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The Impact of Capital Structure, Dividend Policy, and Profitability on Firm Value Among Companies Listed on the Indonesia Stock Exchange

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ABSTRACT

This study examines the effects of capital structure, dividend policy, and profitability on firm value in property and real estate companies listed on the Indonesia Stock Exchange (IDX). The Indonesian property sector has experienced fluctuating performance over recent years despite the increasing demand for housing, creating uncertainty regarding the determinants of firm value. A quantitative research design with a correlational approach was employed using secondary data obtained from audited annual financial statements. The sample consisted of 11 property and real estate companies selected through purposive sampling, resulting in 44 firm-year observations covering the 2021–2024 period. Firm value was measured using Price-to-Book Value (PBV), while capital structure, dividend policy, and profitability were proxied by the Long-Term Debt-to-Equity Ratio (LTDtER), Dividend Payout Ratio (DPR), and Return on Assets (ROA), respectively. The data were analyzed using multiple linear regression with SPSS after satisfying the classical assumption tests, including normality, multicollinearity, and heteroscedasticity tests. The findings reveal that capital structure and dividend policy have positive and statistically significant effects on firm value. In contrast, profitability has a positive but statistically insignificant effect on firm value. Simultaneously, capital structure, dividend policy, and profitability significantly influence firm value, with an adjusted explanatory power reflected by an R^2 of 25.4%. These findings suggest that investors in the Indonesian property sector place greater emphasis on financing decisions and dividend distribution than on short-term profitability when assessing firm value. The study contributes to the literature by providing empirical evidence from the Indonesian property and real estate industry during the 2021–2024 period.

1. Introduction

Economic uncertainty has increasingly affected business activities across various sectors, creating fluctuations in corporate financial performance and increasing the pressure on firms to maintain operational and financial stability. These challenges are particularly relevant to the property and real estate sector, which is highly dependent on economic conditions, interest rates, investment decisions, and purchasing power. In Indonesia, the slowdown in this sector is reflected in its relatively limited contribution to economic growth. According to data released by the Badan Pusat Statistik (2025), the Gross Domestic Product (GDP) growth of the real estate sector has remained below 3% over the past decade and reached its lowest level in 2023 at only 1.43%. Although sectoral GDP growth increased to 2.5% in 2024, exceeding the growth recorded in the preceding two years, this improvement does not fully eliminate the financial challenges experienced by several companies in the sector (Badan Pusat Statistik, 2025).

The financial pressure experienced by property companies is also illustrated by the performance of PT Ciputra Development Tbk, one of Indonesia's major property companies. According to insight.kontan.id (2025), the company recorded a 28% year-on-year decline in pre-sales during the third quarter of 2025. Consequently, the company revised its pre-sales target from IDR 11 trillion to IDR 10 trillion. This adjustment is particularly significant because the company had previously recorded pre-

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sales of IDR 11.02 trillion in 2024, indicating a 10.2% year-on-year decline relative to the previous target. These developments demonstrate the financial and market pressures confronting property companies and highlight the importance of understanding the factors that determine corporate value amid sectoral uncertainty.

Corporate value is a fundamental objective of corporate financial management because it reflects the market's assessment of a firm's future prospects and performance. For publicly listed companies, corporate value is closely associated with investors' perceptions and is commonly reflected in stock prices. Investors use corporate value as an indicator of company performance, while a higher stock price generally provides greater potential returns for shareholders (Nike Aprilya Agatha & Moch. Irsad, 2021). Consequently, financial decisions concerning funding, profit distribution, and profitability are strategically important because they may influence investor perceptions and, ultimately, corporate value.

One of the key financial determinants of corporate value is capital structure. Capital structure represents the proportion of a company's financing derived from long-term liabilities and shareholders' equity (Mayklisyani et al., 2023). Capital structure is particularly important because the composition of debt and equity affects the level of financial risk borne by shareholders as well as the expected rate of return (Amna Mawardi, 2020). Excessive reliance on debt relative to internal financing may generate negative perceptions among investors because a substantial portion of corporate earnings must be allocated to debt repayment. Such conditions may reduce investors' assessment of corporate value (Elviani & Yuhelmi, 2024). Therefore, the relationship between capital structure and corporate value becomes particularly important in the property sector, where companies generally require substantial long-term financing for project development.

In addition to capital structure, dividend policy represents another important financial decision that may affect corporate value. Dividend policy concerns the distribution of corporate profits to shareholders through cash dividends or stock dividends. Investors and potential investors may respond positively when companies distribute larger dividends because dividend payments can increase investor confidence and potentially enhance stock prices and corporate value (Nike Aprilya Agatha & Moch. Irsad, 2021). Amna Mawardi (2020) further argues that a reduction in dividends may be interpreted as a negative signal indicating potential financial difficulties. Conversely, dividend distribution may increase a company's attractiveness to investors, potentially encouraging investment and contributing to higher stock prices and corporate value (Elviani & Yuhelmi, 2024). Nevertheless, property companies face a strategic dilemma because their business models require substantial long-term investment. Firms must therefore determine whether profits should be distributed to shareholders or retained to finance future property development projects.

Profitability is also an important determinant of corporate value because it provides information regarding a company's ability to generate earnings and its future prospects. Profitability can influence investors' perceptions of the company's future performance (Himawan, 2022). Stable and increasing profitability may strengthen corporate value because companies with sustainable profit prospects are generally more attractive to investors. Revenue and net profit growth supported by improved profitability can contribute positively to stock prices and corporate value (Amani et al., 2025). Thus, capital structure, dividend policy, and profitability represent interconnected financial considerations that may influence how investors evaluate property and real estate companies.

However, empirical evidence regarding these relationships remains inconsistent. Amna Mawardi (2020) found that capital structure and dividend policy affect corporate value, whereas Ridayanti et al. (2025) reported that neither capital structure nor dividend policy significantly affects corporate value. Mayklisyani et al. (2023) found that capital structure has a negative and significant effect on corporate value. Similarly, Khumairoh (2021) demonstrated that capital structure and profitability have positive and significant effects on corporate value, while dividend policy has a positive but insignificant effect. Nike Aprilya Agatha & Moch. Irsad (2021) found that profitability, dividend policy, and firm size have positive effects on corporate value. In contrast, Elviani & Yuhelmi (2024) found that capital structure affects corporate value, whereas profitability and dividend policy do not. These divergent findings indicate that the effects of capital structure, dividend policy, and profitability on

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corporate value remain empirically inconclusive.

The inconsistency in previous findings constitutes an important research gap, particularly because relatively limited studies examine capital structure, dividend policy, profitability, and corporate value simultaneously within the Indonesian property and real estate sector. This sector provides a particularly relevant context because it combines high capital requirements, long investment horizons, sensitivity to economic fluctuations, and strong dependence on investor confidence. Moreover, the sector faces a paradox between increasing housing demand and relatively weak sectoral economic growth. The Deputy Minister of Housing and Settlement Areas (PKP), Fahri Hamzah, stated that Indonesia's housing backlog reached approximately 15 million units in 2025. The number of households had increased to 91.3 million, compared with approximately 74–78 million households during 2023–2024, indicating a substantial increase in potential housing demand (Komisi V DPR RI, 2025).

