

Research Article

## The Effect of Capital Structure and Growth on Firm Value with Dividend Policy as a Moderating Variable in Fbm Klci Companies Listed on Bursa Malaysia for the Period 2019–2023

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**Abstract:** The purpose of this research is to examine and ascertain how capital structure and growth affect company value in FBM KLCI businesses listed on Bursa Malaysia between 2019 and 2023, dividend policy being used as a moderating factor. The study's sample consists of 16 FBM KLCI firms that were listed on Bursa Malaysia between 2019 and 2023. The secondary data utilized was gathered from Bursa Malaysia's website and financial statement documentation studies. Descriptive analysis, panel data regression analysis, MRA, traditional assumption testing, and hypothesis testing are among the data analysis methods used. Eviews Version 13 was used to process the data for this investigation. According to the study's findings, for the 2019–2023 timeframe, capital structure significantly and favorably affects company value in FBM KLCI businesses listed on Bursa Malaysia. In these businesses, growth has no bearing on firm value. In FBM KLCI businesses listed on Bursa Malaysia for the 2019–2023 timeframe, both the correlation between capital structure and company value and the effect of growth on firm value are unaffected by dividend policy.

**Keywords:** Bursa Malaysia; Capital Structure; Dividend Policy; FBM KLCI; Firm Value; Growth.

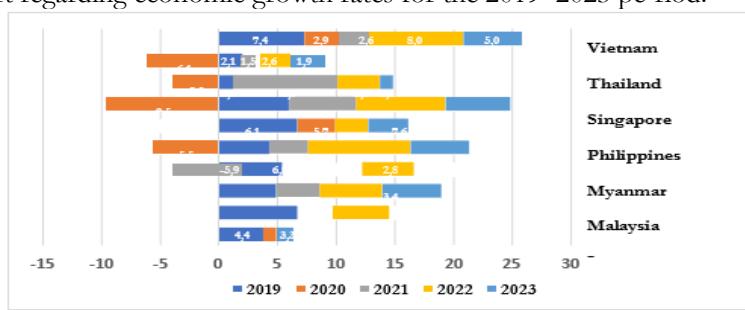
### 1. Introduction

Firm value is a fundamental factor in decision-making regarding a company's level of success before investors decide to invest. The market can be trusted when a company is able to increase its value by maintaining strong performance in both the present and the future. Malaysia is one of the ASEAN countries that has become a focal point for investor interest. According to the OECD (2021) report, Malaysia has weathered recent economic shocks relatively well despite the impact of the 2020 pandemic. After contracting by -5.5% in 2020, growth rebounded to 3.3% in 2021 and was followed by 8.9% in 2022. Compared to other ASEAN countries such as Vietnam and Laos, Malaysia recorded relatively stable growth even during the pandemic. The following is information from the ASEAN Sec-retariat's annual statistical report regarding economic growth rates for the 2019–2023 period:

Received: September 27, 2025  
Revised: October 08, 2025  
Accepted: October 27, 2025  
Online Available: October 29, 2025  
Curr. Ver.: October 29, 2025



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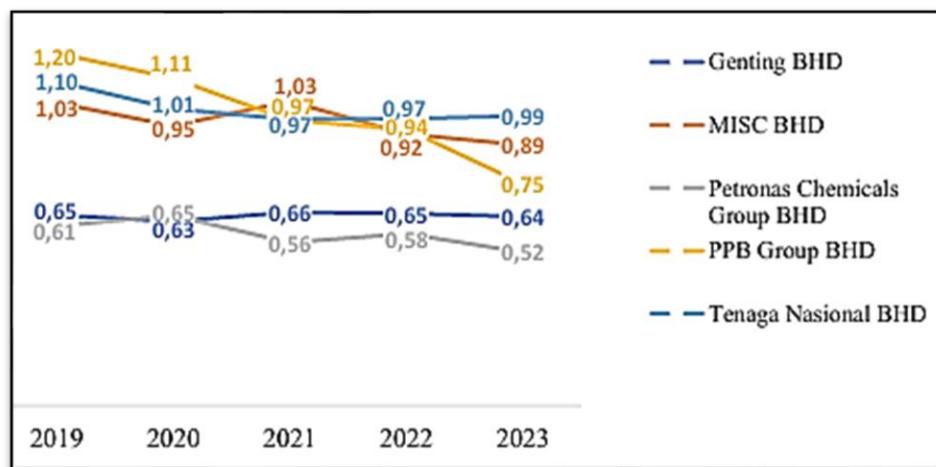


