

The Effect of Corporate Governance, Firm Size, and Dividend Policy on Firm Value

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Abstract

The valuation of a firm serves as a crucial metric for investors, as it encapsulates the entity's total performance and market perception. This study assesses the impact of corporate governance, firm size, and dividend policy on corporate value. Corporate governance is assessed using the ASEAN Corporate Governance Scorecard (ACGS); company size is quantified by the natural logarithm of total assets (SIZE); dividend policy is evaluated by dividends per share (DPS); and company value is determined by the price-to-book value (PBV) ratio. This research employs a quantitative methodology. The population comprises non-cyclical consumer sector firms listed on the Indonesia Stock Exchange (IDX) from 2019 to 2023, amounting to 125 companies. A purposive sample was conducted, yielding 69 companies and 345 data points. Panel data regression analysis was performed using EViews 12. The study's findings indicated that firm size adversely affects firm value, whereas the dividend policy positively influences it. Conversely, corporate governance does not exert a substantial impact on the company's worth.

Keywords: Firm Value, Corporate Governance, ASEAN Corporate Governance Scorecard, Firm Size, Dividend Policy.

1. Introduction

Global economic trends have catalyzed swift expansion across multiple industrial sectors, notably the non-cyclical consumer sector, which produces and distributes essential goods such as food, beverages, household items, and tobacco. Products in this category are considered anti-cyclical, with demand reasonably consistent despite economic volatility (IDX, 2024). The persistent demand for essential goods makes this industry robust and appealing to investors seeking long-term yields. Every corporate entity must possess an effective plan to attain its objectives, ultimately aiming to optimize the company's value.

The worth of a firm represents an economic metric that indicates its success and future potential, serving as a crucial reference for investment decisions (Ramadhany & Purwohandoko, 2020). The value of a firm can be affected by the degree to which it allocates dividends to stakeholders. Firms that consistently pay dividends are typically regarded as financially robust and well-managed, thereby enhancing investor confidence and elevating stock prices (Anandita & Septiani, 2023).

According to Figure 1, the stock price of PT Gudang Garam Tbk has declined notably over the last five years. The decrease was instigated by the cigarette excise tax hikes of 23% in 2020 (PMK No. 152/PMK.010/2019) and 12% in 2022 (PMK No. 192/PMK.010/2021). The rise in excise taxes diminishes profit margins, as they account for up to 85% of production expenses (Bisnis.com, 2023). The distribution

of illicit cigarettes reduced sales of legitimate products, thereby exacerbating financial performance and undermining market confidence (CNBC Indonesia, 2022).

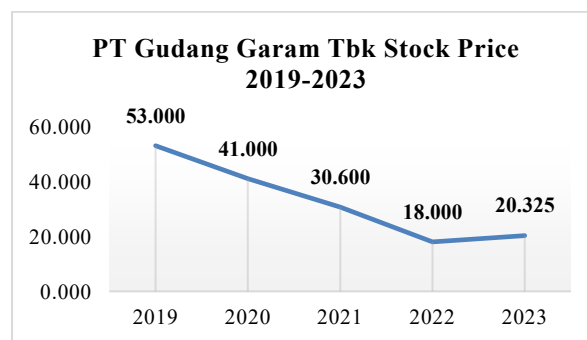


Figure 1. Share Price of PT Gudang Garam Tbk 2019-2023 (Source: Data processed by the author, 2025)

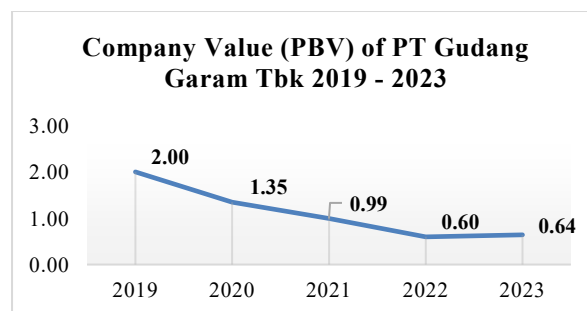


Figure 2. Firm Value of PT Gudang Garam Tbk 2019-2023 (Source: Data processed by the author, 2025)

Figure 2 shows that the firm value of PT Gudang Garam Tbk, as measured by Price-to-Book Value

(PBV), has been declining. The price-to-book value (PBV) fell from 2.00 in 2019 to 0.60 in 2022, then rose slightly to 0.64 in 2023. This signifies a deteriorating market opinion of the company's performance and outlook. A diminished PBV indicates that the company's market value is less than its book value, reflecting diminished investor confidence in its prospective value generation.