Nevertheless, increasing demand for property and real estate has not translated proportionally into stronger sectoral growth. BPS data reported in 2025 indicate that real estate GDP growth remained below 3% over the past decade and reached only 1.43% in 2023 (Badan Pusat Statistik, 2025). This creates an important empirical phenomenon: demand for property and real estate continues to increase, while the performance and growth of companies in the sector remain relatively constrained. The resulting gap between market demand and corporate performance raises questions regarding whether firms' financial decisions and profitability can explain differences in corporate value.

Accordingly, the specific research problem addressed in this study is the inconsistent empirical relationship between capital structure, dividend policy, and profitability and the corporate value of property and real estate companies listed on the Indonesia Stock Exchange (IDX). Therefore, this study aims to analyze the effects of capital structure, dividend policy, and profitability on corporate value among property and real estate companies listed on the Indonesia Stock Exchange.

Theoretically, this study contributes to the literature by providing additional empirical evidence regarding the determinants of corporate value through the integration of financing decisions, dividend decisions, and profitability within a single analytical framework. The study also contributes to resolving the inconsistent findings reported in previous research by testing these relationships in the specific institutional and economic context of Indonesia's property and real estate sector. Practically, the findings are expected to provide relevant information for corporate managers in formulating financing and dividend strategies while maintaining profitability and corporate value. The findings may also assist investors in evaluating the financial characteristics and prospects of property and real estate companies when making investment decisions.

The novelty of this study lies in examining capital structure, dividend policy, and profitability simultaneously as determinants of corporate value in Indonesian property and real estate companies amid the contrasting conditions of increasing housing demand and relatively weak sectoral growth. By focusing on this sector-specific context and addressing inconsistencies in previous empirical findings, this study seeks to provide a more comprehensive understanding of how corporate financial decisions and profitability shape investor valuation in an economically uncertain environment.

2. Literature Rivew

2.1 Conceptual and Theoretical Foundations

2.1.1 Firm Value

Firm value represents the market's perception of a company's performance, financial condition, and future prospects. For publicly listed companies, firm value is closely associated with stock prices because market prices reflect investors' assessments of the company's performance and prospects (Mayklisyani et al., 2023; Ridayanti et al., 2025). Firm value is therefore not merely a reflection of current financial performance but also represents investors' expectations regarding the company's future economic benefits.

In the property and real estate sector, firm value is particularly important because companies operate with substantial assets, long investment horizons, and significant financing requirements. Investors may assess the ability of companies to manage their assets, finance development projects, generate returns, and maintain sustainable operations. Consequently, financial decisions concerning capital structure, dividend distribution,

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and profitability may influence investor perceptions and ultimately affect firm value.

This study measures firm value using Price to Book Value (PBV). PBV provides an indication of how the market values a company's equity relative to its book value and is therefore relevant for capturing investors' market-based assessment of corporate performance (Mayklisyani et al., 2023; Ridayanti et al., 2025).

2.1.2 Capital Structure and Trade-Off Theory

Capital structure refers to the composition of a company's financing sources, particularly the proportion between long-term debt and shareholders' equity. An appropriate capital structure enables a company to balance the utilization of internal capital and debt obligations (Khumairoh, 2021). Capital structure is particularly relevant to property and real estate companies because the sector requires substantial funding for land acquisition, property development, construction, and long-term expansion.

The relationship between capital structure and firm value can be explained through trade-off theory proposed by Kraus and Litzenberger (1973). The theory suggests that debt can provide benefits through the tax shield generated by deductible interest expenses, but excessive debt may increase financial distress and financial risk. Therefore, companies are expected to determine an optimal level of debt that balances the benefits and costs of debt financing.

Recent empirical evidence supports the relevance of this theoretical perspective. Wagisuwari and Sitorus (2024) explain the importance of trade-off considerations in determining capital structure. In the context of firm value, Agatha and Irsad (2021), Khumairoh (2021), Elviani and Yuhelmi (2024), Nofi et al. (2024), and Hasriwana et al. (2022) report evidence that capital structure is associated with firm value. However, Mayklisyani et al. (2023) found a negative and significant effect, while Ridayanti et al. (2025) found that capital structure did not significantly affect firm value. These different findings suggest that the effect of capital structure may depend on the company's characteristics, financing conditions, and economic context.

2.1.3 Dividend Policy and Bird-in-the-Hand Theory

Dividend policy represents management's decision concerning whether corporate profits should be distributed to shareholders as dividends or retained as internal financing for future investment activities (Khumairoh, 2021). Dividend policy therefore reflects an important financial decision because it determines the allocation of earnings between current shareholder returns and future corporate investment.

The relationship between dividend policy and firm value can be explained through the bird-in-the-hand theory proposed by Myron Gordon (1959). The theory suggests that investors tend to prefer relatively certain dividend returns over uncertain future capital gains. Consequently, consistent dividend payments may increase investor confidence and positively influence market perceptions of a company.

Empirical findings provide support for this relationship. Agatha and Irsad (2021) found that dividend policy has a positive effect on firm value, while Amna Mawardi (2020) also found that dividend policy affects firm value. Luthfia Aulia Uqba and Hindasah (2025) further demonstrate the importance of financial characteristics in explaining dividend policy. Nevertheless, evidence remains inconsistent. Khumairoh (2021) found that dividend policy had a positive but insignificant effect on firm value, while Elviani and Yuhelmi (2024) reported that dividend policy did not affect firm value. Ridayanti et al. (2025) likewise found no significant effect of dividend policy on firm value. These inconsistencies indicate that dividend policy remains an important but context-dependent determinant of firm value.

2.1.4 Profitability and Firm Value

Profitability reflects a company's ability to generate profits through the utilization of available resources. Estuti et al. (2020) describe profitability as an indicator of the company's ability to generate earnings from its resources. In this study, profitability is measured using Return on Assets (ROA), which reflects the company's ability to generate profit relative to the assets it controls.

From an investor perspective, profitability provides information regarding corporate performance and future prospects. Himawan (2022) indicates that profitability can influence investors' perceptions of a company's prospects. Similarly, Amani et al. (2025) demonstrate the relevance of profitability in explaining firm value in property and

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real estate companies.

However, profitability does not necessarily translate directly into higher firm value. Companies may retain profits to finance future projects, strengthen liquidity, or support long-term expansion rather than distribute them to shareholders. In such circumstances, current profitability may not immediately generate a corresponding market response.

The agency theory proposed by Jensen and Meckling (1976) provides a theoretical explanation for this condition. Differences in objectives between managers and shareholders may influence how corporate profits are allocated. Investors may prefer higher distributions, whereas managers may retain earnings for operational expansion or other corporate objectives. Consequently, the relationship between profitability and firm value may depend on how earnings are managed and communicated to investors.

The corporate life cycle perspective provides an additional explanation. Giroth et al. (2024) indicate that corporate conditions and financial decisions may differ across stages of the corporate life cycle. Companies in the Growth stage may prioritize expansion and business development, whereas companies in the Decline stage may face declining or unstable earnings. Therefore, investors may evaluate future growth opportunities, asset characteristics, and sustainability in addition to current profitability.

