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The Role of Dividend Policy in Moderating the Effect of Sustainability Report and Ownership Structure on Firm Value

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A R T I C L E I N F O

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A B S T R A C T

This research investigates the role of dividend policy in moderating the influence of sustainability reports and ownership structure on firm value. A quantitative method was used, with the population and sample consisting of consumer non-cyclical sector companies listed on the Indonesia Stock Exchange for the 2021–2023 period. EViews 12 software was employed, and the best-fitting model selected was the Random Effect Model (REM). The results show that the sustainability report has no effect on firm value, while institutional ownership and managerial ownership have a positive and significant effect. Dividend policy fails to moderate the partial effects of the sustainability report, institutional ownership, and managerial ownership. Firm value is unaffected by either the company's size or its age

INTRODUCTION

The value of a firm is commonly utilized as a benchmark for measuring corporate performance through its stock price (Zahri et al., 2024). Stock prices themselves are formed based on the impact of supply and demand activities in the capital market (Gülmez, 2023). This study focuses on the non-cyclical consumer sector, which is a sector that operates by producing primary necessity goods and is considered a sector not affected by economic cycles. Therefore, investing in this sector is considered secure due to its tendency to generate more stable profits (Nadya, 2023).

Figure 1. Average Stock Price Graph Consumer Non Cyclical Sector
Source: Data Processed by the Researcher, 2025

The graph above illustrates the opposite trend, where in 2022 the average stock price decreased by 2.68% from 2021 to Rp 1,976. It further declined by 3.17% in 2023, resulting in an average stock price of Rp 1,913. The decrease in average stock price indicates a decline in stock demand, which is suspected to be caused by instability in profitability. Earnings per share in the non-cyclical consumer sector fluctuated during the 2021–2023 period, with earnings per share increasing by 9.73% in 2022 and then declining by 16.8% in 2023.

The instability in company profitability may be caused by distortions resulting from agency problems (Gan, 2024). Conflicting interests between managers and shareholders give rise to agency problems, which can negatively impact the quality of decisions made. This causes the profitability of the non-cyclical consumer sector to be insufficient as a benchmark for increasing stock demand. Other factors suspected to influence firm value include sustainability report disclosure and the company's ownership structure.

As consumer awareness of the impacts of climate change increases, more investors are taking sustainability disclosures into consideration when making investment decisions (Olarewaju et al., 2024; Bernow et al., 2019). This has driven a rise in the practice of sustainability reporting as a sign of corporate commitment to sustainable development (Nguyen, 2020). In Indonesia, there is a mandatory requirement for financial institutions and publicly listed companies to disclose sustainability reports, as regulated under POJK No. 51/POJK.03/2017. A written warning sanction will be imposed on institutions that fail to disclose a

sustainability report. This regulation has led to an 88% increase in the number of companies in Indonesia issuing sustainability reports (PWC, 2023).

Good firm value is also supported by effective monitoring through an organized ownership structure, where ownership structure reflects the groups of shareholders that control the company's activities (Oyedokun et al., 2020). In this study, ownership structure is proxied by institutional ownership and managerial ownership. Such monitoring can reduce the likelihood of agency costs and increase asset utilization efficiency, thereby optimizing firm performance (Larasati et al., 2015). Managerial ownership may also serve as a solution to mitigate agency problems, as managers also act as shareholders who share common goals with other shareholders—namely, to optimize firm performance (Ifada et al., 2021).

Corporate performance achievement can also be reflected through dividend policy decisions (Setyawati, 2019). Dividend policy refers to the strategic consideration of allocating a company's earnings either by distributing them to shareholders or by reinvesting them into the business (Atiningsih & Izzaty, 2021). In the context of this research, dividend policy is positioned as a moderating variable that may influence the relationship between other financial and non-financial factors and firm value. Dividend policy is believed to mitigate agency problems by reducing the opportunity for managers to misuse free cash flow, thereby supporting an increase in firm value (Hussain & Akbar, 2022; Larasati et al., 2015). Hence, dividend policy can positively strengthen firm value (Larasati et al., 2015).