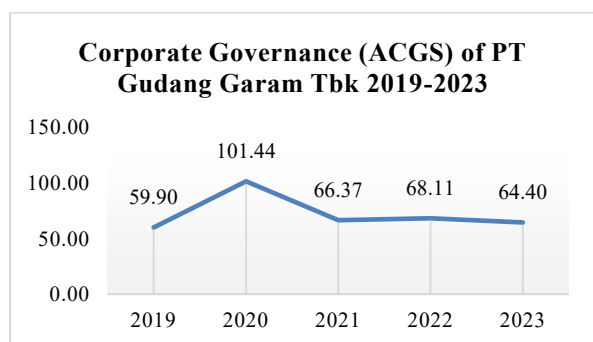


Figure 3. Corporate Governance of PT Gudang Garam Tbk 2019-2023

(Source: Data processed by the author, 2025)

According to Figure 3, corporate governance performance, assessed via the ASEAN Corporate Governance Scorecard (ACGS), varied from 2019 to 2023. The ACGS score increased from 59.90 in 2019 to 101.41 in 2020, but subsequently decreased to 64.40 in 2023. This mismatch suggests that the implementation of governance rules has been unstable, potentially impacting investor perceptions of corporate value. These findings align with Bintara (2020), who asserts that corporate governance does not influence Firm Value. At PT Gudang Garam Tbk, the rise in ACGS score does not consistently correlate with fluctuations in the company's value.

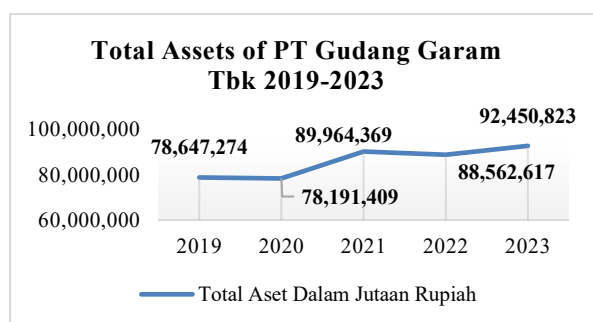


Figure 4. Firm Size of PT Gudang Garam Tbk 2019-2023

(Source: Data processed by the author, 2025)

According to Figure 4, PT Gudang Garam Tbk's total assets have increased from IDR 78.6 trillion in 2019 to IDR 92.4 trillion in 2023. Despite being categorized as a huge enterprise with significant growth potential, the company's valuation has diminished. This suggests that the company's size has not directly

influenced its worth. This finding aligns with the assertion that giant corporations are not inherently perceived as valuable in the absence of performance enhancements (Meifari, 2023).

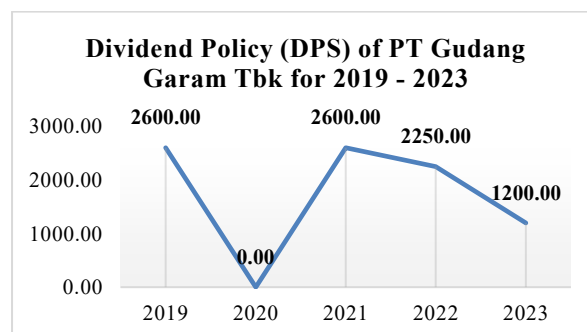


Figure 5. PT Gudang Garam Tbk's Dividend Policy 2019-2023

(Source: Data Processed by the Author, 2025)

According to Figure 5, PT Gudang Garam Tbk's dividend policy exhibits a fluctuating trend from 2019 to 2023. In 2019, the company issued dividends of IDR 2,600 per share; however, in 2020, no dividends were awarded, which was perceived as a bearish indicator by investors. Despite the dividend payout occurring again in 2021-2023, the company's valuation did not experience substantial growth. This indicates that the dividend policy has not influenced the company's value. This study contradicts the assertion made by Bantali et al. (2024) that dividend policy influences firm value.