Source : ASEAN Secretariat (2023)

Figure 1. Percentage of Economic Growth Rate in ASEAN Countries

Economic instability can undermine investor confidence, may cause a fall in the value a company receives from investments, stock prices, and other metrics. High stock prices in the market indicate a high level of investor prosperity, whereas low stock prices have a negative impact on investor perceptions of the company (Nugroho, 2021). Therefore, companies will strive to increase their stock prices to demonstrate strong performance results and enhance shareholder wealth (Irawati & Komariyah, 2019). Tobin's Q is one of the measures used to evaluate a company's value. This metric can provide insights into aspects related to business performance, such as share ownership, firm value, differences in investment objectives, the connection between sales and profitability, regarding the relationship between remuneration and dividend payments (Kamaliah, 2020). A higher firm value will have a positive impact on the company's performance, creating future opportunities for the business (Mala & Yudiantoro, 2023).

This study focuses on companies included in the FBM KLCI index listed on Bursa Malaysia for the 2019–2023 period. Based on Tobin's Q values, several FBM KLCI companies experienced fluctuations and tended to decline in 2023. A continuous decrease in firm value can result in losses for the company, leading to reduced investor confidence and willingness to invest. Therefore, companies must maintain a positive corporate image and be supported by strong market capitalization to drive the FBM KLCI index to compete in enhancing their firm value (Winarsih & Fuad, 2022). The following presents Tobin's Q data for FBM KLCI companies during the 2019–2023 period.



**Figure 2.** Tobin's Q Value in FBM KLCI.

Figure 2 illustrates the fluctuations and general downward trend in firm value observed in several companies listed in the FBM KLCI index. A Tobin's Q value of less than 1 (undervalued) indicates a negative outlook for the company (Dwiastuti & Dillak, 2019). This suggests that the company is highly exposed to information risk and tends to show weak performance. Examples include PPB Group BHD (4065), which had the highest Tobin's Q in 2019 at 1.20 but dropped to 0.75 in 2023; MISC BHD (3816), which declined to 0.89 in 2023; Genting BHD (3182), which fell to 0.64 in 2023; and Petronas Chemicals Group BHD (5183), which decreased to 0.52 in 2023. In contrast, Tenaga Nasional (5347) saw an increase to 0.99 in 2023, though still below 1. Such declines in firm value must be addressed to ensure business continuity; otherwise, they may reduce investor confidence and lead to perceptions that the company cannot provide satisfactory returns.

Capital structure is one of several variables that might impact a company's worth. The capital structure of a company determines the ratio of debt to equity and how the company will handle operational funding. The term refers to the arrangement of funding sourced from equity and debt to support operational activities (LUU, 2021). Moreover, a higher debt proportion in the capital structure means less capacity for additional borrowing, and thus less flexibility in financing (Almomani et al., 2022). Debt can also provide tax-saving benefits through interest payments (tax deductible) (Subagyo, 2021). Research by Syamsudin et al. (2020) discovered that business value is influenced by capital structure, meaning that if a business can use debt effectively, it will generate higher profits, cover interest expenses, and positively impact its value. Conversely, Purba & Africa (2019) determined that stock ownership does not impact company worth.

Another factor is growth, which reflects a company's capacity to sustain its economic existence. Good growth results in higher business value because it encourages investors to invest. When growth is strong, the company's image improves as investors are attracted to businesses capable of generating high profits (Silvia & Wuryani, 2024). Growth is measured by comparing current-year sales to those of the previous period. Maintaining or increasing sales growth is considered the best choice for companies because it relates to shareholder prosperity (Naibaho & Widyastari, 2023). Dewi & Sujana (2019) found that company growth can influence firm value, whereas Dang et al. (2019) found no such effect.

