

Population and Sample

According to (Sugiyono, 2023), a population is the entirety of objects or subjects with specific characteristics selected by researchers for study to draw conclusions. Based on this definition, this study defines all companies included in the LQ45 index as the population, using the annual reports and financial statements of these companies published on the Indonesia Stock Exchange during the 2020–2024 period as the primary data sources.

According to (Sugiyono, 2023), a sample is a subset of a population with specific characteristics selected to represent the entire population in the study. This study used probability sampling, a method that provides an equal opportunity for every member of the population to be selected. Sample selection was based on specific criteria established by the researcher to ensure the data obtained is relevant and accurately reflects the population's condition.

Data collection technique

The data collection techniques in this study were conducted through documentation studies and literature reviews, including books, scientific articles, journals, and relevant previous research to deepen understanding of the research topic. In addition, primary data was obtained from financial reports and annual reports of companies included in the LQ45 index, published on the official website of the Indonesia Stock Exchange (www.idx.co.id).

Data Analysis Techniques

Descriptive Statistical Tests

According to (Sugiyono, 2023), descriptive statistics is an analytical method that aims to describe data as it is without generalizing to a wider population. In this study, descriptive statistics are used to present information regarding the minimum, maximum, average (mean), and standard deviation values as an initial overview of the data characteristics. The mean is used to observe the trend of the sample's average value, while the minimum and maximum indicate the range of values in the data. The standard deviation is used to assess the level of variation or dispersion of the data from its average value. Presenting descriptive statistics is important to provide a comprehensive understanding of the sample data before further analysis.

Panel Data Regression Analysis

Panel data regression analysis is a method that combines the characteristics of cross-sectional and time-series data, allowing researchers to observe the behavior of multiple units of analysis over a specific time period. According to (Sugiyono, 2023), panel data consists of a number of individuals or companies observed repeatedly over the same time period, thus providing more complete and varied information than using cross-sectional or time-series data separately. By utilizing this combination, panel data regression analysis can produce more accurate estimates because it can control for heterogeneity between individuals. In this study, the processing and estimation of the panel regression model were performed using EViews 12 software.

Common Effect Model (CEM)

This estimation approach to panel data combines all cross-sectional and time-series observations into a single data set and then estimates them using the OLS method. By assuming that the intercept and slope are homogeneous across

individuals and over time, this model simplifies the data structure, resulting in more efficient estimates than regressions that use only cross-sectional or time-series data. This approach is suitable when there are no significant differences in characteristics between units or between periods, allowing for uniform treatment of variations in the data.

$$Y_{it} = \alpha_i + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \epsilon_{it}$$

Description:

α : Constant

i: Cross-section unit (Company)

t: Time series unit (year)

β : Regression coefficient

X1 it: Debt Policy 1, Year 1

X2 it: Investment Decision 1, Year 1

X3 it: Dividend Policy 1, Year 1

ϵ : Standard Error

Fixed Effect Model (FEM)

The fixed effect model is a panel data estimation technique that uses dummy variables to capture differences in intercepts. The definition of fixed effects is based on differences in intercepts between companies, but the intercepts are time invariant. Furthermore, this model assumes that the regression coefficient (slope) remains constant across companies and over time. This model uses the least squares dummy variable (LSDV) approach, as follows:

$$Y_{it} = \alpha_i + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \epsilon_{it}$$

Random Effect Model (REM)

The random effects model is a technique for estimating panel data in which disturbance variables are interrelated over time and between individuals. These differences are related through errors. Due to the correlation between the disturbance variables, the OLS method cannot be used, so the random effects model uses the generalized least squares (GLS) method. The equation is as follows:

$$Y_{it} = \alpha_i + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \epsilon_{it}$$

Model Test

Chow Test

According to (Ghozali, 2018), the Chow test is a tool for testing for equality or coefficient similarity. The Chow test is used to select the best fixed effect or

common effect model for estimating panel data. The decision-making requirements are as follows:

H₀: Common Effect Model (CEM)

H₁: Fixed Effect Model (FEM)

If the cross-section chi-square P-value is <0.05 , then the Fixed Effect Model is selected.

If the cross-section chi-square P-value is >0.05 , then the Random Effect Model is selected.

