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The Influence of Stock Liquidity, Capital Structure, and Dividend Policy on Company Value in Manufacturing Companies

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ABSTRACT

The value of manufacturing companies listed on the Indonesia Stock Exchange was examined in this study in relation to capital structure, dividend policy, and stock liquidity. Price to Book Value (PBV), a quantitative technique based on secondary data from 2024, was employed to calculate the company's worth, and analyzed through multiple linear regression using SPSS 27. This study showed that partially, The company's worth was not considerably impacted by its capital structure; only stock liquidity and dividend policy did. Meanwhile , simultaneous test results showed that all three variables simultaneously influenced company value. The model's capacity to describe different firm values was demonstrated by the coefficient of determination was relatively low, so that the majority of changes in company value were caused by other elements outside the study, such as profitability, company size, and market conditions. This finding suggests that the internal variables studied are not yet the primary drivers in assessing the worth of Indonesian manufacturing firms.

Keywords : stock liquidity, capital structure , dividend policy, company value.

1. INTRODUCTION

The primary indicator of a business's performance potential and prospects in the capital market is its value. This figure shows how investors evaluate the capacity of the business to handle assets, liabilities, and profits to create wealth for shareholders. The higher the value, the better, and the stronger investor confidence in the company's potential for future profit generation. Increasing the value of the organization is the main objective of financial management to increase shareholder wealth by increasing the value of its shares on the capital market.

Stock liquidity is one of the elements affecting a company's worth, which reflects the ease with which a stock can be traded without experiencing significant price fluctuations. High liquidity indicates that the stock is popular with investors and has a high level of market confidence. However, not all companies with liquid stocks have high company value, as other factors such as fundamentals and financial performance also play a role (Giovanni Edward Margali , 2020).

Besides stock liquidity, another important factor that may impact a company's value is its capital structure. The ratio of debt to equity used in business operations is reflected in its capital structure. Management's decisions in determining the optimal capital structure composition can influence the risk and returns investors expect. Adequate debt can increase a company's value through tax benefits, but excessive use can increase financial risk.

Dividend policy, which is the business's decision on how profits are distributed to shareholders. Investors can receive positive signals from dividend policy. about the company's stability and future progress . Stable dividends demonstrate a the capacity of the business to sustain profitability and cash flow. However, the decision to retain earnings for reinvestment can also be considered a long-term growth strategy that can add future company value (Sejati et al ., 2020). Given the importance of these three factors, the research objective is to thoroughly examine how capital structure affects the value of manufacturing companies listed on the Indonesia Stock Exchange, dividend policy, and stock liquidity. The manufacturing sector was chosen because to its important contribution to the national economy and its intricate and dynamic financial features.

The following research problem formulation is based on the initial description: How do stock liquidity, Manufacturing companies registered on the Indonesia Stock Exchange have a firm value is influenced by capital structure and dividend policy, either partially or simultaneously? the research objective is to empirically analyze the influence of stock liquidity, The impact of dividend policy and capital structure on business value, and to determine the degree to which these three variables may account for variances in firm value movements within the Indonesian manufacturing sector.

2. THEORETICAL STUDY

Company Values

Investors' assessment of a firm's ability and success in allocating its resources to attain peak performance is reflected in its company value. Tobin's Q and Price to Book Value (PBV) are two metrics that link a company's market value to its book value, are frequently used to measure this judgment. Investors' confidence in the company's capabilities and stability in the future increases with its value. Brigham and Houston (2019) state that, a company's value reflects the amount that prospective buyers are prepared to pay to purchase it. As a result, a key measure of how well managerial choices on financing, investment, and dividend policy are working is business value. Increasing the value of the organization is the main objective of financial management to improve shareholder welfare while maintaining the company's reputation and attractiveness to investors and the capital market.

Stock Liquidity

The ease and speed with which an asset can be sold without experiencing a substantial price decline is known as liquidity. In other words, liquidity describes the relationship between the time span and how long it takes to sell an asset. and price dimensions The possibility of a decline in value from its fair market value. A company's stock value on the stock market is significantly influenced by its stock liquidity. Investor interest in trading a stock increases with its liquidity. Liquid stocks are intimately linked to the company's worth since they show investor trust in the stability and potential of the business. Therefore , the more liquid a company's stock is , the higher the market's estimate of its value.