In addition, dividends are also considered to influence firm value. Dividends can maximize firm value by rewarding investors. Dividend policy refers to how much of the profit is distributed as dividends. Dividend payments can be a strategy that positively impacts the company (Irawati & Komariyah, 2019). To test whether dividend policy moderates the association between capital structure, growth, and firm value, this study uses these variables. Dividend policy is considered interesting as a moderating variable because it relates to business financing decisions involving the management of internal funds, thus affecting stock prices and firm value. While Toni et al. (2021) observed that dividend policy does not alter the connection, Nurhayati et al. (2020) discovered that the impact of capital structure on firm value is increased by dividend policy.

Listed on Bursa Malaysia, FBM KLCI companies will have their capital structure, growth, and firm value studied from 2019 to 2023. As a moderating variable, dividend policy will be employed.

## 2. Literature Review

### 2.1 Signalling Theory

Signalling Theory discusses why it's critical for companies to let outside parties know about their investment decisions. Spence (1973) first proposed this theory by discussing how information owners (companies) send signals in the form of relevant information that benefits recipients (investors). In the context of Signalling Theory, information disclosed in financial statements can be communicated transparently to external parties. This helps reduce information asymmetry, where internal information and company prospects are better known to managers than to external stakeholders. To address this asymmetry, companies publish financial statements containing more complete, accurate, and relevant information as evidence of their performance, thereby ensuring the quality and integrity of financial statement information (Wijayaningsih & Yulianto, 2021). The correlation between firm value and signaling theory demonstrates that this theory gives investors clues about the worth or future prospects of a business. In order to maintain a company's competitiveness in its market, the objective is to assist businesses in communicating information to the capital market in a manner that might affect investor views of firm value.

### 2.2 Firm Value

Firm value reflects the achievement of business performance and serves as an indicator of public trust through its various operational activities. Firm value is the potential generated by a company in the form of measurable worth through established methods and models (Dang et al., 2020). It represents investors' assessment of a company's performance in determining their investment decisions (Ummah & Yuliana, 2023). In this study, firm value is measured using Tobin's Q, chosen as a proxy to determine the market value of a business. Tobin's Q is a business valuation measure used to assess performance based on reported business results (Dang et al., 2020). Presented here is the formula for Tobin's Q:

$$\text{Tobin's Q} = \frac{\text{MVE} + \text{Debt}}{\text{Total Assets}}$$

### 2.3 Capital Structure

The amount of debt and equity utilized for long-term financing is referred to as the capital structure. It is the mix of various financial instruments, represented by capital, equity, preferred stock, and debt (Doorasamy, 2021). A company may finance its operations partly with debt and partly with equity, but it must balance the benefits and costs of each (Nguyen, 2020). The capital structure is assessed in this study by comparing the debt and equity amounts shown in the financial statements of the company. The DER measures the leverage of a company's financing by comparing its total liabilities to its equity (Jihadi et al., 2021).

$$DER = \frac{\text{Total Debt}}{\text{Equity}}$$

#### 2.4 Growth

In a competitive setting, company growth is often characterized by gains in sales, revenue, and assets (Öberg, 2021). Company growth is defined by Andersson et al. (2020) as the total sales revenue produced by the business's operations. A company's growth indicates how much its performance has improved. The higher the company value, the higher the growth potential. Sales growth is used as a stand-in for growth in this research. According to Slamet and Ramadhan (2023), a rising sales growth ratio suggests that the business is meeting its sales goals. The probability of the business experiencing financial difficulties decreases if the ratio keeps increasing (Amanda & Tasman, 2019).

$$\text{Sales Growth} = \frac{St - St - 1}{St - 1}$$

#### 2.5 Dividend Policy

The proportion of profit given to investors or shareholders as cash dividends is known as the dividend policy (Piristina & Khairunnisa, 2019). Investor perceptions of a company's worth and profile might be enhanced by a large dividend distribution (Handayani & Ibrani, 2023). Investors may forecast future market pricing and get insight into the company's possibilities for success by putting this approach into practice (Siladjaja & Anwar, 2020). The dividend level chosen by the corporation is ascertained in this research using the DPR as a stand-in. DPS and EPS are compared to determine DPR. Investors often prefer a greater DPR (Handayani & Ibrani, 2023).

$$DPR = \frac{\text{Dividend Per Share}}{\text{Earnings Per Share}}$$

#### 2.6 Research Hypotheses

- a. Firm value is positively impacted by capital structure.
- b. Firm value is positively impacted by growth.
- c. The impact of capital structure on business value is mitigated by dividend policy.
- d. The influence that growth has on business value is moderated by dividend policy.