Previous research has shown inconsistent findings. For instance, studies by Friske et al. (2022), Van Linh et al. (2022), and Loh et al. (2017) found that sustainability reporting has a positive effect on firm value. In contrast, Nguyen (2020) reported a negative effect, while Suhartini et al. (2024) found no significant effect of sustainability reporting on firm value. Larasati et al. (2015) stated that institutional ownership positively affects firm value, while Setyawati (2019) reported no effect. Ifada et al. (2021) found a positive effect of managerial ownership on firm value, whereas Bakhtiar et al. (2020) reported no effect. Hussain & Akbar (2022) and Larasati et al. (2015) found that dividend policy positively affects firm value and can strengthen that effect, while Wardhani et al. (2017) found that dividend policy does not moderate the effect on firm value.

The urgency of this research is to respond to the declining trend in firm value within the non-cyclical consumer sector, which is suspected to be caused by uncontrolled agency problems resulting from manager and shareholder interest misalignment. This situation hinders the company's ability to maintain stable profitability. The researcher aims to identify other factors that may affect firm value besides the suspected agency conflicts occurring within the company, thereby assisting investors in making informed investment decisions.

LITERATURE REVIEW

Agency Theory

According to agency theory, a relationship exists between the firm's owners (principals) and its managers (agents), where the latter are entrusted to act on behalf of the former. Agency theory was first introduced in 1976 by Jensen and Meckling. Jensen stated that an agency relationship occurs when the principal delegates decision-making authority to the agent regarding the management of the company. The separation of ownership and management roles can cause conflicts of interest due to differing objectives between the two parties. The conflicts of interest arise due to information asymmetry, where there is an imbalance in the possession of information between owners and agents (Purba, 2023). This information imbalance may encourage management to engage in moral hazard, which can result in agency costs for monitoring management performance (Murthy et al., 2016).

Agency cost refers to the expenses incurred by owners to monitor management performance. Monitoring, bonding, and residual losses constitute these costs. Monitoring costs are expenses borne by shareholders to evaluate, observe, and supervise managerial behavior, such as audit fees. Bonding costs are expenses incurred by managers as evidence that they have carried out their duties in accordance with the interests of shareholders, for example, the cost of preparing financial statements. Residual losses are costs borne by shareholders when managers do not act in accordance with shareholder interests. Agency costs may increase if agency problems within a company are not well controlled and can lead to instability in the company's performance (Fadhlia et al., 2023).

Firm Value

Firm value represents a depiction of the company's performance success (Zahri et al., 2024). Firm value can be used as an indicator to assess company performance through stock price (Zahri et al., 2024). Stock prices themselves are formed based on the effects of supply and demand activities in the capital market (Gülmez, 2023). An increase in stock price indicates high demand for the stock, while a decrease in stock price can indicate a decline in stock demand in the capital market (Setyabudi, 2021). The measurement of firm value using Tobin's Q is considered capable of representing the company's fundamental aspects as well as reflecting how the market values the company (Daromes et al., 2022).

Sustainability Report

Sustainability report disclosure is the practice of conveying a company's long-term commitment through reports that broadly explain the company's performance, including both financial and non-financial aspects. The dynamic effects of climate change have increased demands for responsible corporate practices, which in turn encourage the enhancement of sustainability report disclosure practices (Senja, 2024). The improvement of sustainability report disclosure practices requires attention to the level of credibility. To support the credibility of sustainability reports, globally recognized standards such as the Global Reporting Initiative (GRI) can be used. According to agency theory, transparency in sustainability report disclosure can reduce information

asymmetry and also help minimize agency costs that need to be incurred, thereby supporting an increase in firm value (Loh et al., 2017; Widyadi & Widiatmoko, 2023; Senja, 2024).

H1 : Sustainability Report has a positive effect on Firm Value.

Institutional Ownership

Institutional ownership refers to the ownership of shares by institutional parties, which include founders and other institutions such as the government, investment companies, banks, and insurance companies (Alfinur, 2015). The large resource ownership held by institutional investors compared to other shareholders facilitates their role in monitoring managerial performance (Wardhani et al., 2012 in Sari & Wulandari, 2021). Such supervision can reduce the likelihood of opportunistic behavior by managers, thereby lowering the agency costs required. This supports the optimization of company performance and can increase shareholder welfare, which in turn improves the valuation of the company (Sari & Wulandari, 2021). Institutional ownership is measured as the ratio of institutional share ownership to the number of outstanding shares (Susilawati et al., 2017).