Empirical evidence remains mixed. Khumairoh (2021) found that profitability has a positive and significant effect on firm value, and Agatha and Irsad (2021) also reported a positive effect. Amani et al. (2025) examined profitability as one of the determinants of firm value in the property and real estate sector. Conversely, Elviani and Yuhelmi (2024), Nirmala Wati and Handayani (2025), and Selvana Varissa (2024) provide evidence that profitability does not significantly affect firm value. This inconsistency provides a basis for further examination of the relationship in the Indonesian property and real estate sector.

2.2 Review of Empirical Studies

Previous empirical studies have produced inconsistent findings concerning the determinants of firm value. Regarding capital structure, Agatha and Irsad (2021), Khumairoh (2021), Elviani and Yuhelmi (2024), Nofi et al. (2024), and Hasriwana et al. (2022) reported positive relationships between capital structure and firm value. These findings suggest that debt financing may increase firm value when it is effectively managed and directed toward productive corporate activities. In contrast, Mayklisyani et al. (2023) found a negative and significant relationship, while Ridayanti et al. (2025) found no significant relationship. These differences demonstrate that debt does not produce a uniform market response across companies and contexts.

Evidence concerning dividend policy is similarly mixed. Agatha and Irsad (2021) and Amna Mawardi (2020) found that dividend policy positively affects firm value. Their findings indicate that dividend distribution may strengthen investor confidence and provide information about the company's financial capacity. However, Khumairoh (2021) found a positive but insignificant relationship, while Elviani and Yuhelmi (2024) and Ridayanti et al. (2025) found no significant effect. The inconsistent evidence suggests that investors may evaluate dividend payments differently depending on corporate financial conditions and investment opportunities.

Profitability also produces divergent empirical results. Khumairoh (2021) found a positive and significant effect of profitability on firm value, while Agatha and Irsad (2021) reported a positive effect. Himawan (2022) also identified profitability as an important factor in explaining firm value. More recent evidence from Amani et al. (2025) emphasizes the role of profitability in property and real estate companies. Nevertheless, Elviani and Yuhelmi (2024), Nirmala Wati and Handayani (2025), and Selvana Varissa (2024) found that profitability does not significantly affect firm value.

The empirical literature therefore reveals three important patterns. First, capital structure may affect firm value positively, negatively, or insignificantly depending on the context. Second, dividend policy may strengthen firm value through investor confidence, although the evidence remains inconsistent. Third, profitability may influence firm value in some contexts but may not be the dominant consideration in sectors where investors place greater emphasis on assets, financing decisions, future growth, and business sustainability.

The mixed empirical evidence indicates that the determinants of firm value cannot be interpreted

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independently from the characteristics of the industry and the economic environment. This is particularly relevant to the Indonesian property and real estate sector because the industry requires substantial long-term financing and is exposed to fluctuations in market and economic conditions.

2.3 Identification of the Research Gap

The synthesis of theoretical and empirical evidence reveals several gaps that motivate the present study. First, previous empirical studies provide inconsistent findings regarding the effects of capital structure, dividend policy, and profitability on firm value. Capital structure has been found to have positive, negative, and insignificant effects, while similar inconsistencies are evident in the relationships between dividend policy, profitability, and firm value.

Second, previous studies have generally examined subsets of these financial variables or produced different findings across different observation periods and company samples. For example, Mayklisyani et al. (2023) examined profitability, capital structure, and liquidity, whereas Elviani and Yuhelmi (2024) examined profitability, capital structure, and dividend policy. Amani et al. (2025) examined profitability, liquidity, and leverage. These differences in variable composition make it necessary to examine capital structure, dividend policy, and profitability simultaneously within a consistent analytical model.

Third, the specific context of property and real estate companies remains important because the sector is characterized by substantial capital requirements, long-term projects, and strategic assets. The findings of previous studies cannot automatically be generalized across different periods and market conditions. Therefore, additional evidence is required to determine whether the relationships among capital structure, dividend policy, profitability, and firm value remain consistent in property and real estate companies during the 2021–2024 observation period.

Accordingly, the present study addresses this gap by simultaneously examining the effects of capital structure, dividend policy, and profitability on firm value among property and real estate companies listed on the Indonesia Stock Exchange. The study is expected to clarify which internal financial factors are statistically relevant to firm value and whether the inconsistent findings in previous research persist within the selected sector and observation period.

2.4 Development of the Conceptual Framework

The conceptual framework of this study is based on the proposition that firm value is influenced by corporate financial decisions and financial performance. Capital structure represents the company's financing decision, dividend policy represents the allocation of earnings between shareholders and retained earnings, while profitability represents the company's ability to generate earnings from its assets. Firm value represents the market's assessment of the company's performance and future prospects.

Capital structure is expected to influence firm value because the optimal utilization of debt and equity can improve financing efficiency and provide tax-shield benefits, while excessive debt may increase financial risk. Dividend policy is expected to influence firm value because dividend payments may provide investors with relatively certain returns and strengthen confidence in the company's financial condition. Profitability is expected to influence firm value because stronger profitability may signal better financial performance and future prospects, although the relationship may vary according to corporate investment requirements and life cycle conditions.

In addition, the three independent variables are examined simultaneously to determine their collective influence on firm value. The original manuscript does not provide a separate visual conceptual framework or conceptual framework figure. Therefore, this study does not introduce a new graphical framework and instead presents the conceptual relationships narratively in accordance with the variables and relationships tested through multiple linear regression.

2.5 Hypotheses or Research Propositions

2.5.1 The Effect of Capital Structure on Firm Value

Trade-off theory suggests that debt can generate benefits through tax shields when used at an optimal level. In capital-intensive sectors such as property and real estate, debt financing can support long-term investment and project expansion. Empirical findings from Agatha and Irsad (2021), Khumairoh (2021), Elviani and Yuhelmi (2024), Nofi et al. (2024), and Hasriwana et al. (2022) indicate that capital structure can positively affect firm value.

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Although Mayklisyani et al. (2023) and Ridayanti et al. (2025) reported different findings, the theoretical and empirical arguments supporting an association between capital structure and firm value remain relevant. Therefore, the first hypothesis is formulated as follows:

H1: Capital structure has a positive and significant effect on firm value.

2.5.2 The Effect of Dividend Policy on Firm Value

The bird-in-the-hand theory suggests that investors tend to prefer relatively certain dividend returns over uncertain future capital gains. Consistent dividend payments may therefore strengthen investor confidence and positively influence market valuation. Agatha and Irsad (2021) and Amna Mawardi (2020) found that dividend policy affects firm value, although Khumairoh (2021), Elviani and Yuhelmi (2024), and Ridayanti et al. (2025) reported insignificant effects. Given the theoretical rationale and evidence supporting the positive role of dividend distribution, the second hypothesis is formulated as follows:

H2: Dividend policy has a positive and significant effect on firm value.

2.5.3 The Effect of Profitability on Firm Value

Profitability reflects the company's ability to generate earnings from its resources and may provide investors with information regarding corporate performance and future prospects (Estuti et al., 2020; Himawan, 2022). Khumairoh (2021) and Agatha and Irsad (2021) found positive relationships between profitability and firm value, while Amani et al. (2025) emphasized the relevance of profitability in the property and real estate sector. However, Elviani and Yuhelmi (2024), Nirmala Wati and Handayani (2025), and Selvana Varissa (2024) reported insignificant effects. The conflicting evidence provides an empirical basis for testing the relationship further in the 2021–2024 property and real estate context. Therefore, the third hypothesis is formulated as follows:

H3: Profitability has a positive and significant effect on firm value.

