

The Influence of Dividend Policy on The Value of Textile and Garment Manufacturing Companies Listed on The Indonesian Stock Exchange (IDX) For The Period 2022-2024

Irena Juniarti V. Rea¹, Maria², Wihelmina Muni³

^{1,2,3}Department Of Business Administration, Kupang State Polytechnic, Kupang, Indonesia

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ABSTRACT

This research examines the influence of dividend policy on firm value in the textile and garment sub-sector of the manufacturing industry listed on the Indonesia Stock Exchange (IDX) during the period 2022–2024. The background is increasingly fierce global competition, where company value becomes an indicator of performance and investor appeal. Dividend policy, as the distribution of profits to shareholders, serves as a positive signal that influences market perception of company value. The research method is quantitative, using secondary data from annual financial statements. The analysis was conducted using simple linear regression, where the Dividend Payout Ratio (DPR) served as the independent variable and Price to Book Value (PBV) as the dependent variable. The results show a positive and significant influence of dividend policy on firm value, with a coefficient of determination (R^2) of 0.907. This means that 90.7% of the variation in firm value is explained by dividend policy, while 9.3% is influenced by other factors such as profitability, financing policy, firm size, and economic conditions. In conclusion, higher dividend payments increase investor confidence and drive up company value. The recommendation for the company is to maintain a consistent and transparent dividend policy. For investors, dividends can be a key investment benchmark, considering other fundamental factors.

Corresponding Author:

Irena Juanarti V. Rea
Department Of Business Administration
Kupang State Polytechnic
Kupang, Indonesia
Email: irenarea@gmail.com

INTRODUCTION

Dividend policy is one of the most important aspects of corporate financial management, especially for companies listed on the stock exchange. This policy reflects management's decision on how much profit will be distributed to shareholders and how much will be reinvested back into the company. Previous research has shown that dividend policy can affect company value, where company value is often measured by the stock price in the market (Darmawan, 2018). In the context of textile and garment manufacturing companies in Indonesia, which is an important sector in the economy, understanding the influence of dividend policy on company value becomes highly relevant.

An interesting phenomenon to observe is that companies in the textile and garment sector often face challenges in maintaining profitability amidst intense competition and fluctuating raw material prices. In this context, decisions about dividend distribution can be a signal to investors regarding the company's financial health. According to research by Puspitasari (2021), investors tend to view dividends as a positive signal about the company's future performance. Therefore, companies that can provide stable or increasing dividends can boost investor confidence, which in turn can contribute to an increase in company value.

In the period 2022-2024, the textile and garment sector in Indonesia underwent several significant changes, ranging from the impact of the COVID-19 pandemic to government policy changes affecting the industry. Data from the Central Bureau of Statistics (BPS) show that the growth of this sector has fluctuated, with some companies recovering faster than others. This creates differences in the dividend policies adopted by these companies. For example, some companies that were able to maintain or even increase their profits during the pandemic tended to pay higher dividends, while others might choose to withhold dividends to strengthen liquidity (BPS, 2023).

The influence of dividend policy on company value can also be seen from the investor's perspective. Investors often use dividends as one of the considerations in making investment decisions. In research by Salma (2019), it was found that dividends can serve as a quality signal, indicating that management believes in the company's future prospects. Therefore, companies that can consistently pay dividends can attract more investors, which in turn can increase stock demand and company value.

Although extensive research has been conducted on the influence of dividend policy on firm value, there are still gaps in studies that specifically examine the textile and garment manufacturing sector in Indonesia. Most previous research has focused on large companies and other sectors, thus paying less attention to the dynamics occurring in the textile and garment sector, which has unique characteristics. This research aims to fill this gap by analyzing how the dividend policies implemented by companies in this sector affect their corporate value. Additionally, there are shortcomings in more in-depth data analysis regarding the factors influencing dividend policy in this sector. For example, how market conditions, the level of competition, and government policies can affect managerial decisions related to dividends. By understanding these factors, companies can formulate more effective strategies for managing their dividend policies and increasing company value.

The urgency of this research lies not only in its contribution to academic literature but also in its implications for business practices in the textile and garment sector. By understanding the influence of dividend policy on company value, managers can make more informed decisions in formulating dividend policies that not only benefit shareholders but also contribute to the company's sustainability. This is particularly important amidst the challenges faced by the sector, such as fluctuations in raw material prices and changes in market demand. Additionally, this research is also relevant for investors. With better information on how dividend policy affects company value, investors can make more informed investment decisions. This will help them identify companies with the potential to deliver good returns through stable dividends and stock value growth.