Hausman test

The Hausman test is used to determine whether the most appropriate model is a fixed effect or random effect model for estimating panel data. The decision-making process is as follows:

H₀: Random Effect Model

H₁: Fixed Effect Model

If the cross-section chi-square P-value is <0.05 , the Fixed Effect Model is selected.

If the cross-section chi-square P-value is >0.05 , the Random Effect Model is selected.

Lagrange Multiplier Test (LM test)

The Lagrange multiplier test is performed to determine the most appropriate model between the common effects model and the random effects model for estimating panel data. To determine whether the model to use is the common effects model or the random effects model, the following hypotheses are formulated:

H₀: Common Effect Model (CEM)

H₁: Random Effect Model (REM)

If the Lagrange Multiplier (LM) value indicates a cross-section-Breusch-Pagan value of <0.05 , then the Random Effect Model is selected.

If the Lagrange Multiplier (LM) value indicates a cross-section-Breusch-Pagan value of >0.05 , then the Common Effect Model is selected.

Classical Assumption Test

Normality Test

The normality test is used to assess whether the residuals in a regression model follow a normal distribution, as good regression requires normally

distributed residuals for more valid parameter estimates. One commonly used method is the Jarque-Bera (JB) test, which checks the suitability of the residual distribution based on skewness and kurtosis values. The test decision is made by comparing the significance value (p-value) with a threshold of 0.05: if the p-value > 0.05 , the residuals are considered normally distributed, while a p-value < 0.05 indicates that the residuals are not normally distributed. Thus, the JB test helps ensure that the classical assumption of normality in regression analysis is met.

Multicollinearity Test

Multicollinearity is a linear relationship between independent variables. (Ghozali, 2018) states that the multicollinearity test aims to determine whether there is a high or perfect correlation between independent variables in a regression model.

Heteroscedasticity Test

The heteroscedasticity test aims to determine whether there is a difference in variance between residuals from one observation to another, which is called homoscedasticity. Conversely, if the variances differ, it is called heteroscedasticity. A good regression model is one that results in homoscedasticity (Ghozali, 2018).

Autocorrelation Test

The autocorrelation test is used to determine the correlation between confounding errors over a time series. Autocorrelation aims to test whether there is a correlation between the confounding errors in period t and the previous period $t-1$ in the regression model. A good regression model is one that is free from autocorrelation. The presence of autocorrelation in a regression model can be determined using the Durbin-Watson test (DW test). The decision-making criteria are as follows:

- a) If the DW is below -2, it indicates positive autocorrelation.
- b) If the DW is between -2 and +2, it indicates no autocorrelation.
- c) If the DW is above +2, it indicates negative autocorrelation.

Coefficient of Determination Test

The coefficient of determination (R^2) essentially measures the extent to which independent variables explain a variable. The coefficient of determination is between zero and one. An R^2 value close to zero indicates that the independent variables' ability to explain the dependent variable is very limited. Conversely, an

R² value close to one indicates that the independent variables' ability to provide maximum explanation of information for the dependent variable. An adjusted R-squared value close to 1 indicates that the independent variables' ability to provide almost all the information needed to predict the dependent variables.

Partial T Test

Hypothesis testing for each variable, company size, auditor turnover, and audit committee gender, individually, on audit delay, used a partial regression test (t-test). Partial regression testing is a test conducted on the dependent variable (Ghozali, 2018). The hypotheses used in this study are formulated as follows:

1. If the probability is <0.05 or the calculated t-value is $>$ the table t-value, then variable X individually (partially) has a significant effect on variable Y.
2. If the probability is >0.05 or the calculated t-value is $<$ the table t-value, then variable X individually (partially) does not have a significant effect on variable Y.

Moderating Regression Analysis (MRA) Test

According to (Ghozali, 2018), Moderated Regression Analysis (MRA) is a specific application of multiple linear regression, where the regression equation contains an interaction element, namely the multiplication of two or more independent variables. The use of MRA is because this study uses a moderator variable, so the panel data regression equation for the moderator variable is by using the MRA equation.