H2 : Institutional Ownership has a positive effect on Firm Value.

Managerial Ownership

Jensen & Meckling (1976) stated that a solution to reduce agency conflicts between shareholders and managers is through share distribution to managers, making managers' positions equal to other shareholders. Managerial ownership makes managers act as both company managers and shareholders. This alignment of interests between managers and other shareholders can reduce the agency costs required to handle conflicts of interest. Consequently, it supports the optimization of company performance, which can increase shareholder welfare and firm value (Sari & Wulandari, 2021). Managerial ownership is measured as the ratio of managerial share ownership to the number of outstanding shares (Indy & Uzliawati, 2023).

H3 : Managerial Ownership has a positive effect on Firm Value.

Dividend Policy

Dividend policy refers to the policy that determines the portion of retained earnings to be distributed to shareholders (Yuliana & Sulistyowati, 2023). This is in line with other opinions which state that dividend policy is the decision regarding the amount of dividends to be distributed (Oktari & Dianawati, 2023). The decision to pay dividends can reduce free cash flow, which in turn can prevent management from engaging in moral hazard in maximizing their own interests. Thus, paying dividends can also prevent the emergence of agency costs related to managerial supervision and support the enhancement of firm value (Sari & Wulandari, 2021). In this study, dividend policy is proxied by the dividend payout ratio to determine the portion of net income distributed as dividends. The dividend payout ratio itself is the comparison between dividends per share and earnings per share (Rokhayati et al., 2022).

H4 : Dividend policy is expected to amplify the relationship between sustainability report disclosure and firm value.
H5 : Dividend policy is expected to amplify the relationship between institutional ownership and firm value.
H6 : Dividend policy is expected to amplify the relationship between managerial ownership and firm value.

Firm Size

A company's size reflects its scale, which can be quantified by total assets, the logarithmic value of assets, sales performance, and market capitalization (Agustia & Suryani, 2018). Firm size is also defined as the scale of a company's operations (Mardiyati et al., 2015). In this study, firm size is used as a control variable and is measured using the natural logarithm of total assets (Uzliawati et al., 2016).

Firm Age

Firm age represents how long a company has been operating since its establishment (Lambey et al., 2021). It is also defined as an indicator of a company's ability to adapt to various challenges during its operations (Harsono & Susanto, 2023). The age of the firm is calculated by subtracting the year of establishment from the year of the study (Gozali et al., 2021).
The research framework is as follows as seen in Figure 2

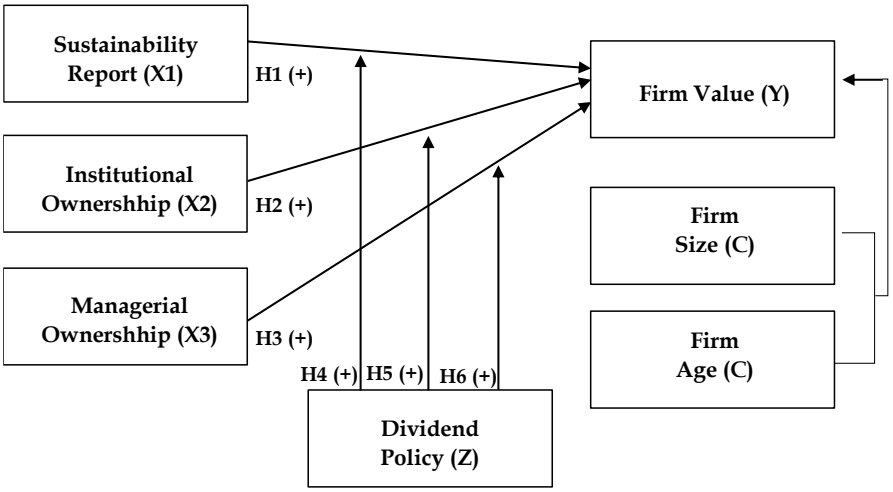

Figure 2. Conceptual Framework

METHODOLOGY

This study employs a quantitative method. The population in this research consists of non-cyclical consumer sector companies listed on the Indonesia Stock Exchange during the 2021–2023 period. The sampling method used to obtain samples that meet the criteria is purposive sampling. The final sample in this study includes 37 companies from the non-cyclical consumer sector, totaling 111 firm-year observations.

