



The Influence of Capital Expenditure, Leverage, and Dividend Policy on the Relative Value of Non-Financial Companies Listed on the IDX

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Abstract. The research aims to analyze the impact of capital expenditure, leverage, and dividend policy on the relative value of non-financial companies listed on the Indonesia Stock Exchange. Using a quantitative method and multiple linear regression analysis, data were collected from the financial statements of companies over a certain period. Descriptive statistical tests, classical assumption tests, and hypothesis tests were conducted to analyze the data. The results indicate that capital expenditure and leverage do not have a significant impact on the relative value of the companies, while dividend policy has a positive and significant effect. These findings have important implications for investors in considering a company's dividend policy before making investments. For companies, the results serve as a reference to pay more attention to dividend policies in efforts to increase the relative value of the company.

Keywords: Capital, Expenditure, Leverage.

1. INTRODUCTION

The growth of the capital market in Indonesia has shown significant development in recent years. One of the main indicators is the increase in the Composite Stock Price Index (IHSG), which in 2023 reached 7,300 points, an increase of 6.16% from 2022 (Robertus, 2023). This reflects the high interest of investors in stocks as an investment instrument, supported by the growth in the number of investors reaching 126 million people in 2023, an increase of 18% from the previous year. This condition shows how important company assessment is in making investment decisions, because accurate assessments can help investors determine the intrinsic value of a stock, which in turn can influence stock purchase or sale decisions.

In an effort to assess the value of a company, there are two main methods that are often used, namely relative valuation and absolute valuation. Relative valuation is based on comparisons with similar companies, often using financial ratios as the main measure. Meanwhile, absolute valuation places more emphasis on intrinsic value calculated based on future cash flow projections (Jaunanda, 2022). Literature reviews show that the relative valuation method is often more practical and quick to use in dynamic market conditions. However, the accuracy of this method is highly dependent on the validity of the assumptions used, such as similarities in performance and prospects between the companies being compared.

The signals given by the company also play an important role in helping investors assess the health and growth potential of the company. So this study uses signal theory as the main basis, which refers to the company's actions to provide investors with an indication of management's views on the company's future (Nur Ajiza & Nafisatul Mar'ah, 2019). The information conveyed by the company is a significant element that can influence external investment decisions. Factors such as Capital Expenditure, Leverage, and Dividend Policy are considered key indicators that can provide an overview of the company's future prospects.

The first factor that can provide an overview of the company's future is capital expenditure. Capital expenditure is used as a long-term investment by the company to obtain assets with future benefits, including equipment purchases, infrastructure development, and product research and development (Fitri, 2014). In signal theory, capital expenditure is one of the important indicators that reflects the condition of the company and its growth prospects. This investment is often used for business expansion, which if successful, can increase the company's income and long-term prospects, and strengthen the company's relative value in the eyes of investors. Research by Adelin et al. (2022) supports this by showing that capital expenditure has a positive effect on company value.

H1: Capital expenditure has a positive effect on the relative value of the company.

The second factor that can be used to analyze the company's value is Leverage. *Leverage* plays an important role in increasing the value of the company, where the Debt to Equity Ratio (DER) is used to measure the proportion of debt to equity in the company's capital. Changes in the company's capital structure will directly affect DER, which provides an overview of the extent to which debt is used to fund operations compared to equity. Related to signaling theory, a high level of debt can be an indication that the company is confident in managing the debt well and using it to support investment and expansion that can increase the company's growth in the future.