RESULTS AND DISCUSSION

Sample Description

The data processing in this study used Eviews 12 software to facilitate analysis and obtain a more accurate interpretation of the relationships between variables. The data used were secondary data obtained from company financial reports, the official website of the Indonesia Stock Exchange, and other relevant financial sources. The study population consisted of 45 companies listed on the LQ45 index for the 2020–2024 period. The sample was selected using a purposive sampling method, a sampling technique based on specific criteria aligned with the research objectives, ensuring that only companies meeting the requirements are subjected to further analysis.

The selection process resulted in 80 data observations spanning five years. However, 65 observations had to be eliminated because they were identified as outliers using the standard deviation method. These data exhibited extreme values, particularly in the debt ratio, potentially distorting the results of the classical assumption test and causing the regression model to be insignificant in the initial stages, as seen in the F-test results. Outlier elimination was performed to increase model stability, ensure the classical assumptions were met, and obtain more reliable and valid regression results in describing the relationships between the study variables.

Table 2. Descriptive Statistics Results

Date: 08/16/25 Time: 20:40
Sample: 2020 2024

	NP	KU	KI	KD
Mean	2.030979	0.886077	16.25704	0.492426
Median	1.695000	0.700000	15.60388	0.409707
Maximum	6.518547	4.457518	40.01000	2.360000
Minimum	0.059280	0.044210	-2.186670	-0.099630
Std. Dev.	1.369918	0.894195	9.848656	0.420608
Skewness	1.010385	2.126106	0.495606	1.969570
Kurtosis	3.533325	7.076470	2.483902	8.728019
Jarque-Bera Probability	14.55982 0.000689	115.6631 0.000000	4.162868 0.124751	161.0901 0.000000
Sum	162.4783	70.88617	1300.563	39.39405
Sum Sq. Dev.	148.2573	63.16721	7662.686	13.97597
Observations	80	80	80	80

Source: Data Processed Using E-Voews ver. 12 (2025)

Based on the descriptive statistics results from 80 observations, it shows that company value, measured by PBV, has moderate diversity with data relatively concentrated around the average; debt policy through DER actually shows high variation because the standard deviation is greater than the mean; investment decisions have a relatively low spread so that the value between companies tends to be grouped; and dividend policy also shows small variations with a fairly uniform DPR distribution around its average, although each variable has extreme values as shown by Saratoga Investama Sedaya Tbk, Tower Bersama Infrastructure Tbk, Sarana Menara Nusantara Tbk, Aspirasi Hidup Indonesia Tbk, and AKR Corporindo Tbk.

Table 3. Chow Test Results

Effects Test	Statistic	d.f.	Prob.
Cross-section F	7.263665	(15,61)	0.0000
Cross-section Chi-square	81.972775	15	0.0000

Source: Data Processed Using E-Voews ver. 12 (2025)

Based on table 3. The results of the Chow test, the Cross-section Chi-square probability value was recorded at $0.0000 < 0.05$, so the Fixed Effect Model was selected.

Table 4. Results of the Hasuman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	6.560147	3	0.0873

Source: Data Processed Using E-Voews ver. 12 (2025)

Based on table 4. The results of the Hausman test, the random cross-section probability value is $0.0873 > 0.05$, so the Random Effect Model is selected.

Table 5. Results of the Lagrange Multiplier Test (LM test)

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	35.16647 (0.0000)	0.557780 (0.4552)	35.72425 (0.0000)

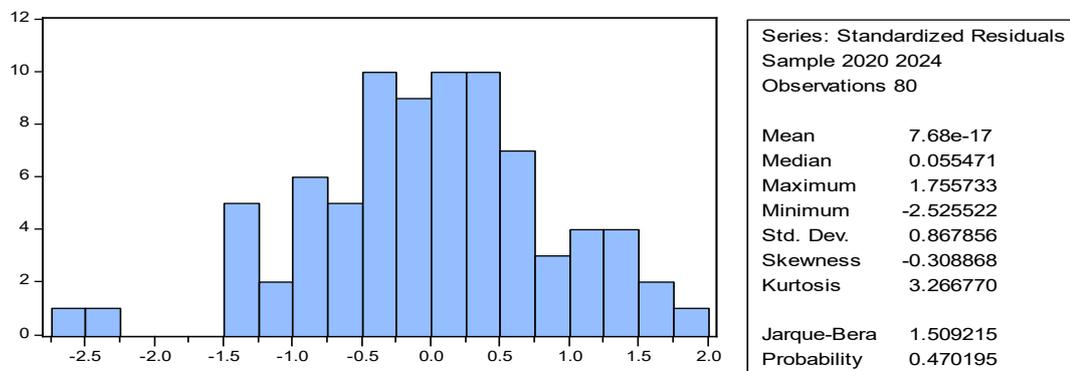
Source: Data Processed Using E-Voews ver. 12 (2025)

Based on Table 5, the Lagrange multiplier test results show that the Breush-Pagan cross-section value is $0.0000 < 0.05$, thus selecting the Random Effects Model.