2.5.4 Simultaneous Effect of Capital Structure, Dividend Policy, and Profitability on Firm Value

Capital structure, dividend policy, and profitability represent different but interconnected dimensions of corporate financial management. Capital structure reflects financing decisions, dividend policy reflects earnings distribution decisions, and profitability reflects financial performance. Examining these variables simultaneously provides a more comprehensive assessment of the internal financial factors associated with firm value. Therefore, the fourth hypothesis is formulated as follows:

H4: Capital structure, dividend policy, and profitability simultaneously have a significant effect on firm value.

3. Research Methods

3.1 Research Design

This study employs a quantitative research approach. Quantitative research is a systematic scientific approach used to examine phenomena and analyze causal relationships among variables. This approach involves structured investigations through measurable data collection, which are subsequently analyzed using statistical, mathematical, or computational techniques to obtain objective and empirically testable conclusions (Karimuddin Abdullah et al., 2022). According to Eka Santi Agustina et al. (2024), quantitative research is conducted systematically, structurally, and according to a clearly established research design from the initial stage to the final reporting process. This approach emphasizes numerical data utilization in the processes of data collection, processing, and interpretation. Furthermore, quantitative findings become more meaningful when presented through tables, graphs, or other visual representations and supported by relevant previous studies.

This study applies a correlational quantitative research design. Correlational research aims to identify patterns and determine the degree of relationships among variables, whether the relationships are positive, negative, or insignificant (Eka Santi Agustina et al., 2024). This design is appropriate because the study seeks to examine the relationship and influence of capital structure, dividend policy, and profitability as independent variables on firm value as the dependent variable in property and real estate companies listed on the Indonesia Stock Exchange (IDX).

The selection of this research design is based on the objective of the study, namely to empirically

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analyze whether capital structure, dividend policy, and profitability influence firm value. Therefore, the quantitative correlational approach enables statistical testing of the proposed relationships among variables.

3.2 Research Context and Setting

This research was conducted at the Investment Gallery (GI) of the Indonesia Stock Exchange (IDX), Universitas Muhammadiyah Makassar. The research setting was selected because the IDX Investment Gallery provides access to capital market information, financial reports, and investment-related data required for this study. The IDX Investment Gallery of Universitas Muhammadiyah Makassar functions as a center for capital market literacy, education, information, research, and market inclusion activities. The gallery is managed by the Capital Market Study Group (KSPM) under the Faculty of Economics and Business, Universitas Muhammadiyah Makassar.

The research focuses on companies operating in the property and real estate sector that are listed on the Indonesia Stock Exchange. This sector was selected because property and real estate companies play an important role in economic development but have experienced fluctuations in performance due to economic uncertainty, changing interest rates, and market conditions. The research was conducted for one month, namely March 2026, covering research preparation, data collection, and data analysis activities.

3.3 Population and Sample

The population in this study consists of all property and real estate companies listed on the Indonesia Stock Exchange. According to Sugiyono (2017) in Muhammad Darwin et al. (2021), population refers to the entire group of objects or subjects that possess specific characteristics determined by researchers as the basis for data collection and analysis. The population of this study consists of 92 property and real estate companies listed on the IDX.

The sampling technique used in this study is purposive sampling. Purposive sampling is a sampling technique based on predetermined considerations and criteria established by researchers to obtain samples that are relevant to the research objectives.

The sample selection criteria are as follows:

a. Property and real estate companies listed on the IDX during 2021–2024.
b. Companies that consistently published audited annual financial reports during 2021–2024 through the official IDX website.
c. Companies that distributed cash dividends during the observation period of 2021–2024.
d. Companies that provided complete data required for calculating research variables.
e. Companies whose financial statements were presented using the same currency, namely Indonesian Rupiah.

Based on these criteria, the final sample consists of 11 companies with a four-year observation period, resulting in 44 observation data. The selected companies are:

a. PT Ciputra Development Tbk (CTRA)
b. PT Pakuwon Jati Tbk (PWON)
c. PT Jaya Realty Properti Tbk (JRPT)
d. PT Metropolitan Land Tbk (MTLA)
e. PT Puradelta Lestari Tbk (DMAS)
f. PT Summarecon Agung Tbk (SMRA)
g. PT Perdana Gapuraprima Tbk (GPRA)
h. PT Plaza Indonesia Realty Tbk (PLIN)
i. PT Metropolitan Kentjana Tbk (MKPI)
j. PT Gowa Makassar Tourism Development Tbk (GMTD)
k. PT Roda Vivatex Tbk (RDTX)

3.4 Data Sources and Data Collection

This study uses secondary data. Secondary data refers to data obtained indirectly by researchers because the information has previously been collected, processed, and documented by other parties, institutions, or organizations (Muhammad Darwin et al., 2021). The secondary data used in this study are annual financial reports of property and real estate companies listed on the Indonesia Stock Exchange during 2021–2024. The financial reports were obtained through the official IDX website.

The data collection technique applied in this research is documentation. Documentation involves collecting relevant documents and archival records related to the research variables. In this study, documentation was conducted by collecting annual financial reports containing information regarding long-term debt, equity, dividends, net income, total assets, and market value of shares.

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3.5 Measurement of Variables and Research Instruments

The operational definition of variables explains how abstract concepts are transformed into measurable indicators. According to Karimuddin Abdullah et al. (2022), operational definitions clarify the meaning, measurement procedures, and indicators used to ensure consistency during data collection and analysis. This study consists of three independent variables and one dependent variable.

3.5.1 Independent Variables

a. Capital Structure (X1)

Capital structure refers to the proportion between company financing sources originating from long-term debt and shareholder equity. An optimal capital structure enables companies to balance internal capital utilization and debt obligations (Khumairoh, 2021). Capital structure is measured using Long-Term Debt to Equity Ratio (LTDtER):

$$LTDtER = \frac{Total\ Long - Term\ Debt}{Total\ Equity}$$

b. Dividend Policy (X2)

Dividend policy represents management decisions regarding whether company profits are distributed to shareholders as dividends or retained as internal financing for future investment activities (Khumairoh, 2021). Dividend policy is measured using Dividend Payout Ratio (DPR):

$$DPR = \frac{Dividend\ Per\ Share}{Earning\ Per\ Share} \times 100\%$$

c. Profitability (X3)

Profitability reflects the company's ability to generate profits through the utilization of available resources (Estuti et al., 2020). This study measures profitability using Return on Assets (ROA):

$$ROA = \frac{Net\ Income\ After\ Tax}{Total\ Assets} \times 100\%$$

3.5.2 Dependent Variable

a. Firm Value (Y)

Firm value represents investors' perceptions regarding company performance and future prospects. Firm value is commonly associated with stock prices because market prices reflect investor assessments of company performance (Mayklisyani et al., 2023; Ridayanti et al., 2025). Firm value is measured using Price to Book Value (PBV):

$$PBV = \frac{Market\ Price\ Per\ Share}{Book\ Value\ Per\ Share}$$

All variables in this study are measured using ratio scales because they contain absolute zero values and allow comparison between measured values (Muhammad Darwin et al., 2021).