Effective corporate governance can augment business value by bolstering transparency, accountability, and managerial oversight. This cultivates investor confidence and promotes sustainable corporate expansion (Putranto et al., 2022). In alignment with this perspective, multiple studies (Oktawijaya & Carolina, 2023; Jannah & Sartika, 2022) indicated that corporate governance has a beneficial impact on business value. Conversely, other research (Nopagia et al., 2024) reveals no substantial correlation, underscoring the necessity for additional inquiry.

The company's size also influences its valuation. According to Law Number 20 of 2008, businesses are classified into three tiers: small enterprises, medium enterprises, and large enterprises. The size of a firm is typically assessed by its total assets. Entities with substantial total assets are often perceived as possessing favorable growth potential and the capacity for long-term sustainability. As the company expands, its capacity to secure capital and, consequently, its overall valuation will rise (Yanti & Darmayanti, 2019). Research conducted by Hidayatulloh & Trisnarningsih (2024), Meifari (2023) indicates that firm size influences corporate value. Simultaneously, Rachmawati & Suzan (2024) saw no substantial effect.

The dividend policy is a significant factor influencing the company's value. The distribution of substantial dividends might be appealing to shareholders, as some investors favor payouts over capital gains. Companies that regularly pay dividends tend to attract greater investor interest, thereby enhancing their value (Siregar et al., 2023). Studies by Bantali et al. (2024) and Murtadho et al. (2024) demonstrate that dividend policy influences firm value. Meanwhile, a survey conducted by Saputri and Suripto (2022) found that company policies do not affect firm value.

This study seeks to investigate the impact of corporate governance, company size, and dividend policy on firm value in non-cyclical consumer sector companies from 2019 to 2023, given the identified discrepancies. This research theoretically enhances the literature on corporate finance and governance by offering empirical evidence from Indonesia. The results are anticipated to assist investors, corporate management, and prospective researchers in comprehending the determinants of firm value.

2. Literature Review

2.1. Signalling Theory

Spence's (1973) Signalling Theory underscores the significance of firms' information disclosure in shaping investment choices and mitigating information asymmetry between management and stakeholders. The disclosed information, including financial statements, dividend policy, and business size, serves as an indicator of the company's prospects and potential. Iriyanti et al. (2022) assert that managers use financial statements to signal to investors. Consistent and transparent signals bolster market trust and favorably impact investment decisions.

2.2. Stewardship Theory

Stewardship Theory, presented by Donaldson and Davis (1991) in their work "Stewardship Theory or Agency Theory: CEO Governance and Shareholder Returns," posits that managers do not consistently act in their own self-interest. They serve as stewards characterized by integrity, dedication, and a robust commitment to the company's long-term objectives. This theory posits that aligning managers' interests with shareholders' interests can maximize corporate governance and enhance business value.

2.3. Firm Value

Firm Value is a concept that encapsulates a corporation's favorable and unfavorable conditions.

The company's valuation serves as the primary metric for evaluating its success, notably evidenced by the exceptional share price. An increase in the company's share price corresponds to an increase in its value (Julian and Setiawati, 2024). The rise in stock price is seen as a positive indicator of the company's success and demonstrates investor confidence in the business's stability and future growth potential. (Lathifatussulalah & Dalimunthe, 2022)

2.4. Corporate Governance

The National Committee on Governance Policy (2021) defines corporate governance as a framework and set of procedures that guide and regulate a firm to generate long-term value and sustain shareholder welfare, while considering the interests of all stakeholders. Corporate governance is a framework that governs the interactions among management, shareholders, the board of directors, and other stakeholders to attain the company's objectives sustainably (Darniaty et al., 2023). The implementation of GCG seeks to establish a balance between authority and accountability while promoting efficiency in resource management. Implementing GCG principles is anticipated to enhance management effectiveness, foster investor trust, and ultimately augment the company's value (Batta & Suwarno, 2022).