### 3. Method

This research is a descriptive quantitative study. It was used to look at how growth and capital structure affected the value of the firm and how dividend policy worked as a moderating factor. Sugiyono (2019) asserts that quantitative research uses statistical and numerical data to examine the connections between the variables under study.

From 2019 to 2023, an empirical research was carried out on FBM KLCI firms utilizing financial statements that were acquired from Bursa Malaysia. Companies that are listed on Bursa Malaysia's FBM KLCI index make up the population. 16 businesses were chosen as the study sample based on the established sample criteria. Documentation in the form of annual financial reports from FBM KLCI firms listed on the Bursa Malaysia website for the 2019–2023 period served as the basis for data gathering.

Moderated Regression Analysis (MRA), panel data regression analysis, classical assumption testing, descriptive analysis, model selection for panel data regression, and hypothesis testing using t-test, F-test, and coefficient of determination analysis ( $R^2$ ) are among the data analysis methods employed in this study.

### 4. Results and Discussion

#### 4.1 Descriptive Statistics of Research Variables

Table 1. Descriptive Statistics of Research Variables.

	X1	X2	Z	Y
<b>Mean</b>	1.646247	0.091828	0.003564	1.645922
<b>Median</b>	0.932693	0.041588	0.007893	1.392690
<b>Maximum</b>	12.51267	1.069671	0.032956	5.243236
<b>Minimum</b>	0.056790	-0.564827	-0.329996	0.522182
<b>Std. Dev.</b>	2.256246	0.261359	0.038509	0.996531

<b>Skewness</b>	3.486850	1.259913	-8.268675	1.739932
<b>Kurtosis</b>	15.88495	6.267655	72.17272	6.413744
<b>Jarque-Bera</b>	715.5150	56.75696	16861.17	79.21034
<b>Probability</b>	0.000000	0.000000	0.000000	0.000000
<b>Sum</b>	131.6997	7.346233	0.285097	131.6737
<b>Sum Sq. Dev</b>	402.1611	5.396353	0.117151	78.45290
<b>Observations</b>	80	80	80	80

Source: Eviews 13, 2025

Based on Table 1 generated from EVIEWS, there are 80 observational data points, with firm value as the dependent variable, capital structure and growth as the independent variables, and dividend policy as the moderating variable, described as follows:

- The mean capital structure is 1.646 with a standard deviation of 2.256. The minimum capital structure value is recorded for PPB Group BHD (4065) in 2020 at 0.056, while the maximum is for Celcomdigi Berhad (6947) in 2020 at 12.512.
- The mean growth is 0.091 with a standard deviation of 0.261. The minimum growth value is recorded for Genting Malaysia Berhad (4715) in 2020 at -0.564, while the maximum is for Genting Malaysia Berhad (4715) in 2022 at 1.069.
- The mean dividend policy is 0.003 with a standard deviation of 0.03. The minimum dividend policy value is recorded for MISC BHD (3816) in 2020 at -0.329, while the maximum is for Press Metal Aluminium Holdings Berhad (8869) in 2019 at 0.032.
- The mean firm value is 1.645 with a standard deviation of 0.996. The minimum firm value is recorded for Petronas Chemicals Group BHD (5183) in 2023 at 0.522, while the maximum is for Celcomdigi Berhad (6947) in 2021 at 5.243.

## 4.2 Panel Data Regression Model Selection

### 4.2.1 Chow Test

**Table 2.** Chow Test.

Redundant Fixed Effects Tests Equation: Untitled			
Test cross-section fixed effects			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	56.291072	(15,61)	0.0000
Cross-section Chi-square	215.797240	15	0.0000

Source: Eviews 13, 2025

Based on the probability values for the Chi-square and cross-section F, which are  $0.000 < 0.05$ , Table 2 suggests that the Fixed Effect model is the best one to use.