3.6 Data Analysis Techniques

The data analysis process was conducted using Statistical Package for the Social Sciences (SPSS). SPSS was selected because it provides statistical analysis facilities that support descriptive analysis, classical assumption testing, and regression analysis. The analysis stages consist of:

3.6.1 Descriptive Statistics

Descriptive statistics are used to describe and summarize research data. This analysis includes minimum value, maximum value, mean, and standard deviation of each research variable (Muhammad Darwin et al., 2021).

3.6.2 Classical Assumption Tests

Classical assumption testing was conducted to ensure that the regression model meets statistical requirements before hypothesis testing (Hutagaol, 2025). The tests include:

a. Normality test
b. Multicollinearity test
c. Heteroscedasticity test

3.6.3 Multiple Linear Regression Analysis

Multiple linear regression analysis is used to examine the influence of independent variables on the dependent variable. According to Irrawati and Mukaramah (2024), regression analysis explains the relationship between one dependent variable and two or more independent variables.

The regression equation used is:

$$PBV = a + b_1 DER + b_2 DPR + b_3 ROA + e$$

Where:

Y : Firm Value
a : Constant
b1,b2,b3 : Regression coefficients
DER : Capital Structure
DPR : Dividend Policy
ROA : Profitability
e : Error term

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3.6.4 Hypothesis Testing

Hypothesis testing includes:

a. Simultaneous Test (F-test)

The F-test examines whether independent variables jointly influence the dependent variable. The hypothesis is accepted when the significance value is below 0.05 (Mayklisyani et al., 2023).

b. Partial Test (t-test)

The t-test examines the individual effect of each independent variable on the dependent variable. Variables are considered significant when the probability value is below 0.05 (Mayklisyani et al., 2023).

c. Coefficient of Determination (R^2)

The coefficient of determination measures the ability of independent variables to explain variations in the dependent variable. A higher R^2 value indicates stronger explanatory power of the regression model (Mayklisyani et al., 2023).

3.7 Validity, Reliability, and Trustworthiness

Because this study uses secondary financial data obtained from audited annual reports, data validity and reliability are ensured through the credibility of the data sources. The financial reports used in this study are official reports published by companies listed on the Indonesia Stock Exchange and have been audited by independent auditors. The consistency of measurement is maintained by applying standardized financial ratios, including LTDtER, DPR, ROA, and PBV. The use of standardized measurement indicators ensures comparability among companies and observation periods.

3.8 Ethical Considerations

This research uses publicly available secondary data obtained from official sources; therefore, it does not involve direct interaction with human participants. The study maintains academic integrity by accurately citing all data sources and previous research references. All financial information used in this research is processed objectively without manipulation or alteration. The researcher ensures that the analysis is conducted transparently and responsibly in accordance with academic research ethics.

3.9 Research Procedure

The research procedure consists of several stages:

a. Identifying research problems related to fluctuations in firm value within the property and real estate sector.
b. Conducting literature reviews to develop theoretical foundations and research hypotheses.
c. Determining population, sample criteria, and collecting secondary financial data from IDX.
d. Calculating research variables using predetermined financial ratios.
e. Processing data using SPSS through descriptive analysis, classical assumption tests, regression analysis, and hypothesis testing.
f. Interpreting statistical findings and formulating conclusions based on empirical results.

3.10 Methodological Limitations

This study has several methodological limitations. First, the research uses secondary data from annual financial reports, meaning that the analysis is limited to available financial information and does not consider qualitative factors such as managerial decisions, investor sentiment, or corporate governance practices. Second, the sample is limited to 11 property and real estate companies that meet the predetermined criteria, which may restrict the generalization of findings to all companies in the property sector. Third, the observation period covers only 2021–2024, which may not fully represent long-term changes in the property and real estate industry. Future studies are encouraged to extend the observation period and include additional variables to provide a more comprehensive understanding of factors influencing firm value

4. Results and Discussion

4.1 Research Results

4.1.1 Sample Description and Descriptive Statistics

This study examines the effect of capital structure, dividend policy, and profitability on firm value in property and real estate companies. The data analysis was conducted using multiple linear regression with a total sample of 44 observations. Descriptive statistics were performed to provide an overview of the research variables based on their mean values and standard deviations. Descriptive

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statistics represent the process of organizing, summarizing, and presenting collected data to describe the characteristics of samples or populations. The analysis includes data collection, recording, summarizing, arranging, and presenting information in the form of tables or graphical presentations (Muhammad Darwin et al., 2021). The descriptive statistics results of the research variables are presented in Table 1.

Table 1. Descriptive Statistics Results

Variable	Mean	Std. Deviation	N
Firm Value	0.8031	0.34129	44
Capital Structure	0.2074	0.19586	44
Dividend Policy	0.3646	0.30288	44
Profitability	0.0699	0.03804	44

Source: Secondary data processed using SPSS

The descriptive statistics results indicate that firm value, measured using Price to Book Value (PBV), has an average value of 0.8031 with a standard deviation of 0.34129. Capital structure, measured using the Long-Term Debt to Equity Ratio (LTDER), has an average value of 0.2074 with a standard deviation of 0.19586. Dividend policy, measured using the Dividend Payout Ratio (DPR), has an average value of 0.3646 with a standard deviation of 0.30288. Meanwhile, profitability, measured using Return on Assets (ROA), has an average value of 0.0699 with a standard deviation of 0.03804.

4.1.2 Data Quality and Preliminary Analysis

a. Normality Test

The normality test was conducted to determine whether the regression model variables have a normal distribution. A normal distribution is required to ensure that statistical analysis produces valid and unbiased results (Hutagaol, 2025). The Kolmogorov-Smirnov normality test results are presented in Table 2.

Table 2. Kolmogorov-Smirnov Normality Test Results

			Unstandardized Residual
N			44
Normal Parameter [a.b]	Mean		.0000000
	Std. Deviation		.29472106
Most Extreme Differences	Absolute		.055
	Positive		.055
	Negative		-.041
Test Statistic			.055
Asymp. Sig. (2-tailed)			.200[d]
Monte Carlo Sig. (2-tailed)	Sig.		.984
	99% Confidence Interval	Lower Bound	.980
		Upper Bound	.987

Source: Secondary data processed using SPSS

The results show that the Asymp. Sig. value is 0.200 and Monte Carlo Sig. value is 0.984, which are both greater than 0.05. Therefore, the residual data distribution meets the normality assumption.

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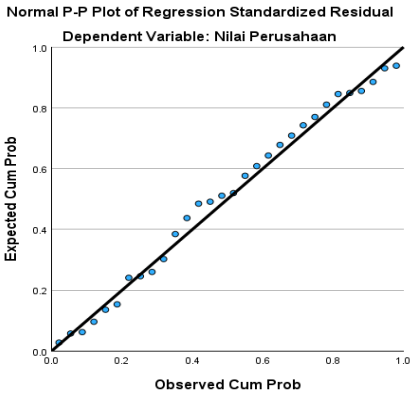

Fig. 1. Normality Test P-Plot

Source: Secondary data processed using SPSS

The P-Plot graph shows that the data points are distributed around the diagonal line, indicating that the regression model satisfies the normality assumption.

b. Multicollinearity Test

The multicollinearity test was performed to identify whether independent variables in the regression model have a high correlation. The Variance Inflation Factor (VIF) and tolerance values were used as indicators of multicollinearity (Hutagaol, 2025).