2.5. Firm Size

Firm Size is a metric that quantifies a corporation's size. Companies can be classified into four categories: giant corporations, medium companies, small firms, and micro companies. (Satriawan et al., 2023). Typically, large corporations possess more stringent and organized control systems, along with superior management of market intelligence, hence enhancing their preparedness to operate in a highly competitive economic landscape. Consequently, a company's size correlates positively with its potential to improve value, attributed to perceptions of stability and more favorable commercial prospects among stakeholders (Iriyanti et al., 2022).

2.6. Dividend Policy

Dividend policy constitutes a component of a company's financial decisions. Dividend policy refers to the strategy governing the proportion of a company's profits allocated to shareholders (Marhaeningtyas, 2020). The dividend policy is a crucial aspect of corporate finance, as it helps the company thrive and endure amid intense competition. Consequently, the corporation must effectively manage profits, whether

through dividend distribution or retained earnings. Shareholders anticipate dividends from their capital investment in the company, leading to heightened expectations for increased dividends (Husna and Satria, 2019).

2.7. Estimation of the Influence of Corporate Governance on Firm Value

As stated by Syahara et al. (2024), effective corporate governance reflects management's dedication to fostering public trust and enhancing business value. According to Stewardship Theory, managers are perceived as accountable and committed to the organization's objectives rather than their own personal interests. The values of GCG, including accountability, openness, responsibility, independence, and fairness, serve as standards for executing these duties. Bintara, 2020. The effectiveness of its implementation can be assessed using the ASEAN Corporate Governance Scorecard (ACGS). An elevated ACGS score indicates robust governance systems, hence enhancing investor confidence, corporate reputation, and total corporate value. Numerous prior studies have shown variations in the impact of corporate governance on firm value, including those by Oktawijaya and Carolina (2023) and Jannah and Sartika (2022), which assert that corporate governance influences business value. Research undertaken by Nopagia et al. (2024) indicates that corporate governance does not affect firm value.

H₁: It is suspected that corporate governance affects the firm value.

2.8. Estimation of the Influence of Firm Size on Firm Value

Signaling Theory posits that a company's size may serve as a favorable indicator of its strength and stability. This magnitude can be assessed through the quantity of assets, sales, personnel, or outstanding shares. A larger firm size facilitates the acquisition of funds both internally and externally, thereby enhancing operational efficiency and positively influencing the share price as an indicator of the company's expanding value. Satriawan et al. (2023)

Numerous prior studies have reported variations in the impact of firm size on firm value, including those by Hidayatulloh and Trisnaningsih (2024) and Meifari (2023), which both assert that firm size influences firm value. Meanwhile, a study by Rachmawati and Suzan (2024) indicates that company size does not affect its value.

H₂: It is suspected that the firm size affects the firm value.

2.9. Estimated Influence of Dividend Policy on Firm Value

Signaling Theory posits that dividend policy serves as a mechanism for corporations to communicate favorable signals to investors about financial stability and business outlook. The distribution of dividends consistently indicates that the company possesses robust cash flow and strong performance. This bolsters investor confidence, perceiving dividends not only as immediate earnings but also as a testament to management's dependability. The rise in trust increases demand for the company's shares, thereby enhancing its value. Siregar et al. (2023)

Numerous prior studies, including those by Bantali et al. (2024) and Murtadho et al. (2024), have shown that dividend policy partially influences company value. Meanwhile, research conducted by Saputri and Suropto (2022) indicates that the dividend policy does not affect the company's worth.

H₃: Suspected effect of dividend policy on firm value.

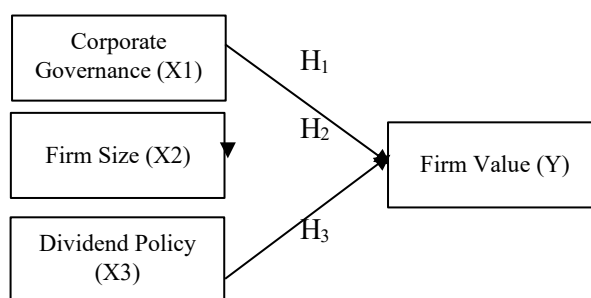


Figure 6. Frame of Mind

3. Methods

This study employs an associative approach inside a quantitative framework. According to Sudaryono (2021), associative research seeks to investigate and determine the relationship among two or more variables, which may be symmetrical, causal, or reciprocal. The quantitative approach is employed to depict social phenomena numerically or to examine their interrelationships within a societal framework.