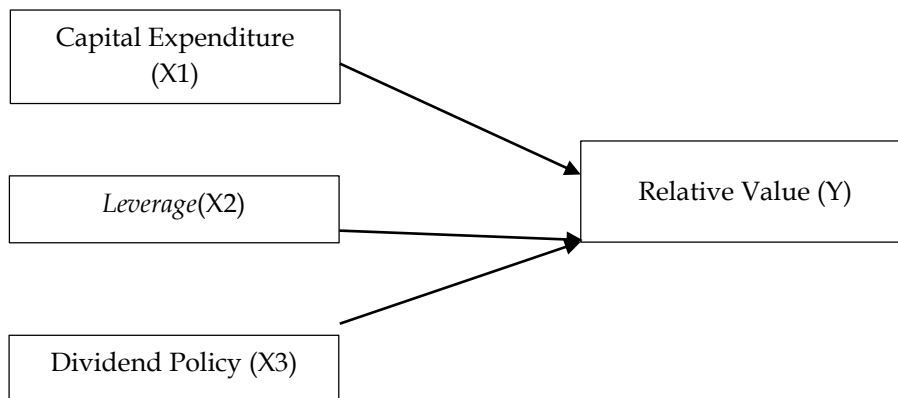
The use of debt as a financing tool is often seen as an aggressive and optimistic financial strategy, where a high debt ratio may reflect a company's confidence in its future financial prospects. A study by George et al. (2024) supports this view by showing that leverage has a positive effect on Price to Book Value (PBV). However, a study by Werang et al. (2023) found that DER or leverage had no effect on Price to Earnings Ratio (PER). Due to the inconsistency of the research results, researchers want to re-examine the effect of capital expenditure on the relative value of the company.

H2: Leverage has a positive effect on the relative value of the company.

The third factor that can influence company value is dividend policy. Dividend policy includes decisions about how much of a company's income will be distributed as dividends and how much will be retained (Puspitaningrum & Hanah, 2024). According to signaling theory, large dividend payments often indicate good company performance, because only companies with high profits can afford to pay high dividends. The dividend payout ratio (DPR) is an important indicator in dividend policy, where the higher the DPR, the more profitable it is for investors. Dividends, which are distributed from net income to shareholders, either in cash or shares, can increase the value of a company's shares, especially when the DPR is high (Marlina, 2024).

Changes in dividend policy can affect investors' perceptions of a firm's value. For example, if a firm suddenly increases or decreases its DPR, this can change investors' expectations about the firm's future performance, which in turn can affect the firm's value. Research by Pangaribuan et al. (2019) supports this view, showing that dividend policy has a positive effect on firm value.

H3: Dividend policy has a positive effect on the relative value of the company.



Source: Research Data 2024

Figure 1. Conceptual Framework

2. RESEARCH METHODS

This research was conducted at the Indonesia Stock Exchange. The object of this research is the influence of capital expenditure, leverage, and dividend policy on the relative value of non-financial companies listed on the IDX. The data source used in this study is secondary data in the form of financial reports from companies listed on the IDX which can be accessed through the IDX website. The population used in this study is all non-financial companies listed on the Indonesia Stock Exchange. The sampling method used in this study is the stratified random sampling method and then using the Slovin formula to obtain a

representative sample size. The criteria for determining the sample in this study are all non-financial companies listed until the period of 2023. By using the Slovin formula, 266 company samples were obtained that represent the entire study population. Then, the next sample determination criterion is companies that have published their financial reports on the IDX. From these criteria, the number of samples that can be used in this study is 239 companies. The independent variables in this study are capital expenditure, leverage, and dividend policy while the dependent variable in this study is the relative value of the company. The data collection method used in this study is non-participant observation.

The relative value variable is measured using a combination of the two types of price multiples, namely the price earning ratio and the price book value ratio. The combination is carried out using the Z-score method. The Z-score method is a financial analysis method used to measure the financial health of a company by combining several financial ratios into a single score number (Avianti & Ratnasari, 2021). The capital expenditure variable in this study is measured by Capital Expansion (Syamsuddin, 2011). Furthermore, the leverage variable is measured by the debt to equity ratio (Kasmir, 2018). The dividend policy variable is measured using the dividend payout ratio. The analysis technique used in this study is the multiple linear regression analysis technique. The multiple linear regression model in this study is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon \dots\dots\dots(1)$$

Information:

Y = Relative Value

α = Constant Coefficient

β = Regression coefficient of the independent variable

X1 = Capital Expenditure

X2 = Leverage

X3 = Dividend Policy

ε = Error Term

3. RESULTS AND DISCUSSION

This research was conducted to analyze the influence of capital expenditure, leverage, and dividend policy on the relative value of the company. The stages of data analysis in this study began with descriptive statistical analysis, followed by classical assumption tests that include normality, multicollinearity and heteroscedasticity. After that, multiple linear regression analysis was carried out. Furthermore, a determination coefficient test (Adjusted

R2), model feasibility test (F test), and hypothesis test (t test) were carried out. The results of this research test are as follows:

Table 1. Descriptive Statistical Analysis Results

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Relative Value	163	-3,15624	1.59188	0.00000	1,00000
Capital Expenditure	163	0.52665	0.89703	0.77619	0.32847
Leverage	163	0.14006	18.93048	4.41146	4,20096
Dividend Policy	163	0.14671	12,19941	4.37966	2.29104
Valid N (listwise)	163				

Source: Research Data, 2024

The Relative Value (Y) has a minimum of -5.57185 and a maximum of 10.67277, with a mean of 2.61330 and a standard deviation of 2.91408. A high standard deviation indicates significant variation in the data, with some values well below or above the mean.

Capital Expenditure (X1) has a minimum of -0.89396 and a maximum of 0.24501, with a mean of 0.05390 and a standard deviation of 0.23710. The high deviation indicates an uneven distribution of capital expenditure, where most of the values are close to zero.

Leverage (X2) has a minimum of 0.00004 and a maximum of 1.67939, with a mean of 0.34955 and a standard deviation of 0.38187. A high standard deviation indicates a large variation in leverage ratios across firms, from very low to high.

Dividend Policy (X3) has a minimum of -2.98709 and a maximum of 70.08262, with a mean of 16.61450 and a standard deviation of 17.80670. The high standard deviation indicates a large difference in dividend policies, from very low to well above average.

Table 2. Normality Test Results

		Unstandardized Residual
N		163
Normal Parameters ^{a,b}	Mean	0,000
	Std. Deviation	0.952
Most Extreme Differences	Absolute	0.046
	Positive	0.037
	Negative	-0.046
Kolmogorov-Smirnov		0.046
Asymp. Sig. (2-tailed)		0.200

Source: Research Data, 2024

Based on the results of the normality test in Table 2. by referring to the Kolmogorov-SmirnovZ method, it shows that for the normality test of company characteristics with a total of 163 data, then with a significance value of $0.200 > 0.05$, it means that the data used in this study is normally distributed data.

Table 3. Multicollinearity Test Results

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Capital Expenditure	0.985	1,015
<i>Leverage</i>	0.977	1,023
Dividend Policy	0.967	1,034

Source: Research Data, 2024

Based on Table 3 shows that none of the independent variables (Capital Expenditure, Leverage and Dividend Policy) have a VIF value smaller than 10 and a tolerance value greater than 0.10. So it can be concluded that the data used in testing the regression equation is data that does not experience multicollinearity symptoms.

Table 4. Results of Heteroscedasticity Test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-1,129	1,030		-1,096	0.275
Capital Expenditure	2,438	1,339	0.143	1,821	0.071
<i>Leverage</i>	-0.002	0.011	-0.016	-0.201	0.841
Dividend Policy	0.003	0.020	0.013	0.163	0.871

Source: Research Data, 2024

Based on Table 4, it can be seen that the results of the significance value of the independent variables (Capital Expenditure, Leverage and Dividend Policy) are above 0.05, so it can be concluded that there are no symptoms of heteroscedasticity.

Table 5. Results of Multiple Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2,646	1,787		1,481	0.141
Capital Expenditure	-4,177	2,316	-0.137	-1,803	0.073
<i>Leverage</i>	0.033	0.018	0.140	1,827	0.070
Dividend Policy	0.103	0.034	0.235	3,066	0.003

Source: Research Data, 2024

Based on Table 5, it can be explained that the influence of capital expenditure, leverage and dividend policy variables on relative value, so that systematically the regression equation can be explained with the following information.