Table 3. Multicollinearity Test Results

	Colinearity Statistic	
	Tolerance	VIF
(Constant)		
Capital Structure	.599	1.668
Dividend Policy	.603	1.657
Profitability	.615	1.626

Source: Secondary data processed using SPSS

The results indicate that all independent variables have VIF values below 10 and tolerance values above 0.10. Therefore, the regression model does not experience multicollinearity problems.

c. Heteroscedasticity Test

Heteroscedasticity test was conducted to determine whether there is inconsistency in residual variance among observations. A regression model is considered free from heteroscedasticity when residual points are randomly distributed without a specific pattern (Hutagaol, 2025).

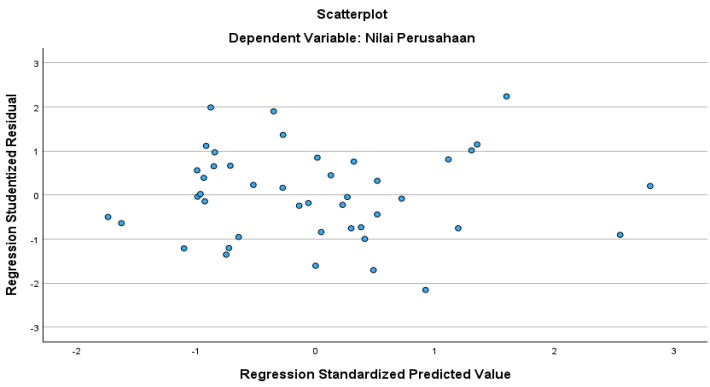

Fig. 2. Scatterplot Heteroscedasticity Test

Source: Secondary data processed using SPSS

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The scatterplot results indicate that residual points are randomly distributed above and below zero on the Y-axis without forming a particular pattern. Thus, the regression model does not experience heteroscedasticity.

4.1.3 Main Analytical Results

This study employs multiple linear regression analysis to examine the relationship between independent variables (capital structure, dividend policy, and profitability) and the dependent variable (firm value). Multiple linear regression is used to measure the influence of two or more independent variables on one dependent variable (Irrawati & Mukaramah, 2024). The regression equation obtained from the analysis is:

PBV = 0.274 + 0.752X1 + 0.465X2 + 2.918X3

where:

PBV = Firm Value

X1 = Capital Structure

X2 = Dividend Policy

X3 = Profitability

4.1.4 Hypothesis Testing Results

a. Simultaneous Test (F-Test)

The F-test examines whether independent variables simultaneously influence the dependent variable (Mayklisyani et al., 2023).

Table 4. F-Test Results

ANOVA[a]					
	Sum of Squares	df	Mean Square	F	Sig.
Regression	1.274	3	.425	4.547	.008
Residual	3.735	40	.093		
Total	5.009	43			

Source: Secondary data processed using SPSS

The F-test results show an F value of 4.547 with a significance value of 0.008 (<0.05). Therefore, capital structure, dividend policy, and profitability simultaneously affect firm value.

b. Partial Test (t-Test)

The partial test was conducted to determine the individual effect of each independent variable on firm value.

Table 5. t-Test Results

Coefficients								
		Unstandardize Coefficients		Standardize Coefficients			Colinearity Statistic	
Model		B	Std. Eror	Beta	t	Sig.	Tolerance	VIF
	(Constant)	.274	.162		1.688	.099		
	Capital Structure	.752	.307	.431	2.446	.019	.599	1.668
	Dividend Policy	.465	.198	.413	2.349	.024	.603	1.657
	Profitability	2.918	1.562	.325	1.868	.069	.615	1.626

Source: Secondary data processed using SPSS

The hypothesis testing results indicate:

a. Capital structure has a significant positive effect on firm value (Sig. = 0.019).
b. Dividend policy has a significant positive effect on firm value (Sig. = 0.024).
c. Profitability does not have a significant effect on firm value (Sig. = 0.069).

c. Coefficient of Determination (R^2)

The coefficient of determination measures the ability of independent variables to explain variations in the dependent variable (Mayklisyani et al., 2023).

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Table 6. Coefficient of Determination Results

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Eror of the Estimate	Durbin Watson
1	.504	.254	.198	.30557	1.478

Source: Secondary data processed using SPSS

The results show that the R Square value is 0.254, indicating that capital structure, dividend policy, and profitability explain 25.4% of firm value variation, while the remaining 74.6% is explained by other factors outside the research model.

4.2 Discussion

4.2.1 Interpretation of Key Findings

a. The Effect of Capital Structure on Firm Value

The partial test or t-test conducted on the sample data in this multiple linear regression study shows that the capital structure variable has a coefficient value of 0.752 with a significance value of 0.019, which is lower than the standard significance level of 0.05. Based on these test results, it can be concluded that the capital structure variable has a positive and significant effect on firm value. Therefore, H1, which states that capital structure affects firm value, can be accepted. The more optimally a company manages the use of its existing debt and equity, the greater its firm value will be.

This finding is consistent with the trade-off theory proposed by Kraus and Litzenberger (1973), which states that debt in the capital structure can provide benefits because interest expenses on debt are charged against income, thereby reducing the amount of tax payable. Companies can optimally utilize this opportunity to increase the debt tax shield obtained, which can subsequently contribute to an increase in capital structure (Wagisuwari & Dr. Palti MT Sitorus, 2024).

The use of long-term debt by management in property and real estate companies as a source of capital is attributable to the fact that the property and real estate sector is a capital-intensive sector. The use of debt as initial capital can accelerate project completion and can also signal that the company is optimistic about the cash flows that will be generated after the project is completed. Based on the findings and existing theories, the presence of long-term debt, which is frequently used by companies to support expansion and corporate growth by utilizing the existing leverage effect, indicates that firm value in the eyes of investors and potential investors will increase.

This finding is consistent with previous studies conducted by Nike Aprilya Agatha & Moch. Irsad (2021), Amna Mawardi (2020), Khumairoh (2021), Elviani & Yuhelmi (2024), Nofi et al. (2024), and Hasriwana et al. (2022). All of these studies found that capital structure has a positive and significant effect on firm value.

b. The Effect of Dividend Policy on Firm Value

The results of the partial test or t-test on the sample data show that the dividend policy variable has a coefficient value of 0.465 with a significance value of 0.024, which is lower than the standard significance level of 0.05. Based on these test results, it can be concluded that the dividend policy variable has a positive and significant effect on firm value. Therefore, H2, which states that dividend policy affects firm value, can be accepted. When a company distributes dividends to investors at a higher level or on a more consistent basis, it increases investors' confidence in the company, which ultimately contributes to an increase in firm value.

This finding is consistent with the bird-in-the-hand theory proposed by Myron Gordon (1959), which suggests that investors tend to prefer receiving returns from cash dividend payments distributed by companies rather than returns derived from capital gains that may not necessarily be realized in the future. Therefore, companies are considered better positioned to distribute larger amounts of dividends to investors (Luthfia Aulia Uqba & Lela Hindasah, 2025).