The research utilizes secondary data sourced from the Indonesia Stock Exchange (IDX), acquired via the official website www.idx.co.id, together with data from the websites of non-cyclical consumer sector companies listed on the IDX for the period 2019-2023.

The selection of factors in this study, corporate governance, firm size, and dividend policy, is grounded in their theoretical and empirical significance to firm value. Corporate governance signifies the caliber of management and transparency, impacting investor trust and agency expenses. The size of a firm denotes its operational scale and resource availability, influencing

market valuation and risk assessment. The dividend policy serves as a financial indicator to investors concerning profitability and stability. Collectively, these variables are anticipated to elucidate discrepancies in firm value among non-cyclical consumer enterprises.

This study employs purposive sampling, with particular sample criteria detailed in Table 1.

Table 1. Research sampling criteria

No	Sample Criteria	Total
1	The quantity of active firms in the consumer non-cyclicals sector listed on the Indonesia Stock Exchange (IDX) in 2023.	125
2	Non-cyclical consumer sector firms listed on the Indonesia Stock Exchange (IDX) from 2019 to 2023.	(47)
3	Non-cyclical consumer sector corporations that provide comprehensive annual reports for the years 2019-2023.	(6)
4	Non-cyclical consumer sector corporations exhibiting consecutive positive equity from 2019 to 2023	(3)
Number of samples		69 Samples
End-of-Year Observation		5 Years
Number of Observations		345 Data

Source: Data obtained by author, 2025

This study employs two categories of variables: dependent and independent variables. The dependent variable is company value, whereas the independent factors are corporate governance, firm size, and dividend policy.

A comprehensive summary of the operational definitions, measurement indicators, and data scales is provided in Table 2.

Table 2. Operational research variables

No	Variable	Measurement
1	Corporate Governance (X1)	ASEAN Corporate Governance Scorecard (ACGS), which consists of four principles: (A) Rights of Shareholders (26 items), (B) Equitable Treatment of Shareholders (17 items), (C) Role of Stakeholders (21 items), and (D) Disclosure and Transparency (42 items). $ACGS = Level 1 + (Level 2 Bonus - Level 2 Penalty)$ (Armiawan and Achyani, 2024)
2	Firm Size (X2)	$SIZE = Ln Of (Total Asset)$ (Gz and Lisiantara, 2022)
3	Dividend Policy (X3)	$Dividend Per Share (DPS) = \frac{Dividen Tunai}{Lembar saham Beredar}$ (Ametta and Rahman, 2024)
4	Firm Value (Y)	$PBV = \frac{Market Price per Share}{Book Value per Share}$ (Ardianti and Rahyuda, 2024)

Source: Data processed by author, 2025

Hypothesis testing was performed using panel data regression analysis in EViews 12. Three diagnostic tests were employed to identify the most appropriate estimating model: the Chow test, the Hausman test, and the Lagrange Multiplier (LM) test.

- The Chow test determines whether the Common Effect Model (CEM) or the Fixed Effect Model (FEM) is more appropriate.
- The Hausman test determines whether the Fixed-Effects Model (FEM) or the Random-Effects Model (REM) is preferable.
- The Lagrange Multiplier (LM) test evaluates whether the Random Effect Model (REM) should be chosen over the Common Effect Model (CEM).

The classical assumption tests include the normality test (Jarque-Bera, $p > 0.05$), multicollinearity test ($R^2 < 0.80$), heteroskedasticity test (Breusch-Pagan, $p > 0.05$), and autocorrelation test (Durbin-Watson between -2 and +2). The results indicate that the data meet all classical assumptions.