The research data were analyzed using EViews 12. The analytical techniques used consist of several stages, including descriptive statistical analysis, panel data model selection tests, classical assumption tests, and moderated regression analysis. The variables used in this study include firm value as the dependent variable; sustainability reporting and ownership structure, proxied by institutional ownership and managerial ownership, as independent variables; dividend policy as the moderating variable; and control variables such as firm size and firm age.

To assess moderation, the regression equation utilized in this study is presented as follows:

$$\mathbf{TOBINS'Q = \alpha + \beta_1 SR + \beta_2 IO + \beta_3 MO + \beta_4 DPR + \beta_5 SR*DPR + \beta_6 IO*DPR + \beta_7 MO*DPR + \beta_8 FS + \beta_9 FA + \dot{\varepsilon}}$$

Description:

TOBINS'Q : Firm Value
β_{1-9} : Regression Coefficients
SR : Sustainability Report
IO : Institutional Ownership
MO : Managerial Ownership
DPR : Dividend Policy
SR*DPR : Interaction Sustainability Report and Dividend Policy
IO*DPR : Interaction Institutional Ownership and Dividend Policy
MO*DPR : Interaction Managerial Ownership and Dividend Policy
FS : Firm Size
FA : Firm Age
$\dot{\varepsilon}$: error

Table 1. Summary of Variable and Measurements

No	Variable Name	Formula
1	Firm Value (Y)	Tobins'Q = $\frac{MVS+D}{TA}$
2	Sustainability Report (X1)	SRDI = $\frac{n}{k}$
3	Institutional Ownership (X2)	KI = $\frac{\text{Institutional Ownership}}{\text{Outstanding Share}}$
4	Managerial Ownership (X3)	KM = $\frac{\text{Managerial Ownership}}{\text{Outstanding Share}}$
5	Dividend Policy (Z)	DPR = $\frac{DPS}{EPS}$
6	Firm Size (C1)	FS = Ln (total asset)
7	Firm Age (C2)	FA = Year of research – year of company establishment

Source: Secondary Data Processed by the Researcher, 2025

RESEARCH RESULT

Descriptive Analysis

Descriptive statistical analysis is an analysis conducted to explain data based on the obtained values of mean, standard deviation, variance, maximum, minimum, sum, range, kurtosis, and skewness (Ghozali, 2018). In this study, the focus is on explaining the data based on the values of mean, maximum, minimum, and standard deviation.

Table 2. Descriptive Analysis Results

	N	Minimum	Maximum	Mean	Std. Deviation
Tobinsq	99	0.53	4.7	1.66	1.01
SRD	99	0.07	0.84	0.4	0.19
IO	99	0	1.23	0.61	0.28
MO	99	0	0.75	0.06	0.15
DPR	99	0	1.21	0.24	0.25
FS	99	26.63	32.85	29.55	1.38
FA	99	10	117	38.19	22.79

Source: Secondary Data Processed by the Researcher, 2025.

According to Table 2, this study includes a total of 99 samples (N). The values for firm worth fluctuate between a low of 0.53 and a high of 4.70, with an average of 1.66 and a dispersion level (standard deviation) of 1.01. Sustainability reporting scores range from 0.07 up to 0.84, averaging at 0.40 with a standard deviation of 0.07. Institutional ownership figures extend from zero to 1.23, with a mean of 0.61 and variability measured at 0.28.

Managerial ownership shows a minimum value of 0.00 and peaks at 0.75, with an average holding of 0.06 and a spread (standard deviation) of 0.15. Dividend policy measures lie between 0.00 and 1.21, averaging 0.24 and exhibiting a standard deviation of 0.25. Firm size spans from 26.63 to 32.85, with a mean size of 29.55 and variability of 1.38. Finally, the age of firms ranges from 10 years up to 117 years, with an average age of 38.19 and a standard deviation of 22.79.

Model Estimation Selection

Chow Test

The Chow test assists in identifying whether the fixed effect model or the common (pooled) effect model better suits the data.

