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THE IMPACT OF DIVIDEND POLICY ON FIRM VALUE: THE MODERATING EFFECT OF CORPORATE SOCIAL RESPONSIBILITY

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Abstract

The fluctuation in firm value among non-cyclical consumer companies on the Indonesia Stock Exchange during 2021–2024, along with the varying trends in dividend policy and CSR disclosure, raises questions about the extent to which these factors influence investor perceptions of firm value. This study examines the effect of dividend policy on firm value, with Corporate Social Responsibility (CSR) as a moderating variable, using a quantitative approach on 20 sample companies selected through purposive sampling. Dividend policy is measured by the Dividend Payout Ratio (DPR), CSR by the GRI 2021 standards, and firm value by Tobin's Q, with data analyzed via IBM SPSS 27. The results show that dividend policy has a significant negative effect on firm value, as investors tend to view dividend payments as a reduction in funds for future growth rather than a positive signal. CSR is found unable to moderate this relationship, indicating that CSR disclosure has not yet strengthened the credibility of dividend signals among investors.

Keywords: Dividend Policy, Firm Value, Corporate Social Responsibility

INTRODUCTION

Indonesia's economic expansion has demonstrated a steady progression aligned with the current fluctuations in the worldwide economy. This situation has heightened rivalry in the marketplace, necessitating that each business adapt, innovate, and enhance its operational efficiency to reach established objectives. A company’s firm value is a key indicator for evaluating its financial performance and investor confidence in a competitive market (Seth & Mahenthiran, 2022). Efforts to optimize this value are a key objective of management because they are directly linked to the well-being of shareholders (Nie & Yin, 2026). A key tactic that affects the firm value is the policy on dividends, which decides the portion of earnings that is given to shareholders or kept for the expansion of the company (Saidi et al., 2025). This research employs Tobin's Q to measure firm value.

Model to assess the value of the firm.

Table 1.The Phenomenon of Firm Value

Company Name	Firm Value			
	2021	2022	2023	2024
Jafpa Comfeed Indonesia Tbk (JPFA)	1.25	1.05	0.99	1.18
Sampoerna Agro Tbk (SGRO)	0.90	0.86	0.82	0.78
BISI International Tbk (BISI)	1.08	1.51	1.35	1.06

AstraAgro Lestari Tbk (AALI)	0.91	0.77	0.69	0.61
Campina Ice Cream Industry Tbk (CAMP)	1.60	1.80	2.30	1.53

As shown in the table above, several businesses within the non-cyclic consumer goods industry faced challenges in their operations from 2021 to 2024. A company is deemed to have a high valuation if its Tobin's-Q Value exceeds 1, signifying that it is deemed valuable. This situation typically arises when there is an increase in liabilities and total assets that is not balanced by a Market Value of Equity (MVE) that is lower than in the prior period. The Tobin's Q ratio is considered superior to the price-to-book ratio because it focuses on a company's relative value at the current time (Supriandi & Iskandar, 2021). Investors' assessment of a company's value is influenced not only by financial performance but also by internal financial policies that affect market perceptions, particularly under similar sectoral demand conditions (Chotimah et al., 2026). A high firm value generally reflects strong management performance and signals market confidence in the company's stability and future prospects (Simorangkir & Suhartono, 2026).

Table 2. Company Development Data

Company Name		**Dividen Policy**	**Corporate Social Responsibility**
Jafpa Comfeed Indonesia Tbk (JPFA)	2021	0.23	0.46
	2022	0.49	0.64
	2023	0.62	0.75
	2024	0.27	0.68
Sampoerna Agro Tbk (SGRO)	2021	0.005	0.6
	2022	0.39	0.85
	2023	0.74	0.85
	2024	0.29	0.85
BISI Internatioal Tbk (BISI)	2021	0.3	0.11
	2022	0.39	0.21
	2023	0.34	0.36
	2024	1.34	0.3
AstraAgro Lestari Tbk (AALI)	2021	0.25	0.27
	2022	0.49	0.74
	2023	0.73	0.78
	2024	0.42	0.77
Campina Ice Cream Industry Tbk (CAMP)	2021	0.41	0.32
	2022	1.7	0.52
	2023	0.92	0.5
	2024	1.21	0.5

Source: Processed Data 2026

The table above shows that the trends in debt-to-equity ratio (DER), dividend payout ratio (DPR), and corporate social responsibility (CSR) among five non-cyclical consumer companies from 2021 to 2024 exhibit different patterns. PT Japfa Comfeed experienced growth in DER, DPR, and CSR from 2022 to 2023; however, all three metrics saw a decline in 2024. PT Sampoerna Agro demonstrated a steady decline in DER, while DPR increased until 2023 before decreasing, and CSR remained unchanged at 0.85 since 2022. PT BISI International had the lowest DER, which continued to decline, while DPR and CSR showed fluctuations, rising until 2023 and then decreasing in 2024. PT Astra Agro Lestari reported a consistently falling DER, with DPR and CSR increasing from 2022 to 2023 but then both decreasing in 2024. On the other hand, PT Campina Ice Cream Industry experienced a gradual rise in DER, a fluctuating DPR, and CSR remaining stable at 0.50 since 2022. Prior studies have indicated that dividend policy (Hasanah et al., 2024), and Corporate Social Responsibility (CSR) (Erina Nur Azizah et al., 2023) are several factors that may affect a company's value.

