Al Tijarah: Vol. 10 No. 1, June 2024 (1-12)
p-ISSN: 2460-4089 e-ISSN: 2528-2948
Available at: http://ejournal.unida.gontor.ac.id/index.php/altijarah

The Influence of Dividend Policy, Investment Decisions, and Company Size on Company Value: A Study on the Property and Real Estate Sector in ISSI (2020-2023)

Diah Amanda
Faculty of Economics and Islamic Business, Departmen of Sharia Business Management, State Islamic University Raden Mas Said Surakarta
Email: diahamanda26@gmail.com

Ika Yoga
Faculty of Economics and Islamic Business, Departmen of Sharia Business Management, State Islamic University Raden Mas Said Surakarta
Email: ika.yoga@staff.uinsaid.ac.id

Abstract

This look at objectives to analyze the impact of dividend coverage, investment decisions, and company size on firm price in the assets and actual estate quarter in Indonesia at some point of the period 2020-2023. The research identifies gaps inside the present literature and seeks to offer new insights with the aid of exploring the relationships between these variables. The findings reveal that investment choices do now not have a statistically large impact on firm value, while firm size demonstrates a effective and considerable have an effect on. Dividend coverage is likewise located to have a relevant effect on firm fee. these findings are especially considerable within the context of worldwide financial demanding situations and fluctuating inventory performance in Indonesia's assets sector. The observe gives theoretical and realistic implications for stakeholders, along with company control and investors. For destiny research, it's far advocated to discover additional variables inclusive of profitability and capital shape, in addition to to increase the studies length to identify greater stable developments.

Keywords: *Dividend policy, investment decisions, firm size, firm value, property sector, real estate.*

Citation: Diah Amanda, Ika Yoga. (2024). The Influence of Dividend Policy, Investment Decisions, and Company Size on Company Value: A Study on the Property and Real Estate Sector in ISSI (2020-2023), *Al Tijarah* 10 (2) https://doi.org/ 10.21111/at.v10i2.13908

A. INTRODUCTION

The concept of company value serves as a pivotal indicator of a firm's overall performance and future prospects, thereby functioning as a benchmark for assessing shareholder prosperity (Pramurza, 2021). The enhancement of company value extends beyond the traditional objective of profit maximization; rather, it encompasses efforts to attract investors who seek investment opportunities characterized by both low risk and high profitability (Purba & Mahendra, 2022). The enhancement of company value is reflected in the rise in stock prices, which, in turn, leads to an increase in shareholder wealth (Mahendra et al., 2012). Therefore, it is imperative for both corporate management and investors to gain a comprehensive understanding of the factors that influence company value to optimize strategic decision-making and long-term sustainability.

A substantial body of extant literature has explored various determinants of firm value, including firm size, dividend policy, profitability, solvency, and investment decisions (see Muharramah & Hakim, 2022; Ovami, 2020; Komala et al., 2021). However, the findings of previous studies have exhibited inconsistencies. For instance, Birri (2023) found that profitability positively affects firm value, while liquidity and firm size do not exert any significant influence. Conversely, Nurhalizah & Azizah (2023) reported that capital structure does not have a significant effect, whereas firm growth positively influences firm value. Anggriani & Amin (2022) observed that good corporate governance does not significantly impact firm value, but the debt-to-asset ratio, return on assets (ROA), and firm size have a positive effect. Meanwhile, Sormin (2021) and Pramurza (2021) concluded that investment decisions and profitability have a positive impact on firm value, whereas dividend policy is not a significant determinant.

In light of the observed discrepancies and mixed results in the extant literature, the present study aims to address these inconsistencies by adopting a research model based on Pramurza (2021) with a focus on three primary variables: dividend policy, investment decisions, and company size.Moreover, this study introduces company size as a novel variable, building on prior research that has suggested its potential role in influencing firm value (Anggriani & Amin, 2022). The incorporation of these factors is expected to provide a more nuanced understanding of the determinants of company value, thereby contributing to the existing body of knowledge in financial and corporate valuation studies.