Table 3. Chow Test Result

	Prob.	Result
Cross-section F	0,00000	Fixed Effect Model

Source: Secondary Data Processed by the Researcher, 2025.

The results of the Chow test show that the probability value of the cross-section F is 0.0000, which is less than 0.05 (0.0000 < 0.05). This indicates that H0 is rejected and H1 is accepted, meaning that the selected research model is the Fixed Effect Model.

Hausman Test

The Hausman test is performed to assess which model, Fixed Effect or Random Effect, is more suitable for panel data estimation.

Table 4. Hausman Test Result

	Prob.	Result
Cross-section random	0,0827	Random Effect Model

Source: Secondary Data Processed by the Researcher, 2025

The Hausman test show that the probability value of the cross-section random is 0.0827, which is more than 0.05 (0.0827 > 0.05). The statistical evidence substantiates the retention of the null hypothesis (H0) while negating the alternative hypothesis (H1), thereby establishing the Random Effect Model as the most methodologically appropriate specification for this research context.

Lagrange Multiplier Test

To identify whether the common effect model or the random effect model provides a more suitable fit for panel data analysis, the Lagrange Multiplier test is employed.

Table 5. Lagrange Multiplier Test Results

	Prob.	Result
Breuch-Pagan Cross-section	0,00000	Random Effect Model

Source: Secondary Data Processed by the Researcher, 2025

The results of the Lagrange Multiplier test show that the probability value of the breuch pagan cross section is 0.0000, which is less than 0.05 (0.0000 < 0.05). The analysis results reject H0 and confirm H1, leading to the selection of the Random Effect Model as the preferred analytical approach.

Moderated Regression Analysis

Interaction testing often referred to as Moderated Regression Analysis (MRA), aims to assess whether a moderating variable influences the strength or direction of the relationship between independent and dependent variables. The moderation regression outcomes are summarized in Table 6, which displays the coefficient of determination (R^2), results of the overall significance test (F-test), individual significance tests (t-test), and the MRA findings.

Table 6. Moderated Regression Analysis Test Results

	Coeff.	Sig.	Description
C	5.728	0.009	
SR	0.342	0.505	Rejected
IO	1.278	0.005	Accepted
MO	3.475	0.002	Accepted
DPR	1.171	0.160	
SR*DPR	-1.382	0.340	Rejected
IO*DPR	-0.030	0.975	Rejected
MO*DPR	-2.722	0.222	Rejected
FS	-0.167	0.136	
FA	-0.008	0.165	
F	10.717	0.000	
Adj. R-squared	0.103		

Source: Secondary Data Processed by the Researcher, 2025

From Table 6 above, the multiple linear regression formula is outlined as follows:

TOBINS'Q = 5,728 + 0,342SR + 1,278IO + 3,475MO + 1,171DPR – 1,382SR*DPR – 0,030IO*DPR – 2,722MO*DPR - 0,167FS – 0,008FA + ε

The coefficient of determination (R^2) obtained in this study is 0.103, indicating that approximately 10.3% of the variance in the dependent variable, namely firm value (Y), is accounted for by the explanatory variables: sustainability disclosure (X1), institutional shareholding (X2), and managerial shareholding (X3), with dividend policy (Z) functioning as a moderating factor, and firm size (C1) and firm age (C2) included as control variables. The remaining 89.7% of the variation in firm value is influenced by other determinants beyond the variables examined in this research. The computed F-statistic stands at 2.258, surpassing the critical value of 2.11, with a p-value of 0.023 significantly below the 0.05 threshold. These results suggest that, collectively, the main variables, moderated by dividend policy and accompanied by firm size and age, exert a statistically significant influence on firm value.

DISCUSSION

The Effect of Sustainability Report on Firm Value

The initial hypothesis suggested that sustainability reporting positively influences firm value. However, the regression analysis yielded a significance level of 0.505, exceeding the 0.05 threshold. As a result, the first hypothesis (H1) is not supported. The low level of sustainability disclosure does not align with efforts to resolve agency conflicts, as the information disclosed lacks transparency for shareholders. As a result, the market does not respond significantly to the disclosed sustainability reports. Moreover, the absence of strict regulations governing sustainability reporting supports the notion that such disclosures are made merely to fulfill administrative obligations. This

finding is supported by Suhartini et al. (2024), who also found that sustainability reports have no effect on firm value.