In this study, the author chose textile and garment companies listed on the Indonesia Stock Exchange (IDX) as the research object because this sector has unstable characteristics and is sensitive to economic changes. Therefore, dividend policy is considered one of the main indicators in assessing a company's financial stability. Furthermore, the lack of specific research in the textile and garment sector motivated the researcher to delve deeper into the relationship between dividend policy and company value on investment decisions in this sector.

Table 1. Price Per Share of Textile and Garment Subsector Companies for the Period 2022-2024

No	Company Code	Company Name	Shares Price		
			2022	2023	2024
1	ARGO	Argo Pantes Tbk	1.225	935	980
2	ADMG	Polychem Indonesia Tbk	151	137	109
3	BELL	Trisula Textile Industries Tbk	148	79	60
4	CNTX	Century Textile Industry Tbk	220	122	142

5	ERTX	Eratex Djaya Tbk	470	236	103
6	ESTI	Ever Shine Tex Tbk	53	50	40
7	HDTX	Panasia Indo Resources Tbk	120	120	120
8	INDR	Indo Rama Synthetic Tbk	5.650	3.050	2.770
9	INOV	Inocycle Technology Group Tbk	126	154	92
10	MYTX	Asia Pacific Investama Tbk	54	60	35
11	PBRX	Pan Brothers Tbk	108	50	23
12	POLU	Golden Flower Tbk	286	825	2.300
13	POLY	Asia Pasific Fibers Tbk	55	50	21
14	RICY	Ricky Putra Globalindo Tbk	83	111	68
15	SBAT	Sejahtera Bintang Abadi Textile Tbk	50	9	1
16	SRIL	Sri Rejeki Isman Tbk (Sritex)	146	143	146
17	SSTM	Sunson Textile Manufacturer Tbk	790	498	258
18	STAR	Star Petrochem Tbk	17	107	50
19	TFCO	Tifico Fiber Indonesia Tbk	650	670	635
20	TRIS	Trisula International Tbk	236	208	167
21	UNIT	Nusantara Inti Corpora Tbk	316	316	316
22	ZONE	Mega Perintis Tbk	1.230	1.110	825

Source: www.idx.com, 2025

Based on stock price data from 2022 to 2024, it can be observed that most companies experienced a decline in stock value. For example, PT Indo-Rama Synthetics Tbk (INDR) showed a sharp decline from Rp 5,650 in 2022 to Rp 2,770 in 2024. A similar situation was also experienced by PT Eratex Djaja Tbk (ERTX), whose share price fell from Rp 470 to Rp 103. Even some companies like PT Sri Rejeki Isman Tbk (SRIL) and PT Ever Shine Tex Tbk (ESTI) showed stagnation or significant declines, reflecting less conducive market conditions.

The decline in company value in this sector can be influenced by many factors, one of which is dividend policy. Dividend policy reflects management's decision on how to distribute profits to shareholders or retain them for reinvestment in the company. In this context, dividend policy can be an important signal to investors regarding the financial health and future prospects of a company. However, whether dividend policy can significantly influence company value remains a relevant topic for research, especially amidst global economic pressures, declining competitiveness, and the lingering effects of the post-pandemic period. The inconsistency in stock price changes between companies also indicates that variables such as dividend policy can have different effects depending on each company's strategy and financial performance. Therefore, it is important to further examine the extent to which dividend policy affects company value, particularly in the textile and garment manufacturing industries, which face structural and competitive challenges.

Overall, this study aims to provide deeper insights into the influence of dividend policy on firm value in the textile and garment manufacturing sector listed on the Indonesia Stock Exchange. By analyzing data and information from the 2022-2024 period, this research is expected to make a significant contribution to understanding the dynamics of dividend policy in this sector and its implications for company management and investment decisions.

LITERATURE REVIEW

Dividend Policy

Dividend policy is a decision made by company management regarding how much profit will be distributed to shareholders as dividends and how much profit will be retained for reinvestment. According to Brigham and Ehrhardt (2016), dividend policy is a strategy used by a company to determine the proportion of profits that will be distributed to shareholders and that will be reinvested in the company. This policy is very important because it can influence investors' perception of the company's value. For example, a company that consistently pays dividends is considered more stable and reliable, which can increase investor confidence.