### 4.2.2 Hausman Test

**Table 3.** Hausman Test.

Correlated Random Effects - Hausman Test Equation: Untitled			
Test cross-section random effects			
Test Summary	Chi-Sq Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	2.683789	3	0.4430

Source: Eviews 13, 2025

From Table 3, the probability value is  $0.4430 > 0.05$ , indicating that the REM is more appropriate to apply

### 4.2.3 Lagrange Multiplier Test

**Table 4.** Lagrange Multiplier Test.

Lagrange Multiplier Tests for Random Effects Null hypotheses: No effects  
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives

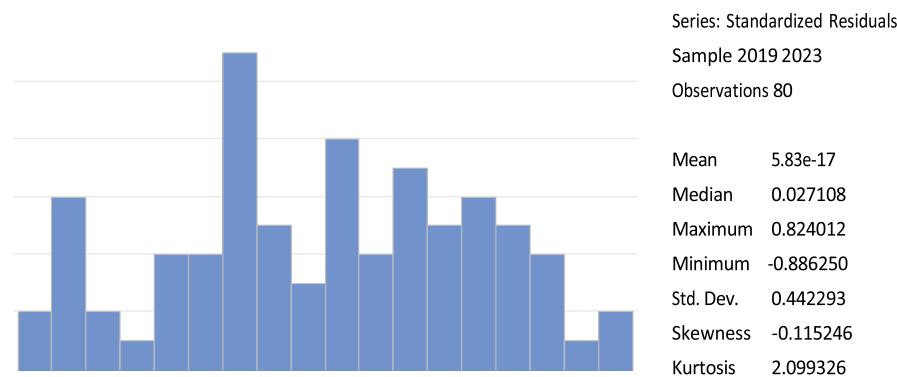
	Cross-section	Test Hypothesis	
		Time	Both
Breusch-Pagan	120.9240 (0.0000)	1.929197 (0.1648)	122.8532 (0.0000)

Source: Eviews 13, 2025

$0.000 < 0.05$  is the probability value derived from Table 4, indicating that the RREM is the correct choice to apply

### 4.3 Classical Assumption Testing

#### 4.3.1 Normality Test



**Figure 3.** Normality Test Results.

From Figure 3, the probability values for each equation are  $> 0.05$ , indicating that the data meet the normality assumption.

#### 4.3.2 Multicollinearity Test

**Table 5.** Multicollinearity Test.

	X1	X2	Z
X1	1	-0.090098793	0.076978597
X2	-0.090098793	1	-0.025520748
Z	0.076978597	-0.025520748	1

Source: Eviews 13, 2025

The EViews output shows that the coefficient values are  $< 0.8$ , leading to the conclusion that the model is free from multicollinearity issues.

#### 4.3.3 Heteroskedasticity Test

Since the REM with the GLS approach was selected, heteroskedasticity testing is not required. In this model, it is assumed that heteroskedasticity is not present (Basuki & Prawoto, 2016).

#### 4.3.4 Autocorrelation Test

Autocorrelation testing is often not required for panel data, which incorporates both continuous and discrete time series data. Usually used on time series data, this test is deemed irrelevant and unlikely to provide significant findings when applied to cross-sectional or panel data (Basuki & Prawoto, 2016).

### 4.4 Hypothesis Testing

#### 4.4.1 Regression Analysis

**Table 6.** Regression Analysis.

Dependent Variable: Y				
Method: Panel EGLS (Cross-section random effects)				
Total panel (balanced) observations: 80				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.196785	0.112982	1.741740	0.0856
X1	0.092101	0.010713	8.596909	0.0000
X2	0.012476	0.056942	0.219098	0.8272
Z	0.015467	0.408908	0.037824	0.9699

Source: Eviews 13, 2025

From Table 6, the regression equation model can be expressed as follows:

$$Y = 0,196785 + 0,092101 (X1) + 0,012476 (X2) + 0,015467 (Z)$$

Interpretation of the regression equation:

- The constant is 0.196785, which indicates that the firm value (Y) is 0.196785 if X1, X2, and Z are all 0.

- b. If all other independent variables stay the same, a 1% increase in capital structure would result in a 0.092101 rise in firm value, according to the regression coefficient of X1 (capital structure), which is 0.092101.
- c. If all other independent variables stay the same, a 1% rise in growth will result in a 0.012476 increase in the company value, according to the regression coefficient of X2 (growth), which is 0.012476.
- d. If all other independent variables stay the same, a 1% rise in dividend policy would result in a 0.015467 increase in company value, according to the regression coefficient of Z (dividend policy), which is 0.015467.