In the property and real estate sector, which has experienced a decline in recent years, with several companies even experiencing losses, dividend distribution indicates that a company has stable cash flows and favorable future prospects, thereby making investors more interested in investing in the company. Increasing and consistent dividend distributions also indicate that the company has the ability to develop property and real estate projects that are not only profitable at present but also sustainable in the future. Consequently, the company

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can be perceived as having strong Environmental, Social, and Governance (ESG) management. This finding is consistent with previous studies conducted by Amna Mawardi (2020) and Nike Aprilya Agatha & Moch. Irsad (2021).

c. The Effect of Profitability on Firm Value

The results of the partial test or t-test on the sample data show that the profitability variable has a coefficient value of 2.918 with a significance value of 0.069, which is greater than the standard significance level of 0.05. It can therefore be concluded that the profitability variable does not have a significant effect on firm value. Thus, H3, which states that profitability affects firm value, is rejected. This finding indicates that although there is a tendency toward a unidirectional relationship, fluctuations in the level of corporate profitability do not statistically affect the existing firm value.

This finding indicates that the effect of profitability generated by companies through the management of their existing assets remains relatively low. The level of profitability, which is used to measure a company's ability to generate returns for investors, does not have a significant effect on firm value because most of the profits generated are retained as retained earnings and are not distributed to investors as additional operating capital for the company (Nirmala Wati & Handayani, 2025).

Based on the available data for 2021–2024, property and real estate companies tended to experience declining profitability and even losses. Consequently, companies were more likely to reduce or even refrain from distributing dividends, while the profits generated were retained as retained earnings and subsequently used as additional operating capital for subsequent projects. This finding is consistent with agency theory proposed by Michael C. Jensen and William H. Meckling (1976), which describes differences in objectives between corporate management and investors. Investors seek increased profitability in order to increase the dividends they receive, whereas corporate management may seek to increase profitability for other interests, such as salary increases and bonuses (Nirmala Wati & Handayani, 2025).

From the perspective of the corporate life cycle theory, in the early stage of a company, or during the Growth phase, the company focuses more on developing the business in order to establish a strong foundation in the market and thereby attract more consumers and new investors (Giroth et al., 2024). Investors tend to place greater consideration on the company's development potential than on the profits or earnings generated. In addition, during the Decline phase, companies experience declining profits or unstable earnings, causing investors to focus more on the risks faced by the company and how those risks are managed, as well as the sustainability efforts undertaken by the company. An increase in profitability does not necessarily influence an increase in firm value in the eyes of investors or potential investors when considering whether to provide funds to the company (Nirmala Wati & Handayani, 2025).

Differences in corporate life cycle stages explain why profitability does not have a significant effect on firm value and is not necessarily the primary factor considered by investors in making investment decisions. In the property sector, investors often consider existing assets more carefully than the profits generated because strategically valuable assets, such as land or buildings, may provide greater future benefits than net profit figures reported on paper, which do not necessarily provide a certain representation of the company's future condition. This finding is consistent with the studies conducted by Nirmala Wati & Handayani (2025) and Selvana Varissa (2024).

d. The Simultaneous Effect of Capital Structure, Dividend Policy, and Profitability on Firm Value

The results of the simultaneous test or F-test indicate that the three independent variables simultaneously have a significance value of 0.008, which is lower than the standard significance level of 0.05. Therefore, it can be concluded that the independent variables, namely capital structure, dividend policy, and profitability, simultaneously or jointly have a significant effect on the dependent variable, namely firm value.

Based on the coefficient of determination (R^2) test, the R Square value is 0.254 or 25.4%. This indicates that 25.4% of the variation in firm value can be explained by capital structure, dividend policy, and profitability. Meanwhile, the R value is 0.504, indicating that the relationship between the independent variables, namely capital structure, dividend policy, and profitability, and the dependent

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variable, namely firm value, is in the moderate category.

Although the three variables have a simultaneous effect, the results of the coefficient of determination test indicate that a substantial proportion of firm value among property and real estate companies is influenced by external factors, such as national economic conditions, public opinion, and existing macroeconomic policies. The Indonesian Composite Stock Price Index (IHSG), which continues to experience crisis conditions and fluctuations, has encouraged many investors to shift toward other investment options that involve lower levels of risk.

4.2.2 Comparison with Previous Studies

The findings of this study provide both confirmation and differentiation from previous empirical research. The positive and significant effect of capital structure on firm value is consistent with the findings of Nike Aprilya Agatha & Moch. Irsad (2021), Amna Mawardi (2020), Khumairoh (2021), Elviani & Yuhelmi (2024), Nofi et al. (2024), and Hasriwana et al. (2022). These studies similarly demonstrate that capital structure can contribute positively to firm value when debt is utilized effectively. The consistency of these findings strengthens the argument that financing decisions represent an important mechanism through which companies communicate their growth and investment capacity to investors. The positive and significant effect of dividend policy on firm value is also consistent with Amna Mawardi (2020) and Nike Aprilya Agatha & Moch. Irsad (2021). The consistency of these results supports the argument that dividend payments provide investors with information regarding corporate financial capacity and future prospects. In contrast, the finding concerning profitability differs from studies reporting a significant positive relationship between profitability and firm value. In this study, profitability does not have a statistically significant effect, consistent with the findings of Nirmala Wati & Handayani (2025) and Selvana Varissa (2024). These differences indicate that the determinants of firm value may depend on the characteristics of the sector and the economic environment in which companies operate. In the property and real estate sector, investors may evaluate companies not solely on the basis of current profitability but also on financing capacity, dividend consistency, asset ownership, project development potential, and future cash-flow prospects. Therefore, the findings extend previous empirical evidence by demonstrating that the relevance of individual financial indicators may differ according to industry characteristics and corporate life cycle conditions.

4.2.3 Theoretical Contributions

The findings contribute to several theoretical perspectives. First, the positive and significant effect of capital structure on firm value provides empirical support for the trade-off theory of Kraus and Litzenberger (1973). The finding demonstrates that debt can generate economic benefits through the tax shield mechanism when it is maintained at an appropriate level. Rather than interpreting debt solely as a source of financial risk, the results suggest that strategically managed debt can function as an instrument for financing growth and enhancing firm value. Second, the positive and significant effect of dividend policy supports the bird-in-the-hand theory proposed by Myron Gordon (1959). The finding suggests that investors may attach greater value to relatively certain dividend returns than to uncertain future capital gains. Dividend payments therefore function not only as a distribution mechanism but also as an important signal regarding corporate financial stability and future prospects. Third, the insignificant effect of profitability provides an important theoretical contribution by demonstrating that profitability does not universally constitute the dominant determinant of firm value. The finding is consistent with the perspective of agency theory, in which differences between managerial and investor interests may affect how corporate earnings are allocated (Nirmala Wati & Handayani, 2025). It also reinforces the relevance of corporate life cycle theory by indicating that the importance of profitability may vary according to the developmental stage of a company (Giroth et al., 2024). Taken together, these findings suggest that firm value should be understood as the outcome of multiple financial and strategic considerations rather than as a direct reflection of profitability alone. In the property and real estate sector, capital allocation decisions, dividend signals, asset characteristics, and future growth expectations may collectively shape investor valuation.