In the context of textile and garment manufacturing companies in Indonesia, dividend policy is becoming increasingly relevant given market volatility and intense competition. Data from the Indonesia Stock Exchange (IDX) show that the textile and garment sector is one of the sectors that contributes significantly to the national economy, with a total market capitalization reaching trillions of rupiah. Therefore, the right dividend policy can be a strategic tool for attracting investors and increasing company value.

According to Atmaja (2008) and Hery (2014), the dividend policy indicator uses the Dividend Payout Ratio (DPR), which is the comparison between a company's dividends and its net profit, expressed in the following formula:

$$\text{Dividen Payout Ratio} = \frac{\text{Dividen}}{\text{Profit}} \times 100\%$$

Meanwhile, according to Gumanti (2013), the indicator used to measure dividends is dividend yield, which is the ratio comparing dividends per share with the price per share.

$$\text{Dividen Yield} = \frac{\text{Annual Dividend Per Share}}{\text{Price Per Share}}$$

Based on the formula presented above, there are two indicators. The dividend policy measurement used in this study is from Hery (2014). The reason this formula was chosen as a dividend policy indicator is because it reflects the percentage of the company's profits paid to shareholders in the form of cash dividends.

Company Value

Company value is a measure that reflects how much value the company generates in the eyes of shareholders and investors. In this context, company value can be measured through several indicators, such as stock price, market value, and other financial ratios (Indriani, 2019). According to Brigham and Ehrhardt (2016), company value is often considered a reflection of the potential profits that can be generated in the future. In the textile and garment manufacturing industry, which has unique characteristics and diverse challenges, understanding a company's value becomes crucial for investors.

According to Indrarini (2019), assessment ratios are the most comprehensive performance measures for a company, including:

1. Price Book Value (PBV)

Price-to-Book Value (PBV) is a ratio used to assess whether a company's stock price is cheap or expensive compared to its book value per share. PBV is obtained by comparing the stock price to the company's book value per share. Here is the PBV formula:

$$PBV = \frac{\text{Shares Price}}{\text{Book Value of Shares}}$$

Meanwhile, the book value of shares is calculated using the formula:

$$\text{Book Value of Shares} = \frac{\text{Total Capital}}{\text{Number of Shares Outstanding}}$$

2. Market To Book Ratio (MBR)

The Market-to-Book Ratio (MBR) is a comparison between the market price of a stock and its book value. This ratio serves to measure the performance of a company. The higher the MBR, the higher the company's stock price compared to its book value. Here is the MBR formula.

$$MBR = \frac{\text{Shares Market Price}}{\text{Book Value of Shares}}$$

3. Market to Book Asset Ratio (MBAR)

The market-to-book asset ratio is a ratio that reflects the market's expectations regarding the value of investment opportunities and business growth. This ratio is obtained by comparing the market value of assets with the book value of assets. Here is the formula for the market-to-book asset

ratio:

$$MBAR = \frac{\text{Asset Market Value}}{\text{Book Asset Value}}$$

4. Market Value of Equity (MVE)

Market Value of Equity (MVE) is the market value of a company's equity as assessed by market participants. The market value of equity is obtained by multiplying the number of outstanding shares by the price per share.

$$MVE = \text{Number of Shares Outstanding} \times \text{Price Per Share}$$

5. Enterprise Value (EV)

Enterprise Value (EV) is the market value of a company, which will be calculated by adding the total market value of shares and the total value of liabilities, including minority interests and preferred shares, and then subtracting the total cash and cash equivalents.

$$EV = \text{Capitalization} + \text{Debt} - \text{Cash and Cash Equivalents}$$

6. Tobin's Q

Tobin's Q, which is the market value of a company compared to the replacement cost of its assets. Companies with a high Tobin's Q, or $q > 1.00$, represent better investment opportunities, have high growth potential, and demonstrate considered asset management. Tobin's Q formula is:

$$Q = \frac{EMV + D}{EBV + D}$$

Description:

Q = Firm Value

EMV = Equity Market Value

EBV = Book Value of Total Assets

D = Book Value of Total Debt

According to Harmono (2017), indicators of firm value can be calculated using Earnings Per Share (EPS), which is a form of profit distributed to shareholders for each share they own.