The regression equation used in this study is presented as follows:

$$y_{it} = \alpha + \beta 1X1it + \beta 2X2it + \beta 3X3it + \varepsilon_{it}$$

Information:

- Y = Firm Value
- α = Constant
- β = Regression Coefficient
- $X1$ = Corporate Governance
- $X2$ = Firm Size
- $X3$ = Dividend Policy
- i = Cross-section
- t = Time series
- ε = Error

4. Result

4.1. Descriptive Statistical Analysis Results

Descriptive statistical analysis summarizes the dataset's characteristics, including minimum, maximum, mean, and standard deviation, as shown in Table 3.

According to Table 3, the price-to-book value (PBV) ranges from 0.1776 to 60.6718, with an average of 3.4213 and a standard deviation of 6.9316, indicating considerable variability across companies. This disparity illustrates variations in investor opinions, profitability, and market confidence among firms in the non-cyclical consumer sector.

The corporate governance variable (ACGS) ranges from 0.1717 to 1.3399, with a mean of 0.7925, suggesting that most enterprises exhibit a moderate level of governance compliance under the ASEAN Corporate Governance Scorecard framework.

Table 3. Descriptive statistics

	PBV (Y)	ACGS (X1)	SIZE (X2)	DPS (X3)
Mean	3.421300	0.792455	28.91755	82.89245
Median	1.633648	0.794387	28.94794	1.000000
Maximum	60.67179	1.339949	32.85992	2600.000
Minimum	0.177636	0.171722	24.65497	0.000000
Std. Dev.	6.931558	0.241570	1.661751	265.1862
Skewness	5.435895	-0.128381	-0.037392	7.047323
Kurtosis	36.23834	2.489719	2.660100	61.84860
Jarque-Bera	17580.39	4.690757	1.741165	52638.62
Probability	0.000000	0.095811	0.418708	0.000000
Sum	1180.348	273.3969	9976.555	28597.90
Sum Sq. Dev.	16527.99	20.07443	949.9267	24191359
Observations	345	345	345	345

Source: Data processed through *Eviews* 12, 2025

The firm size variable (SIZE) has minimal variance (mean = 28.92, SD = 1.66), suggesting that the majority of companies in this sector are medium to large enterprises with similar asset bases.

Simultaneously, the dividend policy (DPS) exhibits a broad spectrum, ranging from 0 to 2600, with a substantial standard deviation (265.18), indicating considerable variation in dividend distribution schemes. Some corporations continuously distribute dividends, while others retain earnings for reinvestment or to preserve liquidity.

4.2. Results of the Best Model Selection Analysis

4.2.1. Chow Test

The Chow test was performed to determine the most appropriate model between the Common Effect Model and Fixed Effect Model, using a significance level of 0.05. The results of the Chow test are presented in Table 4.

Table 4. Chow test

Effects Test	Statistics	D.F.	Prob.
Cross-section F	18.722290	(68,273)	0.0000
Cross-section Chi-square	598.240095	68	0.0000

Source: Data processed through *Eviews* 12, 2025

According to Table 4, the probability value of the Cross-section Chi-square is 0.0000, which is below the significance threshold of 0.05. This suggests that, based on the Chow test, the Fixed Effect Model is preferable to the Common Effect Model.

4.2.2. Hausman Test

The Hausman test was used to determine the best suitable model between the Fixed Effect Model and the Random Effect Model, utilizing a significance level of 0.05. Table 5 displays the results of the Hausman test.

Based on Table 5, the probability of a random cross-section is $0.0168 < 0.05$. Thus, the results of the

third test show that the fixed-effect model is more appropriate than the random-effect model.

Table 5. Hausman test

Test Summary	Chi-Sq. Statistics	Chi-Sq. D.F.	Prob.
Cross-section random	10.219732	3	0.0168

Source: Data processed through *Eviews* 12, 2025

4.3. Classical Assumption Test

4.3.1. Normality Test

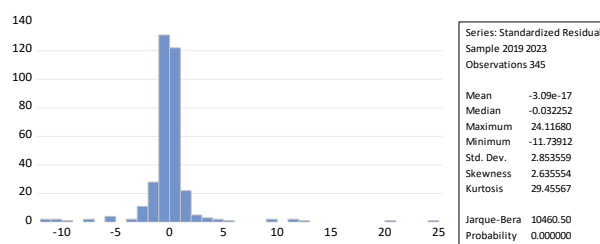


Figure 7. Normality Test

(Source: Data processed through *Eviews* 12, 2025)

The histogram from the normality test in Figure 7 reveals a Jarque-Bera probability value of 0.000000, which is less than 0.05, indicating that the data is not normally distributed. Nonetheless, with a substantial dataset (345 observations from 69 companies across five years), the normality assumption may be disregarded in accordance with the Central Limit Theorem (Gujarati and Porter, 2013), as big samples ($n > 30$) are seen to approximate a normal distribution.