The Effect of Institutional Ownership on Firm Value

The second hypothesis proposed that institutional ownership has a positive effect on firm value. The regression results show a significant p-value of 0.005, which is lower than the 0.05 threshold, along with a coefficient value of 1.278. This indicates that institutional ownership has a positive and significant effect on firm value. Based on the regression test results presented in Table 4.9, it can be concluded that the second hypothesis (H2) is accepted. The average institutional ownership in companies within the consumer non-cyclical sector is 0.61 or 61%. The dominance of institutional shareholding in this sector aligns with agency theory, which views institutional ownership as capable of performing supervisory and monitoring roles over the companies in which they invest. This contributes to reducing agency costs and supports improved corporate performance. Strong company performance increases the attractiveness of the firm to potential investors, which in turn drives up share prices and ultimately enhances firm value. These findings are supported by Oyedokun et al. (2020) and Larasati et al. (2015).

The Effect of Managerial Ownership on Firm Value

The regression analysis reveals a p-value of 0.02, which is below the 0.05 threshold, accompanied by a coefficient of 3.475. This suggests that managerial ownership positively and significantly influences the firm value of companies in the consumer non-cyclical sector. Based on the test results presented in the table above, it can be concluded that the research hypothesis (H3) is accepted. Managerial ownership aligns the interests of managers with those of other shareholders, allowing them to focus on a common goal—optimizing the company's performance. This alignment helps prevent opportunistic behavior by management and reduces agency costs associated with resolving conflicts of interest. Optimal company performance can ultimately attract potential investors, leading to an increase in share price and, consequently, an increase in firm value. These findings are supported by Suzan & Ramadhani (2023) and Ifada et al. (2021), who also concluded that managerial ownership has a positive effect on firm value.

The Effect of Sustainability Report on Firm Value Moderated by Dividend Policy

The regression results show that the significance value of the interaction between the sustainability report and dividend policy is 0.34, which is greater than 0.05. This indicates that dividend policy is not able to moderate the effect of the sustainability report on firm value. Therefore, it can be concluded that the research hypothesis (H4) is rejected. The low level of sustainability disclosure fails to reflect the company's commitment to addressing sustainability issues and does not fulfill the principle of transparency regarding sustainability activities. As a result, it does not align with efforts to resolve agency conflicts. In addition, the low percentage of dividend payments suggests that the dividend policy is

less effective in mitigating agency problems. Consequently, the poor quality of sustainability disclosures combined with the ineffective dividend policy is unable to significantly influence stock price movements. These findings are supported by Wardhani et al. (2017), who found that dividend policy does not serve as a moderator in influencing firm value.

The Effect of Institutional Ownership on Firm Value Moderated by Dividend Policy

Statistical analysis reveals that the interaction term between institutional ownership and dividend strategy is insignificant, with the p-value reaching 0.975. This indicates that dividend policy does not moderate the effect of institutional ownership on firm value. Therefore, it can be concluded that the research hypothesis (H5) is rejected. Institutional investors do not always guarantee the optimization of firm performance, as they tend to focus primarily on maximizing returns from their investments while neglecting the supervision of management performance. Additionally, a low dividend payout policy is considered less effective in addressing agency problems. Based on these factors, even with high institutional ownership, the absence of an appropriate dividend policy fails to significantly affect firm value. These findings are supported by Setyabudi (2021), who also found that dividend policy does not moderate the effect of institutional ownership on firm value.

The Effect of Managerial Ownership on Firm Value Moderated by Dividend Policy

Results from the regression reveal that the significance value for the interaction between managerial ownership and dividend policy is 0.222, which is above the 0.05 cutoff. This indicates that dividend policy is not able to moderate the effect of managerial ownership on firm value. Therefore, it can be concluded that the research hypothesis (H6) is rejected. The low percentage of managerial ownership is suspected to be insufficient in encouraging managers to take the initiative in making decisions related to optimizing company performance. In addition, the average dividend payout is only 24%. The suboptimal dividend distribution is presumed to weaken the effectiveness of dividend policy in addressing agency problems, as it increases the likelihood of management engaging in moral hazard in the use of the firm's free cash flowThis indicates that managerial ownership affects firm value independently, without being influenced by the firm's dividend policy. This finding is supported by Wardhani et al. (2017), who concluded that dividend policy does not moderate the effect on firm value.