In recent years, investors have increasingly considered sustainability practices alongside financial returns, they also pay attention to sustainability practices, as reflected in companies' disclosures regarding their social and environmental responsibilities (Setiawan et al., 2025). CSR disclosure has now become an important issue among multinational companies, as it is considered capable of helping companies face the dynamics of global economic competition. Companies with high social concern are considered able to compete more effectively as a form of competitive advantage (Nugroho & Maryanti, 2025). As a governance mechanism, CSR is capable of alleviating information asymmetry and agency conflicts between management and shareholders. Companies communicate their ethical commitments via sustainability reports, thereby reducing systemic risk exposure and fostering greater investor confidence over the long term. (Wibowo et al., 2026). Increased CSR implementation is generally followed by improved reputation, increased revenue, and profitability, so companies need to integrate CSR programs into their strategic policies to drive up firm value (Afifah et al., 2021). A global research project involving multiple countries discovered that businesses which provide CSR information that goes beyond what the market anticipates are likely to distribute larger dividends. It also found that the beneficial link between CSR disclosures and share values is completely facilitated by dividends (Villiers et al., 2024). Buertey et al. (2023) suggests that businesses that show a genuine dedication to social responsibility tend to foster greater trust among a range of stakeholders, not only investors. This trust enhances the reliability of the signals sent by their dividend policies within the market. This research evaluates CSR disclosures based on the standards set by the Global Reporting Initiative (GRI) in 2021.

LITERATURE REVIEW AND HYPOTHESIS FORMULATION

Dividend Policy

Dividend policy is a strategic decision regarding the proportion of net income that is distributed to shareholders or retained to finance growth (Fitriani & Nur, 2024). In this study, the dividend policy variable is measured using the Dividend Payout Ratio (DPR), which is calculated by dividing the total dividends per share paid by the company by earnings per share. Dividend payments serve as a control mechanism to reduce free cash flow that is at risk of being misused by management. According to Bhattacharya (1979) as mentioned in (Steven & Igantius, 2024), dividend payment policies can serve as a signal to investors regarding a company's future prospects. Companies that are able to pay relatively high dividends are often perceived as having good performance prospects, which has the potential to increase the company's value. Risk-averse investors often prefer current cash dividends over uncertain future capital gains. A high and stable dividend payout ratio reflects strong liquidity and the company's sound financial condition. Conversely, an inconsistent or discontinued dividend policy is often viewed by the market as a sign of financial instability (Qamruzzaman et al., 2026).

Corporate Social Responsibility

According to Palmer (2012) as cited in (Afifah et al., 2021), Corporate Social Responsibility (CSR) is a series of actions undertaken by companies to promote social activities that go beyond mere business interests and exceed the obligations established by law. Corporate Social Responsibility (CSR) is a company's voluntary commitment to integrating social and environmental concerns into all of its business operations. The level of CSR disclosure is systematically measured using the GRI Index by comparing the disclosed items against established indicator standards (Wibowo et al., 2026). CSR disclosure was assessed using the dummy variable method, whereby a score of 0 was assigned if a company did not disclose any CSR indicators, while a score of 1 was assigned if a company disclosed CSR indicators listed in the GRI guidelines (Anastasya et al., 2025).

Firm Value

A company's value is a crucial metric that reflects the market's perception of a business's performance and long-term growth prospects (Fitriani & Nur, 2024). Firm value serves as an indicator for assessing the level of investor interest in a company from various perspectives, which generally align with investors' assessments of stock prices. Thus, a company's value can be represented by the price—or the amount of money—that investors are willing to pay to acquire ownership of that company (Lukman & Tanuwijaya, 2021). In this study, firm value is proxied by the Tobin's Q ratio. According to Margaretha (2014) as cited in (Ningrum, 2021), Tobin's Q is a ratio that compares a firm's market value to the replacement cost of its assets. This ratio is considered superior to the price-to-book ratio because Tobin's Q focuses on how much a company is currently worth compared to the cost required to replace all of its assets. However, in practice, calculating Tobin's Q accurately is relatively difficult because determining the replacement cost of a company's assets is not an easy task. A high firm value indicates that the company manages its capital efficiently, thereby enhancing its investment appeal. Optimizing this value is a top priority for management to maintain the company's existence and credibility amid intense market competition (Setiawan et al., 2025). Brigham and Houston (2019), as cited in (Santoso & Junaeni, 2022), also state that a company's value is influenced by its growth prospects and its ability to attract external funding. Companies that have easier access to external capital compared to other types of businesses tend to experience faster growth.

H1: Dividend policy affects firm value.

H2: Corporate social responsibility can moderate the relationship between dividend policy and firm value.