4.3.2. Multicollinearity Test

Table 6. Multicollinearity test

	ACGS (X1)	SIZE (X2)	DPS (X3)
ACGS (X1)	1.000000	0.411476	0.060989
SIZE (X2)	0.411476	1.000000	0.341121
DPS (X3)	0.060989	0.341121	1.000000

Source: Data processed through *Eviews* 12, 2025

According to Table 6, all correlation coefficients among the independent variables are below 0.80. This finding indicates that there is no significant relationship between the dependent variables in the model. Consequently, the employed regression model reveals no multicollinearity concerns.

4.3.3. Heteroscedasticity Test

According to Table 7, the Chi-Square (3) probability value of 0.0000 is below the significance threshold of 0.05. This discovery indicates heteroscedasticity in the employed regression model. Nonetheless, it is not obligatory to validate conventional assumptions in

panel data analysis. The complexity of panel data, encompassing both inter-individual and inter-temporal changes, renders the testing of traditional assumptions unnecessary in panel data modeling (Gujarati and Porter, 2013).

Table 7. Heteroscedasticity test

F-statistic	12.39613	Prob. F(3,341)	0.0000
Obs*R-squared	33.92487	Prob. Chi-Square(3)	0.0000
Scaled explained SS	71.59807	Prob. Chi-Square(3)	0.0000

Source: Data processed through *Eviews* 12, 2025

4.3.4. Autocorrelation Test

According to Table 8, the Durbin-Watson (DW) statistic is 1.961126, which approximates 2. This number lies between -2 and 2, indicating that the regression model is free of autocorrelation. Consequently, the regression model is deemed legitimate as it satisfies a primary prerequisite of regression analysis.

Table 8. Autocorrelation test

Durbin-Watson stat	1.961126
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Source: Data processed through *Eviews* 12, 2025

4.4. Hypothesis Analysis Results

4.4.1. F Test (Simultaneous)

The simultaneous test, referred to as the F-test, indicates that corporate governance, firm size, and dividend policy collectively exert a significant influence on firm value, as noted in the F-statistic's p-value (0.000000), which is below the 0.05 significance threshold.

Table 9. Simultaneous tests

F-statistic	18.84272
Prob(F-statistic)	0.000000

Source: Data processed through *Eviews* 12, 2025

4.4.2. Partial t-test

Table 10. Statistical test t

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	98.60962	34.81186	2.832644	0.0050
ACGS (X1)	0.683875	1.121460	0.609807	0.5425
SIZE (X2)	-3.317709	1.208395	-2.745551	0.0064
DPS (X3)	0.002530	0.001266	1.999527	0.0465

Source: Data processed through *Eviews* 12, 2025

According to Table 7, the impact of corporate governance (ACGS) on company value (PBV) yields a p-value of 0.5425, indicating that corporate governance (ACGS) does not affect firm value (PBV), with a positive influence of 0.609807. The probability value

of the company size variable (SIZE) is 0.0064, which is less than 0.005, indicating that firm size (SIZE) influences firm value (PBV) with an adverse effect of -2.745551. The p-value for the dividend policy variable (DPS) is 0.0465, which is less than 0.05, indicating that the dividend policy (DPS) positively influences the company's value (PBV), with a coefficient of 1.999527.

4.4.3. Determinant Coefficient Test (R2)

Table 11. Results of the determinant coefficient test (R2)

R-squared	0.830522
Adjusted R-squared	0.786446

Source: Data processed through *Eviews* 12, 2025

The Adjusted R² value of 0.7864 signifies that roughly 78.64% of the variation in firm value is attributable to corporate governance, firm size, and dividend policy. In contrast, the remaining 21.36% is affected by extraneous factors not encompassed in the model, including corporate social responsibility (CSR), investment opportunity set (IOS), financing decisions, and capital structure.