Capital Structure

A measure of a company's funding availability as seen from its sources is the ratio of debt (creditors) to equity (owners' equity). In other words, the percentage of debt and equity that a business utilizes for long-term financing is known as its capital structure. How a company chooses the best ratio of funding sources to support investment operations is reflected in its capital structure strategy. This decision plays a key role because it must align with the company's core objective of improving shareholder financial well-being, which is reflected in increasing company value. Therefore, establishing an effective capital structure can send a positive signal to investors, increase market confidence, and ultimately result in higher company value.

Dividend Policy

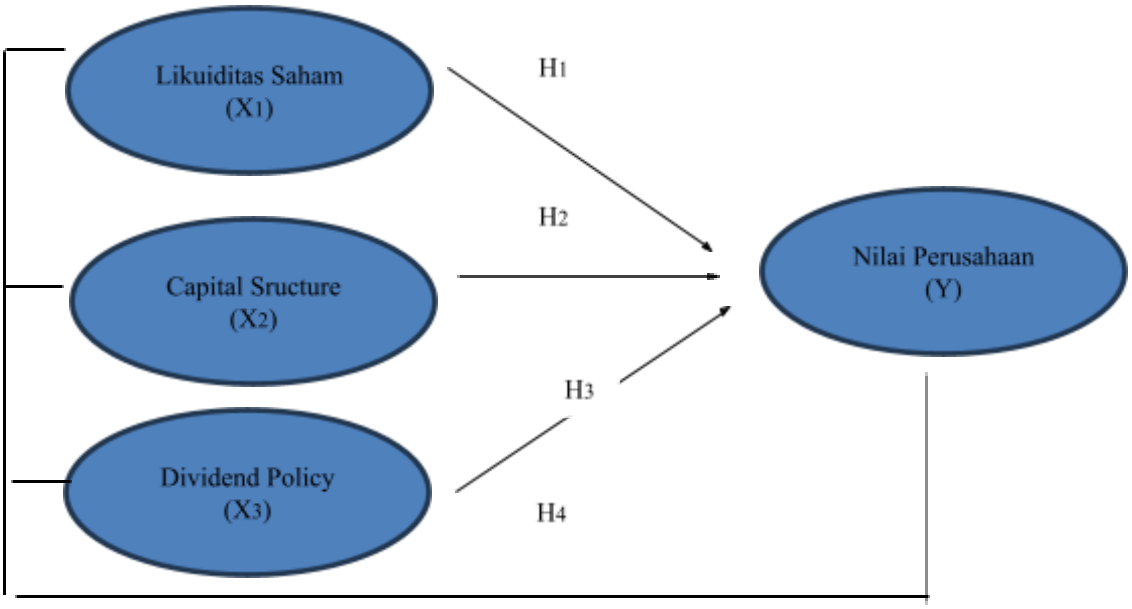
Dividend policy is an agreement related to the distribution of company profits, precisely calculating the portion of profits that shareholders get as dividends and the portion that is retained as a source of internal funding (Riyanto, 2001:265). This policy is one of the strategic decisions that needs to be studied. Dividend distribution is carefully managed by management because it involves balancing shareholder interests with the company's future financing needs. In practice, companies determine how much profit will be allocated and how much will be retained. The dividend distribution ratio reflects the proportion of profits distributed to shareholders compared to profits set aside to support company development. According to Horne and Wachowicz (2007), the more retained earnings, the more limited the funds available for dividend payments in the current period.

Because dividend distribution decisions can serve as signals for investors, dividend policy and firm valuation are strongly correlated. on the future and financial status of a business. Dividend payments that are consistent or rising are typically regarded as a sign of a company's sound financial standing and ability to generate sustainable profits . This can boost investor confidence and motivate share prices to rise, ultimately reflecting an increase in the company's value. Conversely, uncertainty or a decrease in dividends can undermine investor confidence in the company. As a result, preserving and raising a company's worth from the perspective of the capital market and investors depends heavily on its dividend policy.