RESEARCH METHODS

This study employs a quantitative method using an approach that combines associative and descriptive strategies. The data used in this study are secondary data obtained from companies' annual reports and sustainability reports for the period 2021–2024, accessed through each company's official website and the Indonesia Stock Exchange (IDX) website. The population in this study comprises all companies in the non-cyclical consumer sector listed on the Indonesia Stock Exchange during the 2021–2024 period, totaling 131 companies, with a sample size of 20 companies. The sampling technique used is purposive sampling, which involves selecting samples based on specific predetermined criteria. Data collection for this study was conducted using documentation and literature review techniques based on the annual reports and sustainability reports of the sample companies. Subsequently, data analysis was performed using IBM SPSS software, version 27.

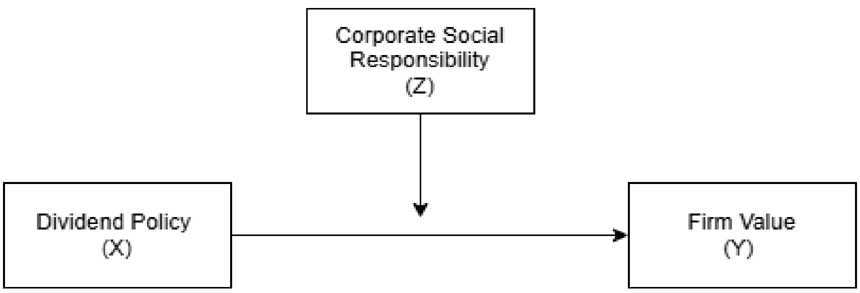

Figure 1. Research Model

RESULTS AND DISCUSSION

RESULT

Table 3.t-Test Results for Model 1

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1.051	.092		11.483	.000
	DPR	-.001	.000	-.356	-2.924	.005

Coefficients[a]

a. Dependent Variable: Tobin's Q

Based on the results of the calculations above, the calculated t-value (-2.924) exceeds the critical t-value (1.997) in absolute terms, and the significance value (0.005) is below 0.05, indicating that H_0 is rejected and H_1 is accepted. Thus, dividend policy has a significant effect on firm value. However, upon further analysis, the effect of dividend policy on firm value is negative.

Table 4.t-Test Results for Model 2

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.992	.241		4.125	.000
	DPR	.000	.001	-.091	-.322	.748
	CSR	.317	.397	.136	.798	.428
	DPR* CSR	-.002	.001	-.361	-1.261	.212

Coefficients[a]

a. Dependent Variable: Tobin's Q

Based on the results of the data analysis conducted above, the calculated t-value for the interaction term between dividend policy and Corporate Social Responsibility (CSR) is -1.261 < 1.997, with a significance level of 0.212 > 0.05. This indicates that H_0 is accepted and H_1 is rejected. Thus, Corporate Social Responsibility (CSR) does not moderate the relationship between dividend policy and firm value.

DISCUSSION

These findings indicate that dividend policy has a significant negative effect on firm value. This finding is consistent with a study by (Elviza et al., 2023; Meilana Sari & Putu Prima, 2021), which noted that dividend policy has a significant impact on market valuation, although in a direction opposite to traditional expectations. This negative effect suggests that investors may perceive cash dividend payments as a reduction in internal resources that could otherwise be allocated to fund more profitable future growth opportunities. This is consistent with the argument that cash distribution policies can reduce a company's value if shareholders prefer to see asset value grow through the reinvestment of retained earnings (Fitriani & Nur, 2024). According to Signaling Theory introduced by Spence (1973), dividend announcements under conditions of high information asymmetry may actually be interpreted as a signal that the company lacks profitable internal investment opportunities (Wibowo et al., 2026). Furthermore, the inconsistency of the dividend effect across different time periods reinforces the academic debate that the signaling effect of profit distribution is not always universal and depends heavily on prevailing market conditions.

Based on the results of moderated regression analysis, Corporate Social Responsibility (CSR) was found to be unable to moderate or strengthen the relationship between dividend policy and firm value. The results of this study are consistent with research conducted by (Lutfiah & Pangestuti, 2023), which found that Corporate Social Responsibility (CSR) does not moderate the relationship between dividend policy and firm value. This is because the existence of CSR does not support signaling theory, as investors do not respond significantly to a company's CSR activities. Furthermore, the implementation of CSR is regulated by law, so companies are generally required to carry it out. This situation suggests that corporate sustainability reports have not yet been able to serve as a catalyst for enhancing the credibility of financial signals in the eyes of stakeholders. This is further supported by the view that CSR disclosures are often seen as mere regulatory obligations or formalities, and thus do not alter how investors evaluate the impact of profit distribution on a company's value. The practical implication is that company management cannot rely solely on CSR performance to mitigate the negative impact of dividend policies that are unpopular with the market (Wibowo et al., 2026).

CONCLUSION

Based on the research findings, it is concluded that dividend policy has a significant impact on firm value. The findings further indicate, the effect of dividend policy on firm value is negative. Corporate Social Responsibility (CSR) does not strengthen the effect of dividend policy on firm value. This indicates that investors tend to respond negatively to dividend payments, viewing them as a reduction in expansion capital, while sustainability reports have not yet been able to serve as a reinforcing mechanism to mitigate this negative sentiment in the eyes of the market.

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