Conceptual Framework and Hypotheses

The influence of dividend policy on firm value has been extensively researched in the financial literature. According to research by Sari (2022), dividend policy can influence investors' perception of a company's risk and potential profits. In the context of textile and garment companies in Indonesia, a good dividend policy can increase investor confidence and, in turn, enhance company value. One mechanism by which dividend policy affects company value is through signaling. When a company announces a higher dividend than expected, it can be seen as a positive signal regarding the company's future performance. For example, PT. Indo-Rama Synthetics Tbk (INDR), which consistently increases its dividends, often experiences a surge in its stock price after dividend announcements, indicating that the market responds positively to favorable dividend policies.

On the other hand, a dividend reduction can send a negative signal to the market, which could lead to a decrease in company value. Research by Allen and Michaely (2003) indicates that dividend cuts are often interpreted as a sign that a company is facing financial difficulties. In the highly competitive textile and garment industry, companies that cannot maintain their dividend policies may lose investor confidence, which can contribute to a decline in company value. Additionally, dividend policy can also affect a company's capital structure. Companies that pay high dividends may have to rely on debt to finance new investment projects. This can increase the company's financial risk and impact its overall value. On the other hand, companies that choose not to pay dividends and reinvest their profits may have more financial flexibility to pursue growth opportunities.

In the context of this research, we will analyze how the dividend policies implemented by companies in the textile and garment sector listed on the Indonesia Stock Exchange can affect their company value

during the period 2022-2024. Considering various factors influencing this relationship, this study aims to provide deeper insights into the impact of dividend policy on firm value within this industry. Based on this conceptual framework, the hypotheses of this study are as follows:

- H_0 : Dividend policy does not significantly affect the value of textile and garment manufacturing companies listed on the Indonesia Stock Exchange.
- H_a : Kebijakan dividen berpengaruh secara signifikan terhadap nilai perusahaan manufaktur tekstil dan garmen yang terdaftar di Bursa Efek Indonesia.

RESEARCH METHOD

The type of research used in this study is quantitative research. The population in this study includes 22 companies in the textile and garment industry sector listed on the Indonesia Stock Exchange (IDX) for the period 2022-2024. To ensure that the samples used are appropriate for the research subject, the purposive sampling method is used. The sampling criteria used in this study are companies in the textile and garment sub-sectors listed on the Indonesia Stock Exchange (IDX) for the period 2022-2024 and textile and garment sub-sector companies that regularly pay dividends during the period 2022-2024.

In this study, data and information were collected using the documentation technique, where data collection was based on published documents or written reports whose accuracy could be verified. Through documentation techniques, financial statements listed on the Indonesia Stock Exchange (IDX) for the period 2022-2024 were obtained. In this study, simple linear regression analysis techniques were used. This analysis is used to measure the extent to which dividend policy affects company value in the textile and garment manufacturing industry listed on the Indonesia Stock Exchange (IDX).

RESULTS AND DISCUSSIONS

RESULTS

The results of this data analysis are used to examine the effect of dividend policy on company value in textile and garment companies. In this section, the researcher will discuss the variables being studied, which consist of dividend policy and company value.

Dividend Policy

Based on data from the financial statements of textile and garment companies on the Indonesia Stock Exchange (IDX) for the period 2022-2024, the following results were obtained for the calculation of the Dividend Payout Ratio (DPR):

Table 2. DPR of Textile and Garment Companies Period 2022-2024

No	Code	Company Name	2022	2023	2024
1	BELL	Trisulla Textile Industries Tbk	0.28	0.50	0.35
2	ERTX	Eratex Djaya Tbk	2.91	11.66	0.00
3	INDR	Indorama Synthetic Tbk	0.00	240.00	0.00
4	TRIS	Trisulla International Tbk	1.75	9.26	5.99
5	ZONE	Mega Perintis Tbk	10.65	20.94	16.15

Source: Primary Data, 2025

Based on the table presented in the dividend data for the period 2022 to 2024, Mega Perintis Tbk (ZONE) emerges as the most consistent and stable company in distributing dividends. The dividend value increased from 10.65 in 2022 to 20.94 in 2023, then slightly decreased to 16.15 in 2024. This reflects good financial performance and ZONE's commitment to its shareholders. Meanwhile, Trisulla International Tbk (TRIS) also showed a positive trend with an increase in dividends from 1.75 (2022) to 9.26 (2023); although there was a decrease to 5.99 in 2024, it still demonstrated consistency in dividend distribution.