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4.2.4 Practical and Policy Implications

The findings provide several practical implications for managers of property and real estate companies. First, managers should formulate capital structures carefully by balancing the benefits of debt financing with the associated financial risks. Since capital structure has a positive and significant effect on firm value, debt can be strategically utilized to finance productive property development, provided that the company's repayment capacity and expected project cash flows are adequately considered. Second, managers should develop dividend policies that are consistent and credible. The positive and significant effect of dividend policy indicates that dividend payments can strengthen investor confidence. However, dividend distribution should be aligned with the company's liquidity position, investment requirements, and long-term development strategy so that dividend commitments do not compromise the company's ability to finance future projects. Third, the insignificant effect of profitability suggests that managers should not focus exclusively on short-term profitability indicators. Property and real estate companies should also strengthen asset management, project sustainability, long-term cash-flow generation, and growth prospects. The strategic value of land and buildings and the potential appreciation of property assets should be incorporated into broader corporate value management. For investors, the findings indicate that investment decisions should not rely exclusively on profitability ratios. Investors may need to evaluate capital structure, dividend consistency, asset composition, project development prospects, and broader economic conditions simultaneously. For policymakers, the findings emphasize the importance of maintaining a supportive macroeconomic environment for the property and real estate sector because external economic conditions may substantially influence firm value beyond company-specific financial factors.

4.2.5 Integration with the Research Gap

The findings directly address the research gap identified in the previous literature concerning the inconsistent effects of capital structure, dividend policy, and profitability on firm value. Previous studies have reported different conclusions regarding these relationships. Some studies found that capital structure and dividend policy positively affect firm value, while others reported insignificant or negative relationships. Similar inconsistencies are also evident in the relationship between profitability and firm value.

This study contributes to resolving these inconsistencies by examining the three variables simultaneously in the context of property and real estate companies listed on the Indonesia Stock Exchange. The results demonstrate that capital structure and dividend policy are significant determinants of firm value, whereas profitability is not statistically significant. The simultaneous significance of the three variables further indicates that corporate financial decisions collectively contribute to firm value, although their individual effects differ.

The coefficient of determination provides additional evidence regarding the research gap. The R Square value of 0.254 or 25.4% indicates that capital structure, dividend policy, and profitability jointly explain 25.4% of the variation in firm value. Meanwhile, the R value of 0.504 indicates that the relationship between capital structure, dividend policy, profitability, and firm value is in the moderate category. These results suggest that firm value cannot be explained solely by internal financial variables and that other factors may play an important role in determining investor valuation.

4.2.6 Acknowledgement of Study Limitations

Despite the contributions of this study, several limitations should be acknowledged when interpreting the findings. First, the study focuses specifically on property and real estate companies listed on the Indonesia Stock Exchange, meaning that the findings may not necessarily be generalized to companies in other industries with different capital structures, asset characteristics, and investment cycles. Second, the model explains 25.4% of the variation in firm value, indicating that a substantial proportion of firm value is associated with other factors that are not examined in this study. Variables such as interest rates, firm size, growth opportunities, liquidity, corporate governance, investor sentiment, macroeconomic conditions, and ESG performance may provide additional explanations for variations in firm value. Third, the insignificant effect of profitability should be interpreted within the specific economic and industry context of the observed period. The property and

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real estate sector experienced changes in profitability, project development, and market conditions during the observation period, which may influence the extent to which investors rely on profitability when assessing firm value. Nevertheless, these limitations do not diminish the contribution of the study. Instead, they provide opportunities for future research to incorporate additional financial, non-financial, and macroeconomic variables and to examine whether the relationships identified in this study remain consistent across different industries, economic periods, and corporate life cycle stages.

5. Conclusion

5.1 Summary of Key Findings

This study aimed to examine the effect of capital structure, dividend policy, and profitability on firm value in property and real estate companies listed on the Indonesia Stock Exchange (IDX). Based on multiple linear regression analysis, the findings demonstrate that capital structure and dividend policy have positive and significant effects on firm value. The results indicate that an optimal capital structure management strategy contributes to increasing firm value, as effective utilization of debt and equity can support business expansion and future growth opportunities. Furthermore, consistent dividend distribution positively influences investor confidence, indicating that dividend policy is an important consideration in assessing company value. In contrast, profitability does not have a significant partial effect on firm value. Although profitability shows a positive direction of relationship, the statistical evidence does not support its direct influence on firm value. However, the simultaneous test confirms that capital structure, dividend policy, and profitability collectively influence firm value.

5.2 Theoretical Contributions

This study contributes to the existing literature by providing empirical evidence regarding the determinants of firm value in the property and real estate sector, particularly by integrating capital structure, dividend policy, and profitability perspectives. The findings support the trade-off theory, demonstrating that appropriate debt utilization can enhance firm value through the benefits obtained from leverage and tax shields. The results also support the bird-in-the-hand theory by confirming that stable and consistent dividend payments are positively perceived by investors. However, the insignificant effect of profitability provides additional insight into the complexity of investor decision-making. The findings indicate that profitability alone may not become the primary determinant of firm value, particularly in industries experiencing market pressure and business cycle fluctuations. Investors may consider broader factors, such as future growth potential, asset value, and business sustainability.

5.3 Practical and Policy Implications

The findings provide several practical implications for company management, investors, and related stakeholders. For company management, particularly in the property and real estate sector, maintaining an optimal capital structure is essential to support sustainable growth and expansion. Companies should carefully balance debt and equity utilization to maximize funding efficiency while maintaining financial stability. In addition, companies should develop consistent dividend policies because dividend payments serve as a signal of financial credibility and can strengthen investor confidence. For investors, investment decisions should consider not only profitability indicators but also how companies manage capital structure, distribute dividends, and utilize retained earnings for future projects. Considering the challenges faced by the property and real estate sector in recent years, investors should evaluate the realization of ongoing and planned projects to assess long-term investment prospects. For policymakers and industry stakeholders, supporting a stable investment climate through policies that encourage sustainable property development may contribute to improving market confidence and strengthening the sector's performance.

5.4 Limitations of the Study

This study has several limitations that should be considered when interpreting the findings. First, the research scope is limited to property and real estate companies listed on the Indonesia Stock Exchange, which may restrict the generalizability of the findings to other sectors. Second, the sample size is relatively limited due to the declining performance of several property and real estate companies in recent years, resulting in fewer companies meeting

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the research criteria. The limited number of observations may influence the ability to capture broader variations among companies. Third, this study only examines three independent variables, namely capital structure, dividend policy, and profitability. Other internal and external factors that may influence firm value, such as macroeconomic conditions, corporate governance, investment decisions, and market conditions, are not included in this research model.

5.5 Directions for Future Research

Future studies are encouraged to expand the research model by incorporating additional variables that may provide a more comprehensive understanding of factors affecting firm value. Variables related to corporate governance, sustainability performance, investment decisions, financial risk, and macroeconomic indicators may provide further insights. Future researchers are also recommended to expand the sample size by including a longer observation period or comparing multiple industry sectors to improve the generalizability of findings. Additionally, the use of alternative analytical approaches may provide deeper understanding regarding the mechanisms through which financial decisions influence firm value.

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