Based on the results of the Chow test, Hausman test, and Lagrange multiplier test, the random effects model was selected as the most appropriate for this study.

Classical Assumption Test Results

Figure 1. Normality Test Results



Source: Data Processed Using E-Voews ver. 12 (2025)

Based on Figure 1. The results of the normality test of the Jarque-Bera statistical value obtained are 1.509215, with a probability value of $0.470195 > 0.05$, it can be concluded that the data is normally distributed.

Table 6. Multicollinearity Test Results

	NP	KU	KI	KD
NP	1.000000	0.456662	0.716187	0.051303
KU	0.456662	1.000000	0.187376	0.030070
KI	0.716187	0.187376	1.000000	0.238501
KD	0.051303	0.030070	0.238501	1.000000

Source: Data Processed Using E-VIEWS ver. 12 (2025)

Based on Table 6, the results of the multicollinearity test indicate that all correlation coefficients between independent variables are below the threshold of 0.90. This confirms that there are no significant multicollinearity issues between the variables in the model used.

Table 7. Heteroscedasticity Test Results

Heteroskedasticity Test: Glejser			
Null hypothesis: Homoskedasticity			
F-statistic	1.511475	Prob. F(3,76)	0.2183
Obs*R-squared	4.504336	Prob. Chi-Square(3)	0.2119
Scaled explained SS	5.446057	Prob. Chi-Square(3)	0.1419

Source: Data Processed Using E-VIEWS ver. 12 (2025)

Based on Table 7, the results of the heteroscedasticity test indicate that the Chi-Square probability value of Obs*R-Square ($p = 0.2119$) is statistically significant. Since this probability value exceeds the 0.05 threshold, it is concluded that the homoscedasticity assumption is met, or there is no heteroscedasticity problem in the panel data estimation model.

Table 8. Autocorrelation Test Results

R-squared	0.582369	Mean dependent var	0.732855
Adjusted R-squared	0.565883	S.D. dependent var	0.876694
S.E. of regression	0.577632	Sum squared resid	25.35809
F-statistic	35.32622	Durbin-Watson stat	1.152829
Prob(F-statistic)	0.000000		

Source: Data Processed Using E-VIEWS ver. 12 (2025)

Based on Table 8, the autocorrelation test results show that the DW statistical value is 1.152829. Considering that this value is in the interval -2 to +2, it can be validated that the panel data regression model has met the autocorrelation-free assumption.

Table 9. Simultaneous F Test Results (Random Effect Model)

R-squared	0.582369	Mean dependent var	0.732855
Adjusted R-squared	0.565883	S.D. dependent var	0.876694
S.E. of regression	0.577632	Sum squared resid	25.35809
F-statistic	35.32622	Durbin-Watson stat	1.152829
Prob(F-statistic)	0.000000		

Source: Data Processed Using E-VIEWS ver. 12 (2025)

Based on table 9. The value of the simultaneous test results f (random effect model) $\text{Prob}(F\text{-statistic}) 0.000000 < 0.05$, so it can be concluded that the debt policy and investment decision variables have a simultaneous effect on company value.

Table 10. Partial T-Test Results (Random Effect Model)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.087023	0.283767	0.306671	0.7599
KU	0.773564	0.145729	5.308250	0.0000
KI	0.097241	0.011718	8.298120	0.0000
KD	-0.654566	0.197073	-3.321441	0.0014

Source: Data Processed Using E-VIEWS ver. 12 (2025)

In the t-test, if the probability value obtained from the analysis using E-VIEWS 12 is less than the 0.05 significance level, then the independent variable is declared to have a significant effect on the dependent variable. The following is an explanation of the t-test results for the random effects model based on the E-VIEWS 12 output obtained:

1. The probability value for debt policy (KU) is 0.0000, because the probability value is less than the 0.05 significance level. Therefore, the debt policy variable has a partial significant effect on firm value.
2. The probability value for investment decision (KI) is 0.0000, because the probability value is less than the 0.05 significance level. Therefore, the investment decision variable has a partial significant effect on firm value.