Company Value (PBV)

Based on data from the financial statements of textile and garment companies on the Indonesia Stock Exchange (IDX) for the period 2022-2024, the following PBV calculation results were obtained:

Table 3. PBV Data Textile and Garment Companies Period 2022-2024

No	Company Code	Year		
		2022	2023	2024
1	ARGO	-0,30	23,34	25,52
2	ADMG	0,26	0,27	0,22
3	BELL	4,1	2,16	1,6
4	CNTX	-0,07	-0,03	-0,02
5	ERTX	1,64	0,79	0,3
6	ESTI	0,47	0,41	0,31
7	HDTX	-5,56	-4,66	-3,58
8	INDR	0,51	0,31	0,28
9	INOV	0,78	1,05	0,53
10	MYTX	-2,93	-0,94	-0,47
11	PBRX	0,13	0,21	-0,25
12	POLU	1,66	5,09	13,74
13	POLY	-0,01	-0,01	0
14	RICY	0,23	0,41	-0,5
15	SBAT	1,39	0,03	0
16	SRIL	-0,24	-0,2	-0,19
17	SSTM	3,88	2,47	1,37
18	STAR	1,29	1,01	0,47
19	TFCO	0,65	0,68	0
20	TRIS	1,04	0,9	0,68
21	UNIT	0	0	0
22	ZONE	3,09	2,57	1,94

Source: Primary Data, 2025

Based on the presented table, there is a significant difference in the financial performance of textile and garment companies from 2022 to 2024. Some companies experienced significant growth, such as Argo Pantes Tbk (ARGO), which saw a sharp increase from a negative -0.30 in 2022 to 23.34 in 2023 and then rose again to 25.52 in 2024. Golden Flower Tbk (POLU) also showed excellent growth, from 1.66 in 2022 to 13.74 in 2024, indicating strong and sustainable performance. Meanwhile, companies like Mega Perintis Tbk (ZONE) and Sunson Textile Manufacturer Tbk (SSTM) maintained positive performance for three years despite a gradual decline.

However, there are a number of companies that experienced a decline and continued to record losses during the observation period. Trisula Textile Industries Tbk (BELL) and Trisula International Tbk (TRIS) experienced a year-on-year decline in performance, although they still recorded positive figures. Meanwhile, Panasia Indo Resources Tbk (HDTX), Asia Pasific Investama (MYTX), and Sri Rejeki Isman Tbk (SRIL) consistently showed negative values, although there was a slight year-on-year improvement for HDTX and MYTX. Companies like UNIT also showed no growth, with their value remaining stagnant at zero for three consecutive years, reflecting a lack of improvement in financial performance.

On the other hand, some companies showed fluctuating performance. For example, SBAT experienced a sharp decline from 1.39 in 2022 to zero in 2024. RICY and PBRX initially showed positive performance but then declined to negative in the final year. Meanwhile, CNTX, POLY, and TFCO showed almost no change in value and tended toward zero for three consecutive years, indicating low and unstable performance.

Generally speaking, only a small percentage of companies in this sector are able to maintain a consistent growth trend. Therefore, it is important for investors to pay attention to the performance

developments and patterns of each issuer before making investment decisions, considering that the textile and garment sector showed considerable instability during that period.

Simple Regression Analysis Dividend Policy

Table 4. Simple Regression Analysis Result

Model		Coefficients ^a				
		Unstandardized Coefficients	Standardized Coefficients	t	Sig.	
		B	Std. Error	Beta		
1	(Constant)	-0.413	.192		-2.148	.035
	DPR	1.228	.049	.952	24.942	.000

a. Dependent Variable: PBV

Source: Primary Data, 2025

Based on the table above, the results of the regression coefficient analysis between the independent variable Dividend Payout Ratio (DPR) and the dependent variable Price to Book Value (PBV). The constant value of -0.413 with a significance level of 0.035 (< 0.05) indicates that when the DPR value is zero, the PBV is negative at 0.413 and its effect is significant. The DPR regression coefficient is 1.228 with a significance level of 0.000 (<0.05), indicating that every one-unit increase in DPR will increase PBV by 1.228. The standardized coefficient beta value for DPR is 0.952, indicating that DPR has a very strong influence on PBV. Therefore, DPR is proven to have a positive and significant effect on PBV. Thus, the regression equation is

$$Y = -0.413 + 1.228X + e$$

Referring to the regression equation, it describes the relationship between Dividend Payout Ratio (DPR) as the independent variable and Price to Book Value (PBV) as the dependent variable. A constant of -0.413 indicates that when DPR is zero, PBV is estimated to be -0.413. A DPR coefficient of 1.228 means that for every one-unit increase in DPR, PBV will increase by 1.228 units, assuming other variables remain constant. The positive sign on this coefficient indicates a direct relationship between DPR and PBV, where an increase in DPR is followed by an increase in PBV. The symbol 'e' represents the error or the influence of other variables outside the model that can also affect PBV.