The constant value (α) has a positive value of 2.646. A positive value means that there is a unidirectional influence between the independent variable and the dependent variable. This

shows that the increase in relative value will remain with the assumption that there is no change in the capital expenditure, leverage and dividend policy variables.

The coefficient value of capital expenditure (X1) of -4.177 indicates a positive direction, which means that every increase in capital expenditure by one unit will cause an increase in the company's relative value of -4.177, provided that other variables in the model remain constant. This indicates that the higher the capital expenditure, the greater the increase in the company's relative value.

The Leverage coefficient value (X2) of 0.033 indicates a positive direction, which means that the relative value of the variable will increase as leverage increases, assuming other variables remain constant. In other words, every one unit increase in leverage is expected to result in an increase of 0.033 units in the relative value analyzed.

The coefficient value of Dividend Policy (X3) of 0.103 indicates a positive direction, which means that the relative value will increase along with the increase in dividend policy, assuming other variables remain constant. This means that every one unit increase in dividend policy is expected to cause an increase of 0.103 units in relative value.

Table 6. Results of the Determination Coefficient Test (R²)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.306a	0.093	0.076	0.961

Source: Research Data, 2024

Based on Table 6 shows the results of the determination coefficient test obtained at 0.076, which means that capital expenditure, leverage and dividend policy are able to provide information of 7.6% of the relative value, while the remaining 92.4% is explained by other variables not examined in this study. Then the independent and dependent variables have a correlation value of 0.306 or 30.6% which means the degree of relationship is moderately correlated.

Table 7. F Test Results

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	15,144	3	5,048	5,465	0.001b
Residual	146,856	159	0.924		
Total	162,000	162			

Source: Research Data, 2024

Based on Table 7, it can be explained that the test is able to produce a significance value of 0.001 smaller than α (0.05), which means that the model used in this study is feasible (fit). Thus, the research model used is feasible and the hypothesis can be continued.

Table 8. Hypothesis Test Results (t-Test)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2,646	1,787		1,481	0.141
Capital Expenditure	-4,177	2,316	-0.137	-1,803	0.073
Leverage	0.033	0.018	0.140	1,827	0.070
Dividend Policy	0.103	0.034	0.235	3,066	0.003

Source: Research Data, 2024

Based on Table 8. The results of the t-test can be explained as follows.

The capital expenditure variable on relative value has a significance value of 0.073, which is greater than α (0.05) with a negative t-value of 1.803, so H_0 is accepted and H_1 is rejected, which means that there is no influence of capital expenditure on relative value in non-financial companies listed on the Indonesia Stock Exchange.

The leverage variable on relative value has a significance value of 0.070 which is greater than α (0.05) with a positive t-value of 1.827 so that H_0 is accepted and H_2 is rejected, which means that there is no influence of leverage on relative value in non-financial companies listed on the Indonesia Stock Exchange.

The dividend policy variable on relative value has a significance value of 0.003, which is smaller than α (0.05) with a positive t-value of 3.066, so H_0 is rejected and H_3 is accepted, which means that there is a positive and significant influence of dividend policy on relative value in non-financial companies listed on the Indonesia Stock Exchange.

4. CONCLUSION

Capital expenditure and leverage do not have a significant effect on the relative value of non-financial companies listed on the Indonesia Stock Exchange. This shows that changes in capital expenditure and leverage, either increasing or decreasing, do not have an impact on increasing or decreasing the relative value of the company. On the contrary, dividend policy is proven to have a significant positive effect on the relative value of the company. Thus, a good dividend policy can increase the relative value of the company in the eyes of investors.

Non-financial companies are advised to focus on an effective dividend policy strategy in order to increase the company's relative value, because this policy has been proven to have a significant positive impact. Meanwhile, companies can also evaluate the strategy of using capital expenditure and leverage to be more effective in increasing company value. This study has limitations in sample coverage and variables, so further research is advised to consider

additional variables and expand the sample coverage in order to obtain more comprehensive results.

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