Table 11. Results of the Determination Coefficient (R2) Test

R-squared	0.582369	Mean dependent var	0.732855
Adjusted R-squared	0.565883	S.D. dependent var	0.876694
S.E. of regression	0.577632	Sum squared resid	25.35809
F-statistic	35.32622	Durbin-Watson stat	1.152829
Prob(F-statistic)	0.000000		

Source: Data Processed Using E-VIEWS ver. 12 (2025)

Table 11 indicates that the coefficient of determination (Adjusted R-Square) is 0.565883 (56%). This represents that 56% of the variation in the dependent variable (Firm Value) can be explained by the independent variables (Debt Policy and Investment Decisions). The remaining 44% is contributed by variables not observed in this study.

Table 12. Moderated Regression Analysis (MRA) Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.144506	0.334169	-0.432434	0.6667
KU	0.710237	0.262303	2.707703	0.0084
KI	0.120691	0.016830	7.171238	0.0000
KD	-0.023477	0.532005	-0.044129	0.9649
KU_KD	-0.012651	0.442533	-0.028587	0.9773
KI_KD	-0.044323	0.021930	-2.021090	0.0469

Source: Data Processed Using E-VIEWS ver. 12 (2025)

Based on Table 12, the results of the moderated regression analysis (MRA) test are a statistical technique that applies a panel data regression model by including interaction components (multiplication between predictor variables). In the context of this research, the modeled interactions are between debt policy and dividend policy, as well as between investment decisions and dividend policy. Based on this table, it can be concluded that:

1. Dividend Policy is unable to moderate the effect between Debt Policy and Firm Value. Table 4.12 shows that the variable has a probability value greater than the significance level (0.05), namely: 0.9773. Therefore, because the probability value is smaller than the significance level, or in other words: $0.9773 > 0.05$, the hypothesis is rejected.
2. Dividend Policy is able to moderate the effect between Investment Decisions and Firm Value. Table 4.18 shows that the variable has a probability value less than the significance level (0.05), namely: 0.0496. So, because the probability value is smaller than the significance level, or in other words: $0.0496 < 0.05$, the hypothesis is accepted.

Discussion

The Effect of Debt Policy (X1) on Firm Value (Y)

The research results indicate an impact of debt policy on company value. This is evident from the results of the partial t-test, which is hypothetically significant, where the calculated t-value exceeds the t-table ($5.308250 > 1.66515$). Furthermore, the probability value of 0.0000 is also below the significance threshold of 0.05 ($0.0000 < 0.05$). Based on these findings, the first hypothesis can be accepted. Debt policy has an impact because optimal debt use can improve a company's financial discipline and reduce the potential for agency conflicts (agency problems). The obligation to regularly pay interest and principal on debt forces management to allocate funds to more productive activities, which

ultimately increases profitability. This increase in profitability drives increased investor confidence and boosts company value.

This study yields similar results to those conducted by (Hendryani & Amin, 2022), (Nuryatin et al., 2022), and (Azharin & Kunci, 2022), which indicate that debt policy has a positive and significant impact on firm value. Debt policy is not merely viewed as a means of obtaining additional capital but also plays a strategic role in improving financial governance, encouraging efficient use of funds, and creating incentives for management to focus more on productive activities. Therefore, an appropriate debt structure not only maintains the sustainability of a company's operations but also positively contributes to investor perceptions and increases firm value. This study provides empirical validation of Agency Theory, which posits that debt can reduce agency conflicts, optimize managerial efficiency, and positively contribute to the sustainable increase in firm value.

The Influence of Investment Decisions (X2) on Company Value (Y)

The study results indicate that investment decisions impact firm value. This is evidenced by the partial t-test results, which hypothetically indicate a significant effect, with the calculated t-value exceeding the t-table ($8.29810 > 1.66515$). Furthermore, the probability value of 0.0000 is also lower than the significance limit of 0.05 ($0.0000 < 0.05$). Therefore, the second hypothesis of this study is accepted.