CONCLUSIONS AND RECOMMENDATIONS

Study findings indicate that:

1. The initial hypothesis suggested that the sustainability report positively influences the value of the firm. However, the regression results show that the sustainability report has no effect on firm value, thus it can be concluded that the first hypothesis (H1) is **rejected**. The low level of sustainability disclosure does not align with efforts to address agency conflicts, as the information disclosed lacks transparency for shareholders. As a result, the market does not respond significantly to the disclosed sustainability reports.
2. The second hypothesis asserted a positive relationship between institutional ownership and firm value. Based on the regression analysis, institutional ownership was found to have a statistically significant and favorable impact, thereby supporting the acceptance of hypothesis two (H2). The dominance of institutional shareholding in the consumer non-cyclical sector aligns with agency theory, where institutional ownership is considered capable of overseeing and monitoring the performance of the companies in which they invest. This supervision helps reduce agency costs and supports good corporate performance. Good performance can attract potential investors, which leads to increased stock prices and, consequently, higher firm value.
3. The third hypothesis posited that managerial ownership contributes positively to firm value. The findings from the regression confirm a significant positive effect, leading to the acceptance of hypothesis three (H3). Managerial ownership aligns the interests of managers with those of other shareholders, allowing them to focus on a common goal—optimizing firm performance. This alignment of interests helps prevent opportunistic behavior by management and reduces agency costs related to conflict resolution. Optimal firm performance ultimately attracts investors, leading to higher stock prices and an increase in firm value.
4. The fourth hypothesis proposed that dividend policy moderates the effect of the sustainability report on firm value. The regression results show otherwise, leading to the conclusion that the fourth hypothesis (H4) is **rejected**. The low level of sustainability disclosure fails to reflect the company's commitment to addressing sustainability issues and lacks transparency regarding its sustainability activities. This is inconsistent with efforts to mitigate agency conflicts. Furthermore, the low percentage of dividend payments indicates that the policy is not effective in resolving agency problems. Therefore, the poor quality of sustainability disclosures combined with an ineffective dividend policy fails to significantly influence stock price movements.
5. The fifth hypothesis proposed that dividend policy moderates the effect of institutional ownership on firm value. The regression results show the opposite, thus the fifth hypothesis (H5) is **rejected**. Institutional investors do not always guarantee the optimization of firm performance, as they may focus solely on investment returns while neglecting the supervision of management performance. Additionally, a low dividend payout policy is also considered ineffective in addressing agency problems. As a result, even

with high institutional ownership, without the support of an appropriate dividend policy, it does not significantly affect firm value.

6. The sixth hypothesis proposed that dividend policy moderates the effect of managerial ownership on firm value. The regression results show otherwise, thus the sixth hypothesis (H6) is **rejected**. The low percentage of managerial ownership is suspected of failing to encourage managers to take initiatives in optimizing firm performance. Moreover, low dividend payments are considered ineffective in addressing agency problems. Therefore, managerial ownership combined with dividend policy does not significantly influence firm value.

This study only includes 99 samples out of a total population of 392. This is due to the fact that many companies in the consumer non-cyclical sector listed on the Indonesia Stock Exchange (IDX) during 2021–2023 did not consistently publish sustainability reports in accordance with GRI standards. As a result, the researcher could not include companies that did not consistently publish GRI-based sustainability reports. This study is limited by the coefficient of determination (R^2), which has a value of 10.4%. This indicates that there are still several other factors outside the variables of this study that influence firm value and are not explained in this research.

FURTHER STUDY

Based on the research findings and its limitations, future research is recommended to expand the study by including or replacing it with other sectors that were not examined in this research, and by extending the research period in order to obtain a broader sample and more relevant results. Recommended to use other variables that may influence firm value, in order to obtain a higher coefficient of determination (R^2). And companies are expected to improve the quality of their sustainability reports in order to have a direct impact on investor perception. Additionally, companies need to reassess investor preferences to establish an appropriate dividend policy strategy.

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