3. RESEARCH METHODS

The study makes use of quantitative techniques and secondary data from reputable sources, especially the Indonesia Stock Exchange (IDX). Data on capital structure, dividend policy, and stock liquidity for 2024 are included. In order to comprehend the consequences for monetary policy and national economic stability, software called SPSS version 27 (Statistical Package for the Social Sciences) was used to examine the data to determine the linkages and influences between the numerous economic variables examined.

Conceptual Framework



Hypothesis

H1: Stock liquidity and company value are significantly correlated.
H2: Capital Structure and Company Value do not significantly correlate.
H3: Dividend policy and corporate value have a crucial relationship.

H4: Stock Liquidity, Capital Structure, and Dividend Guidelines Dividend policy and The link between corporate value and.

Discussion

Multicollinearity Test

Coefficients [a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	Stock Liquidity (X1)	0.888	1,126
	Capital Structure (X2)	0.996	1,004
	Dividend Policy (X3)	0.891	1,122

a. Dependent Variable: PBV (Y)

All of the independent variables in this study stock liquidity (X1), The multicollinearity test data above suggests that capital structure (X2) and dividend policy (X3) have tolerance levels over 0.10 and VIF values below 10. Dividend Policy has a tolerance of 0.891 and a VIF of 1.122, Capital Structure has a tolerance of 0.996 and a VIF of 1.004, & Stock Liquidity has a VIF of 1.126 and a tolerance of 0.888. Since these findings indicate that there is no significant relationship between independent variables, it can be concluded that the regression model in this study is free from multicollinearity and can be utilized in the subsequent stage of regression analysis.

Autocorrelation Test

Model Summary [b]

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate	Durbin-Watson
1	.075 [a]	0.006	-0.029	389,553	2,070

a. Predictors: (Constant), Dividend Policy (X3), Capital Structure (X2), Stock Liquidity (X1)

b. Dependent Variable: PBV (Y)

Using the Durbin value to examine the autocorrelation test data It is clear from the Watson value of 2.070 that there are no autocorrelation problems with the regression model. The residuals are random and unrelated between periods, as indicated by this value's close proximity to 2. Consequently, the independence of mistakes assumption is satisfied, and the regression model can be considered suitable for autocorrelation testing. This model does not require corrective action such as data transformation or method adjustments, as there is no indication of autocorrelation in the residuals, either positive or negative.

Heteroscedasticity Test

Coefficients [a]					
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	171,698	40,497		4,240	0,000
	Stock Liquidity (X1)	0.001	0.003	0.033	0.285	0.776
	Capital Structure (X2)	-0.002	0.008	-0.022	-0.208	0.836
	Dividend Policy (X3)	0.004	0.027	0.018	0.156	0.877

a. Dependent Variable: ABS_RES

It seems that all independent variables Stock Liquidity (X1), Capital Structure (X2), and Dividend Policy (X3) have significance values of 0.776, 0.836, and 0.877, respectively, based on the heteroscedasticity test result obtained using the Glejser technique. These figures remain well above the 0.05 cutoff. Ultimately, it may be said that there is no meaningful relationship between the three factors and the residuals' absolute value. This condition indicates that the regression model does not encounter heteroscedasticity, because the residual variance is constant and does not show a specific pattern. Consequently, the homoscedasticity assumption is satisfied, and the model can be declared appropriate from the heteroscedasticity test perspective.