Hypothesis Testing

In this study, the researcher used a t-test to test the research hypothesis/assumption. This t-test is used to see how much each independent variable contributes to explaining changes in the dependent variable (Ghozali, 2018). The purpose of this test is to see if there is a real relationship between the independent and dependent variables. Idea testing is done by looking at the significance value (Sig.) from the regression analysis results. If the Sig. value is less than 0.05, it can be concluded that the independent variable has a significant impact on the dependent variable (Sugiyono, 2019). Additionally, if the calculated t-value is greater than the table t-value, then H_0 is rejected and H_a is accepted, which means there is a significant effect between variable X and variable Y.

Based on the output results in Table 4 above, it can be seen that the significance value (Sig.) is < 0.05, which is 0.000, indicating a statistically significant effect. To calculate the t-table and t-calculated, a t-table is needed to compare the values of t-calculated and t-table. Before comparing the two, it's necessary to know the degrees of freedom (df). For simple linear regression, the degrees of freedom (df=64) are calculated from the number of data points minus the X variable and minus 1 because it has a constant. Thus, it can be formulated as follows.

The df value (64) on the t-table is 1.669 because this study uses a two-sided t-test with $\alpha = 0.05$, so look at the 0.025 column, which is obtained by dividing 0.05 by 2, which is 0.025. Based on Table 4, the calculated t-value is 24.942, which will be compared to the previously obtained t-table value. The comparison results will then lead to a conclusion regarding the results of the hypothesis test (t-test) performed.

Based on the comparison of the calculated t-value and the t-table value, it is known that the calculated t-value of 24.942 is greater than the t-table value of 1.669. This condition leads to the decision to accept the alternative hypothesis (H_1) and reject the null hypothesis (H_0). This means that the Dividend Payout

Ratio (DPR) is proven to have a significant influence on the Price to Book Value (PBV) at a 5% significance level. Therefore, any change in the DPR will have a real impact on the change in PBV.

Coefficient of Determination (R^2)

The coefficient of determination (R^2) is essentially used to see how well the model can explain the changes that occur in the variable you want to know (Ghozali, 2018). R^2 serves as a measure of how much of the variation in the dependent variable can be explained by the independent variables. A higher R^2 value indicates that the independent variables have a greater influence on the dependent variable. The following table presents the output results of the coefficient of determination (R^2) analysis.

Table 5. Coefficient of Determination (R^2) Results.

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,952 ^a	,907	,905	1,45311
a. Predictors: (Constant), DPR				
b. Dependent Variable: PBV				

Source: Primary Data Processed, 2025

Based on the Model Summary table above, the R value is 0.952, indicating a very strong relationship between Dividend Payout Ratio (DPR) and Price to Book Value (PBV). The R-squared value of 0.907 means that 90.7% of the variation in PBV can be explained by DPR, while the remaining 9.3% is influenced by other factors outside the model. The adjusted R-square value of 0.905 is the R-square value adjusted for the number of variables in the model, and it remains high, indicating that the model is good. Meanwhile, the Standard Error of the Estimate of 1.45311 reflects the average prediction error of the model against the actual PBV values. Overall, these findings indicate that the DPR has a very significant contribution in explaining changes in PBV.

DISCUSION

Based on the results of hypothesis testing using the t-test, the significance value is 0.000, which is less than the significance level of 0.05. This means the alternative hypothesis (H_a) is accepted, while the null hypothesis (H_0) is rejected. The findings confirm that dividend policy has a significant influence on the value of manufacturing companies in the textile and garment sub-sector listed on the Indonesia Stock Exchange (IDX) during the period 2022–2024.

A positive regression coefficient indicates that an increase in dividend policy, measured by the Dividend Payout Ratio (DPR), will be followed by an increase in firm value, measured using Price to Book Value (PBV). In other words, the larger the portion of profits distributed to shareholders in the form of dividends, the stronger the positive signal received by the market, thereby increasing investor confidence and perception of the company's future prospects. Meanwhile, the results of the coefficient of determination test (R Square) show a value of 0.907, or 90.7%, which means that dividend policy is able to explain 90.7% of the variation in changes in firm value, while the remaining 9.3% is influenced by other factors outside this research model, such as funding policy, profitability level, firm size, and macroeconomic conditions. Overall, the results of this study also indicate that dividend policy is one of the main factors that plays an important role in determining the level of firm value in the analyzed sector.