#### 4.4.2 Moderated Regression Analysis (MRA)

Table 7.

Dependent Variable: Y

Method: Panel EGLS (Cross-section random effects) Date: 04/24/25

Time: 20:07

Sample: 2019 2023

Periods included: 5

Cross-sections included: 16

Total panel (balanced) observations: 80

Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.195200	0.121020	1.612953	0.1110
X1	0.095241	0.043618	2.183534	0.0322
X2	0.011103	0.060522	0.183459	0.8549
Z	0.213285	2.329103	0.091574	0.9273
X1Z	-0.332876	4.134054	-0.080520	0.9360
X2Z	-0.158581	4.751066	-0.033378	0.9735

Source: Eviews 13, 2025

From Table 7, the MRA regression model is as follows:

$$Y = 0,195200 + 0,095241(X1) + 0,011103 (X2) + 0,213285 (Z) - 0,332876 (X1Z) - 0,158581 (X2Z)$$

Interpretation of the equation:

- a. The constant is 0.195200, which indicates that the firm value (Y) is 0.195200 if X1, X2, Z, X1Z, and X2Z are all zero.
- b. If all other factors stay the same, a 1% increase in capital structure will result in a 0.095241 rise in company value, according to the regression coefficient of X1 (capital structure), which is 0.095241.
- c. If all other factors stay the same, a 1% rise in growth will result in a 0.011103 increase in the company value, according to the regression coefficient of X2 (growth), which is 0.011103.
- d. If all other factors stay the same, a 1% rise in dividend policy will result in a 0.213285 increase in company value, according to the regression coefficient of Z (dividend policy), which is 0.213285.
- e. The interaction between capital structure and dividend policy, or X1Z, has a regression coefficient of -0.332876. This indicates that, if all other factors stay the same, a 1% rise in the moderating impact would result in a 0.332876 drop in firm value.
- f. If all other factors stay the same, a 1% rise in the moderating impact would result in a 0.158581 decrease in the firm value, according to the regression coefficient of X2Z (the interaction between dividend policy and growth), which is -0.158581.

#### 4.4.3 Partial Hypothesis Testing

Table 8. Partial Hypothesis Testing.

Variabel Independen	Variabel Dependen	Koefisie	Prob.	Hasil
Struktur Modal (X1)	Nilai Perusahaan	0,0921	0,0000	Berpengaruh Positif

<i>Growth (X2)</i>	(Y)	0,01248	0.8272	Tidak Berpengaruh
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Source: Eviews 13, 2025

With a coefficient of 0.092, Table 8's partial test results demonstrate that X1 (capital structure) positively affects company value. In the meanwhile, company value is unaffected by X2 (growth).

**Tabel 9.** Hypothesis Testing.

Variabel Independen	Variabel Dependen	Koefisien	Prob.	Hasil
Struktur Modal (X1)		0,095241	0.0322	Berpengaruh positif
<i>Growth (X2)</i>		0,011103	0.8549	Tidak berpengaruh
Kebijakan dividen memoderasi struktur modal (X1Z)	Nilai Perusahaan (Y)	-0,3329	0.9360	Tidak berpengaruh
Kebijakan dividen memoderasi <i>growth</i> (X2Z)		-0,1586	0.9735	Tidak berpengaruh

Source: Eviews 13, 2025

From Table 9 (MRA model), X1 (capital structure) still has a positive effect on firm value with a coefficient of 0.095, while X2 (growth) has no effect on firm value. Furthermore, dividend policy does not moderate the effect of capital structure on firm value, nor does it moderate the effect of growth on firm value.

#### 4.4.4 Simultaneous Test (F-test)

**Table 10.** F-test.

R-squared	0.500674	Mean dependent var	0.043971
Adjusted R-squared	0.480964	S.D. dependent var	0.173445
S.E. of regression	0.124957	Sum squared resid	1.186684
F-statistic	25.40176	Durbin-Watson stat	0.798712
Prob(F-statistic)	0.000000		

Source: Eviews 13, 2025

The likelihood (F-statistic) in Table 10 is 0.000000, which is less than 0.05 and suggests that growth, dividend policy, and capital structure all have an impact on company value at the same time.