Determination Coefficient Test (Adjusted R^2)

Model Summary [b]					
Model	R	R Square	Adjusted R Square	Standard Error of the Estimate	Durbin-Watson
1	.075 [a]	0.006	-0.029	389,553	2,070

a. Predictors: (Constant), Dividend Policy (X3), Capital Structure (X2), Stock Liquidity (X1)

b. Dependent Variable: PBV (Y)

The regression model's capacity to explain the PBV variable is very poor, as indicated by the coefficient of determination test's Adjusted R2 score of -0.029. The model's independent variables are unable to raise prediction quality, as indicated by the negative Adjusted R2 value, even worse than if the model did not use predictor variables at all. Thus, Dividend Policy and Capital Structure do not provide a meaningful contribution to describing PBV variations, so that most PBV changes are caused by other elements not included in the study.

t-test

Coefficients [a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	165,773	45,758		3,623	0,000
	Stock Liquidity (X1)	0.001	0.003	0.049	0.428	0.022
	Capital Structure (X2)	0.004	0.009	0.046	0.430	0.105
	Dividend Policy (X3)	0.007	0.030	0.024	0.215	0,000
a. Dependent Variable: PBV (Y)						

a. The significance value for the Stock Liquidity variable (X1) was 0.022, below the 0.05 level. This suggests that PBV is quite significantly impacted by stock liquidity. Although the calculated t-value of 0.428 is relatively small, the significance value below 0.05 confirms that Stock Liquidity plays a role in influencing company value.
b. The significance value for the Capital Structure variable (X2) is 0.105, which is higher than 0.05. Therefore, this variable is partially declared not significantly related to PBV. The low t-value of 0.430 reinforces the finding that Capital Structure does not make a strong enough contribution to explaining variations in company value in this research model.
c. For the Dividend Policy variable (X3), the results of the t-test indicate a significance value of 0.000, well below the 0.05 threshold. This finding indicates that Dividend Policy is significantly related to PBV. Although the t-value of 0.215 appears small, this extremely low degree of significance suggests that dividend policy has a significant and consistent role in increasing company value.

f test (ANOVA)

ANOVA [a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	72861,876	3	24287,292	0.160	.000 [b]
	Residual	13050645,780	86	151751,695		
	Total	13123507,656	89			
a. Dependent Variable: PBV (Y)						
b. Predictors: (Constant), Dividend Policy (X3), Capital Structure (X2), Stock Liquidity (X1)						

Based on the ANOVA table, with a significance value (Sig) of 0.000, the computed F value was 0.160. A regression model is considered simultaneously significant if its significance value is less than 0.05 according to the F test rules. It may be concluded that the regression model in this investigation is simultaneously significant because the Sig value = 0.000 < 0.05. This demonstrates that PBV (Y) is jointly influenced by the variables Stock Liquidity (X1), Capital Structure (X2), and Dividend Policy (X3). The regression model is therefore deemed suitable for use in additional

investigation because the three independent variables are proven to be simultaneously related to the dependent variable.

4. RESULTS AND ANALYSIS

No	Hypothesis	Significant Value	Statistical Values	Test Results
H1	Stock Liquidity (X1) affects Company Value (PBV)	p = 0.022 (< 0.05)	t = 0.428	Significant
H2	Capital Structure (X2) influences Company Value (PBV)	p = 0.105 (> 0.05)	t = 0.430	No Significant
H3	Dividend Policy (X3) has an effect on Company Value (PBV)	p = 0.000 (< 0.05)	t = 0.215	Significant
H4	Stock Liquidity (X 1), Capital Structure (X 2), and Dividend Policy (X 3) simultaneously influence Company Value (PBV)	p = 0.000 (< 0.05)	F = 0.160	Significant

The Effect of Stock Liquidity (X1) on Company Value (PBV)

Based on the statistical results, a significance value of 0.022 was obtained, below the 0.05 level of significance. This finding indicates that the Stock Liquidity variable (X1) has a significant influence on Company Value (PBV). The calculated t-value of 0.428 also strengthens the partial contribution of Stock Liquidity to changes in PBV. Therefore, the hypothesis H1, which states that Stock Liquidity is related to PBV, is accepted.

Stock liquidity is significantly related to company value because more liquid stocks tend to be more attractive to investors. High liquidity makes investors feel safer in transactions because they can freely buy or sell shares without facing the risk of liquidity constraints. This condition increases stock demand and then influences the company's price and market value, which is reflected in the PBV. Furthermore, high liquidity also reflects the level of market confidence in the company's potential, indicating that the company is perceived as having consistency and good performance. The lower investment risk in liquid stocks further strengthens investors' positive assessments. Based on financial theory, liquidity is a crucial factor in determining the market value of a security, therefore, investors will value a company more if its stock is more liquid.