This research yields similar results to previous studies by (Oktavia & Kalsum, 2021), (Hidayah et al., 2025), (Suardana et al., 2020) and (Apriyanti et al., 2023). These studies found that investment decisions have a positive and significant impact on firm value. This is because investment decisions are crucial for a company. In this context, financial managers must be able to allocate funds to investments that have the potential to generate future profits. If a company makes the wrong investment choices, it can disrupt its business sustainability. Therefore, managers need to ensure optimal investment development to achieve company goals by increasing shareholder wealth.

This research provides empirical validation for Signaling Theory, which posits that investment sends a positive signal regarding future growth prospects. A larger investment volume is positively correlated with increased company value. This investment activity builds investor confidence in the company's future profitability. Sound investment decisions also reflect management's confidence in

the company's internal conditions and business potential. When management boldly invests in productive projects, it demonstrates the company's financial health and promising growth prospects. This positive signal then strengthens market perception of the company's performance and reputation, ultimately increasing its value.

The Effect of Dividend Policy (Z) in Moderating the Relationship between Debt Policy (X1) and Company Value (Y)

Based on the results of the moderated regression analysis (MRA) test, the interaction between debt policy (X1) and dividend policy (Z) as moderating variables showed a probability value of 0.9773. Because this value exceeds 0.05 ($0.9773 > 0.05$), it can be hypothetically concluded that dividend policy does not moderate the impact of debt policy on firm value. Therefore, the third hypothesis of this study is rejected

In Signaling Theory, dividend policy functions as a signal to influence investor decisions. Ideally, dividend policy can positively impact firm value if the company consistently distributes dividends to increase shareholder satisfaction and value. However, the results of this study indicate that dividend policy is unable to moderate the relationship between debt policy and firm value.

This occurs because dividend policy is not always in sync with debt policy. When the dividend payout ratio (DPR) is high, the majority of profits are used for dividends, reducing internal funds (retained earnings). As a result, the company is more dependent on external debt, which actually increases financial risk. Conversely, a low DPR provides sufficient internal funds for operations and investment without increasing debt, so the relationship between dividend policy and debt is not mutually reinforcing. This supports research by (Laksmi & Budiarta, 2020),, which concluded that dividend policy plays an insignificant role in improving the relationship between debt policy and company valuation.

The Effect of Dividend Policy (Z) in Moderating the Relationship between Investment Decisions (X2) and Company Value (Y)

The results of the moderated regression analysis (MRA) test indicate that the interaction between investment decisions (X2) and dividend policy (Z) has a probability value of 0.0469. Because this value is below 0.05 ($0.0469 < 0.05$), it can be hypothetically concluded that dividend policy can moderate the influence of investment decisions on firm value. Therefore, the fourth hypothesis of this

research is accepted. This implies that the more accurate a company's investment decisions, the stronger the impact of dividend distribution on firm value.

In signaling theory, dividend policy is often viewed as a positive signal for investors. This policy has a positive impact on firm value because it aims to increase shareholder wealth and increase the company's valuation. The findings of this study indicate that dividend policy has the capacity to moderate the influence of investment decisions on firm value

This is because consistent dividend distribution after a company makes an investment provides investors with confidence that the company is not only capable of managing its investments effectively but is also committed to providing direct returns to shareholders. The combination of profitable investments and stable dividend distributions creates a positive market perception that the company is in strong financial health. Thus, investors benefit from both the potential for capital gains from successful investments and dividends as cash income, increasing the company's value.

CONCLUSION

The purpose of this study is to analyze the influence of debt policy and investment decisions on firm value, with dividend policy as a moderating variable. The analysis was conducted on LQ45 companies listed on the Indonesia Stock Exchange (IDX) for the 2020-2024 period, using a partial approach and MRA. Based on the findings, the following conclusions can be drawn from this study:

1. Debt policy has a partial effect on firm value
2. Investment decisions have a partial effect on firm value.
3. Dividend policy is unable to moderate the effect of debt policy on firm value
4. Dividend policy is able to moderate the effect of investment decisions on firm value.

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