5. Discussion

5.1. The Influence of Corporate Governance on Firm Value

The hypothesis test results in Table 7 indicate that the corporate governance variable (X1) has a t-calculated value of 0.609807, which is less than the t-table value of 1.96695, and a probability value of 0.5425, which exceeds 0.05. Consequently, corporate governance does not exert a significant impact on the value of companies in the consumer non-cyclicals sector listed on the IDX for the period from 2019 to 2023. An improvement in the company's governance score has not been reflected in an increase in its value.

Despite numerous organizations implementing effective governance procedures, the market appears to undervalue a high ACGS score as a driver of value. Principal B (Sustainability and Resilience) achieved an average score of about 11.55, well below Principal D (Board Responsibility), which averaged 28.19. This disparity indicates that governance execution in this industry is predominantly compliance-focused rather than strategic, particularly in incorporating sustainability concerns.

From the standpoint of stewardship theory, managers ought to function as custodians of the owners' interests and emphasize long-term objectives. Nevertheless, inconsistent application of ACGS principles may hinder this alignment, leading to governance measures that fail to enhance firm valuation significantly.

Research by Oktawijaya and Carolina (2023) and Jannah and Sartika (2022) demonstrates that corporate governance influences firm value. Research by Nopagia et al. (2024) indicates that corporate governance does not influence Firm Value.

5.2. The Effect of Firm Size on Firm Value

The company size variable (X2) has a t-statistic of -2.745551, which is less than the t-table value of 1.96695, and a significance level of 0.0064, which is less than 0.05. Consequently, business size has a substantial negative impact on firm value. This indicates that larger companies generally have lower valuation ratios than their smaller counterparts.

This negative link may arise because huge firms, despite having substantial assets, are sometimes perceived as less adaptable and slower to react to market fluctuations. Elevated operational complexity and bureaucratic structures may diminish efficiency, causing investors to view growth potential as diminished. Signal theory posits that substantial total assets should signal financial robustness; however, in the absence of strong performance or profitability, this signal may be perceived unfavorably by the market.

The findings of this study align with Meifari's (2023) research, which indicated that firm size influences company value. The findings of this study contradict those of Rachmawati and Suzan (2024), who asserted that firm size does not influence company value.

5.3. The Effect of Dividend Policy on Firm Value

The dividend policy variable (X3) has a t-statistic of 1.999527, exceeding the t-table value of 1.96695 at the 0.0465 significance level, which is less than 0.05. Consequently, dividend policy exerts a positive and substantial influence on business value. Companies offering higher or more stable dividends are often evaluated more favorably by the market.

The average dividend payout ratio of 82.89% indicates a consistent pattern of profit distribution, which investors perceive as a sign of financial stability. In accordance with signaling theory, dividends communicate management's assurance in future profitability and diminish information asymmetry between companies and investors. Consequently, market confidence rises, share demand intensifies, and corporate value increases.

The findings of this study align with those of Bantali et al. (2024), who found that dividend policy influences firm value. Nonetheless, Saputri and Suropto (2022) indicate that the outcomes of this study challenge the conclusion that dividend policy does not affect company value.

6. Conclusions

The data and test findings indicate that corporate governance does not significantly impact firm value among non-cyclical consumer sector companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2023. In contrast, firm size and dividend policy have demonstrated a substantial positive impact on firm value within the same industry and timeframe.

The findings indicate that although effective corporate governance is crucial for openness and accountability, business size and dividend distribution exert a more significant influence on investor perceptions and firm valuation. This indicates that larger companies with stable dividend distributions are generally more appealing investment choices for investors. Managers are urged to fortify business strategies that ensure financial stability and consistent dividends, while regulators should contemplate augmenting corporate governance transparency mandates to bolster market confidence.

This analysis contributes to the literature by affirming that the correlation between corporate governance and business value may differ across sectors and emerging markets. Subsequent studies may broaden their reach by incorporating macroeconomic variables or juxtaposing findings with enterprises in other ASEAN nations to offer a more comprehensive regional perspective.

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