The Influence of Capital Structure (X2) on Company Value (PBV)

The t-test value indicates a significance level of 0.105, higher than the 0.05 level. Because this value exceeds the established limit, Capital Structure (X2) is confirmed to have no significant effect on PBV. The t-value of 0.430 also supports the conclusion that there is no meaningful correlation between this variable and company value. Thus, hypothesis H2, which states that Capital Structure affects PBV, is rejected.

Capital structure is not significantly related to PBV because changes in the company's funding composition do not significantly influence investors' perceptions of the company's value. In the manufacturing industry, the use of debt tends to be considered reasonable and therefore does not provide a strong signal to the market. This insignificant relationship could be due to several factors, including the limited sample size, the relatively short observation period, and the characteristics of the food and beverage industry, which prioritizes operational efficiency and cash flow stability over financing structure. Furthermore, the possibility of other variables such as profitability, company size, or operational efficiency being more dominant in influencing company value needs to be considered. The difference in results from previous studies that found a significant effect of capital structure could also be due to differences in industry context, macroeconomic conditions, or the methodological approach used. (Fildzar Mahariah Nadillah, 2025).

The Effect of Dividend Policy (X3) on Company Value (PBV)

Dividend Policy has a significant link with PBV, as evidenced by the Dividend Policy variable (X_3) showing a significance value of 0.000, which is less than the 0.05 significance level. The computed t-value of 0.215 also shows that although its statistical contribution is not large, the influence of this variable is still partially significant on company value. Based on these findings, hypothesis H3 is declared accepted, finally it can be concluded that dividend policy has a significant impact on company value.

Research shows that capital structure has a significant impact on company value. This can be explained by the role of financing structure in shaping investor perceptions. When a company is able to determine the appropriate balance of debt and equity, it reflects efficient use of funds, sound risk management, and the potential for higher future earnings. This combination of characteristics increases investor confidence in the company's potential, thereby increasing its value.

The Influence of Stock Liquidity (X1) , Capital Structure (X2) , Dividend Policy (X3) on Company Value (PBV)

The ANOVA table's F-value shows a significance level of 0.000, which is significantly less than 0.05. This suggests that Firm Value (PBV) is significantly impacted concurrently by Stock Liquidity, Capital Structure, and Dividend Policy. The regression model is generally significant, despite the relatively weak F-value of 0.160. As a result, hypothesis H4 is validated. This asserts that all three recognized independent factors have a simultaneous impact on PBV.

5. CONCLUSION

The research results revealed that stock liquidity significantly influences company value, therefore, the greater the stock liquidity, the more probable the company is perceived as having better value by investors. Conversely, capital structure did not significantly influence company value, indicating that the development of debt and equity composition did not directly cause high or low company value in this study. Dividend policy has been shown to significantly influence company value; companies that can maintain stable dividend payments usually have higher market value. Together, these three variables collectively influence company value, so this research model is considered adequate to describe the aspects that influence company value.

Suggestion

Based on the research findings above, companies are expected to consistently maintain and improve their stock liquidity to remain attractive to investors, while keeping a steady dividend policy as a signal to the market. Despite the fact that capital structure has little bearing on a company's profitability, companies still need to manage their funding carefully to maintain financial health. For investors, the results of this study can be used as an evaluation tool in stock selection, considering liquidity and dividend policy as indicators of company valuation. For further investigation, it is recommended to include additional factors. outside this research or using a wider period and sample so that the results can provide a very comprehensive picture of the elements that drive company value .

Thank-you note

The author realizes that this research is far from perfect. Suggestions and constructive criticism are highly appreciated to improve future research. The author thanks everyone who has offered assistance from the bottom of his heart, guidance, and assistance throughout this research. He is especially grateful to his supervisor for his guidance, advice, and encouragement. He also extends his gratitude to his friends and respondents who took the time to provide the necessary information and data, as well as to his family for their unwavering moral support and inspiration. He

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