Based on the research findings, dividend policy is proven to have a positive and significant effect on firm value in the textile and garment manufacturing sub-sector listed on the Indonesia Stock Exchange during the period 2022–2024. This finding is consistent with previous research conducted by Salama (2019), Maggee Senata (2016), and Debby Chyntia Ovami (2020), who concluded that a high Dividend Payout Ratio (DPR) sends a positive signal to investors regarding the company's performance and future prospects. The signal is able to drive up stock prices, leading to an increase in company value. This result aligns with the bird-in-the-hand theory proposed by Gordon and Lintner, which explains that investors tend to value dividends received today more than potential capital gains in the future. Therefore, improving dividend distribution policies can be used as a company strategy to strengthen market confidence while also increasing shareholder welfare.

On the other hand, the findings of this study are not consistent with the results of Puspitasari (2021) and Anindya & Muzakir (2023), who stated that dividend policy does not have a significant effect on firm value. This difference in results can be attributed to differences in sectors, object characteristics, and research periods. In their research, firm value was more influenced by other factors such as profitability, investment policy, and macroeconomic conditions. Additionally, these results contradict the dividend irrelevance theory proposed by Modigliani and Miller, which states that in perfect capital market conditions, dividend policy does not affect company value because value is determined by profitability, not by the amount of dividends distributed. This difference in findings suggests that the influence of dividend policy on firm value is contextual and heavily influenced by industry characteristics, financial stability, and investor perceptions of risk within the relevant sector.

The significant influence of dividend policy on firm value in the textile and garment manufacturing sub-sector is due to the high Dividend Payout Ratio (DPR), which can send a positive signal to investors regarding the company's financial health and growth prospects. The large dividend distribution reflects solid financial performance, maintained liquidity, and sufficient profitability to be distributed without disrupting operational capital needs. In line with signaling theory, dividend policy serves as a means of communication from management to the market, indicating that the company is in a stable and competitive position. This positive signal strengthens investor confidence, thereby increasing interest and demand for the company's shares. Increased demand for shares will drive up stock prices in the market, ultimately contributing to an increase in company value as measured by Price to Book Value (PBV). This factor is becoming increasingly important in the volatile and economically sensitive textile and garment industry, where market confidence plays a crucial role in maintaining and driving company value growth.

CONCLUSION

This research was conducted to examine the effect of dividend policy on the value of manufacturing companies in the textile and garment sub-sector listed on the Indonesia Stock Exchange (IDX). Based on the problem formulation, research objectives, hypotheses, and analysis results using a quantitative approach, it was concluded that dividend policy has a positive and significant influence on company value during the period 2022–2024. This confirms that a larger dividend payout sends a positive signal to the market, strengthens investor confidence, and drives an increase in company value. This is also evidenced by the test results of the coefficient of determination (R Square), which is 0.907. This indicates that dividend policy can explain 90.7% of the variation in changes in company value, while the remaining 9.3% is influenced by other factors outside the research model, such as funding policy, profitability level, company size, and macroeconomic conditions. Thus, dividend policy becomes one of the important factors that plays a dominant role in determining the value of the company in the analyzed sector.

Manufacturing companies in the textile and garment sub-sector are advised not only to maintain but also to enhance dividend policies that are consistent, stable, and sustainable. This is important because research findings indicate that appropriate dividend policies have a positive and significant impact on increasing company value. Implementing a stable dividend policy will send a positive signal to the market, demonstrating that the company has healthy financial performance and good business prospects in the future. Additionally, companies need to maintain transparency in the timely and accurate disclosure of financial information, including performance reports and dividend policies. This step will strengthen investor confidence and create a positive image of the company in the eyes of the public and shareholders.

Investors are advised to consider dividend policy, particularly the Dividend Payout Ratio (DPR), as an important reference when making investment decisions in textile and garment sector companies. Companies that can maintain or increase their DPR generally show positive business prospects and performance, making them worthy of consideration as part of an investment portfolio. However, investors also need to examine other factors such as profitability levels, sales growth, and overall industry conditions to ensure more accurate and measurable investment decisions.

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