#### 4.4.5 Coefficient of Determination (R2)

According to Table 10's Adjusted R-squared value of 0.480964, the independent variables account for 48.096% of the variance in firm value, with additional factors not included in this research influencing the remaining 51.904%.

### 4.5 Discussion

#### Effect of Capital Structure on Firm Value

A partial test confirms that capital structure does in fact raise company value, thus we accept H1. Assuming it stays within optimal limits, a higher proportion of debt in the capital structure can increase the value of a business. Increasing debt, when managed effectively, provides tax savings (tax shield) through interest expenses and increases the availability of profits for shareholders. According to Signalling Theory, investors perceive debt as a positive indicator when it is used to finance operations, as it signals the potential for higher returns and reduced bankruptcy risk. Trade-off Theory further explains that optimal debt usage balances the tax benefits with bankruptcy costs, allowing the firm to tolerate additional debt as long as the benefits outweigh the risks (Anandita & Septiani, 2023).

These findings align with Subagyo (2021), Oktiwiati & Nurhayati (2020), and Syai-fulhaq et al. (2020), who found that increased debt can lower tax burdens and interest costs, thereby raising stock prices and firm value. However, this result contradicts Purba & Africa (2019), Ferriswara et al. (2022), and Wijayaningsih & Yulianto (2021), who argue that excessive debt heightens bankruptcy risk.

### Effect of Growth on Firm Value

Growth does not significantly affect firm value, according to partial test results, thus H2 is rejected. Although higher growth typically increases market value, it does not necessarily translate into higher profits. Increased growth often comes with increased costs, which may offset potential gains in firm value. These results support Kusumawati & Se-tiawan (2019), Purwani & Santoso (2023), Kammagi & Veny (2023), and Antoro et al. (2020), who also found no significant relationship. Conversely, they contradict Dewi & Sujana (2019) and Aeni & Asyik (2019), who reported a positive influence of growth on firm value.

### Dividend Policy as a Moderator between Capital Structure and Firm Value

H3 is rejected since the MRA findings show that dividend policy has no moderating effect on the link between capital structure and company value. Dividend policy neither amplifies nor diminishes the effect of capital structure on firm value. While dividends are often seen as a signal of financial health, investors in this study appeared more focused on capital structure when assessing firm value, consistent with findings by Diana & Munandar (2023) and Toni et al. (2021).

### Dividend Policy as a Moderator between Growth and Firm Value

Similarly, dividend policy does not moderate the relationship between growth and firm value, thus H4 is rejected. Even when sales increase and dividends are distributed, this does not guarantee higher firm value, especially if increased sales are not accompanied by higher net income, operational efficiency, or healthy cash flows. This finding supports Areta & Setijaningsih (2024) but contrasts with Kasmawati (2023).

## 5. Conclusions & Recommendations

### 5.1 Conclusions

From the study's results and discussion, we can deduce the following:

- a. Capital structure has a positive and significant effect on firm value for FBM KLCI companies listed on Bursa Malaysia during 2019–2023.
- b. Growth has no significant effect on firm value for FBM KLCI companies listed on Bursa Malaysia during 2019–2023.
- c. Dividend policy does not moderate the relationship between capital structure and firm value.
- d. Dividend policy does not moderate the relationship between growth and firm value.

### 5.2. Recommendations

Based on the data review and research findings, the following implications and recommendations are presented:

- a. For Future Researchers: Future studies can involve other sectors or adopt a more varied scope, not limited to companies listed on Bursa Malaysia but also including other stock exchanges in ASEAN. This broader coverage will better reflect the overall development of firm value and expand the sample for subsequent research.
- b. For Companies: To prevent potential bankruptcy risks, companies are advised to take further actions to improve performance that could influence market valuation. Moreover, this study provides insights into how companies can effectively manage their debt as a source of operational funding to enhance their business value in the capital market.
- c. For Shareholders: Shareholders should be more cautious and thorough in evaluating a company before investing, particularly regarding extreme capital structures. Additionally, shareholders should encourage management to adjust dividend policies in accordance with the company's financial condition and growth plans to ensure future profitability.

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