The present study finds itself in a particularly relevant context within the contemporary Indonesian property and real estate sector, which is currently facing global economic challenges, market fluctuations, and the implications of climate change. Despite the volatility in stock performance, several property companies listed on the Indonesia Stock Exchange (IDX) exhibited strong performance in early 2024. For instance, the share prices of Ciputra Development Tbk (CTRA) and Bumi Serpong Damai Tbk (BSDE) increased by 6.01% and 5.91%, respectively (Ulfa, 2024). Moreover, a study by (Carisaham.com, 2024). revealed that prominent firms within the property and real estate sector, including Alam Sutera Realty Tbk, Bhuwanatala Indah Permai Tbk, and Ciputra Development Tbk, exhibited price-to-book value (PBV) ratios below 1 while concurrently maintaining positive profits for a period of three consecutive years.These empirical observations underscore the necessity for a meticulous examination of the property and real estate sector, with a particular focus on the factors that contribute to company value.

This study is predicated on the following premises: first, that the property and real estate subsector in Indonesia has a significant impact on company value over the 2020-2023 period; second, that dividend policy, investment decisions, and company size are key factors in this regard; and third, that the property and real estate industry plays a crucial role in economic development, contributing significantly to national GDP and employment opportunities. However, this sector is highly sensitive to macroeconomic fluctuations, government policies, and global market trends. Consequently, this study aims to provide empirical evidence that can inform both practitioners and academics.Dividend policy is a reflection of a company's commitment to distributing profits to shareholders, which can signal financial health and stability, potentially attracting more investors.Meanwhile, investment decisions determine the company's ability to generate long-term growth, optimize asset utilization, and enhance competitive advantage.

The debate surrounding company size as a determinant of firm value remains contentious; proponents argue that larger companies often have superior access to financing, economies of scale,

and market dominance, while smaller firms may exhibit greater flexibility and agility in adapting to market changes.This study seeks to provide empirical evidence that enhances the understanding of corporate valuation dynamics, particularly within the volatile and rapidly evolving property and real estate subsector in Indonesia.

The findings of this study are expected to offer both theoretical and practical implications for a variety of stakeholders, including academics, business practitioners, investors, and policymakers.From an academic standpoint, this research contributes to the discourse on corporate valuation by refining the understanding of key determinants affecting firm value and addressing inconsistencies in previous studies. From a theoretical standpoint, the study aims to bridge the gap between classical financial theories and the unique characteristics of the property and real estate sector, offering a sector-specific perspective that enriches the existing literature.From a practical perspective, the insights derived from this study will assist company executives in formulating optimal corporate strategies that enhance financial performance and long-term value creation. Investors, both institutional and retail, can leverage these findings to make informed investment decisions, particularly in assessing the risk-return tradeoff within the property market.Additionally, regulators and policymakers can use the empirical evidence provided to refine policies that promote sustainable business growth, financial stability, and investor confidence in the real estate sector.Through this comprehensive investigation, this study aspires to bridge the existing knowledge gap and offer valuable recommendations that support the development of a resilient and competitive property and real estate industry in Indonesia.

B. LITERATURE REVIEW

Agency Theory

The concept of agency was initially introduced by Jensen and Meckling in 1976, elucidating the dynamic relationship between the principal (owner) and the agent (manager). The agent, entrusted with the oversight of company resources, may, in certain circumstances, exhibit behaviors that are similar to over-investing or under-investing. These behaviors can, in turn, lead to a divergence between their own interests and those of the principal, which is to maximize the value of the company. This theoretical framework underscores the potential for a divergence of interests between the principal and agent, given that managers often possess their own agendas that may not align with the primary objective of the owner, which is to maximize the value of the company. Consequently, various monitoring and bonus mechanisms are proposed to align the interests of the principal and agent, thereby mitigating agency conflicts (Jensen & Meckling, 1976).

Dalam penelitian ini, kebijakan deviden, keputusan investasi, serta berukuran perusahaan bisa ditinjau menjadi indera yg dipergunakan manager untuk mempengaruh nilai perusahaan, yang akan mempengaruhi kesejahteraan pemilik perusahaan. Melalui Agency Theory, penelitian ini bisa mengeskplorasi bagaimana manager memakai kebijakan deviden, keputusan investasi serta keputusan investasi buat meminimalkan konflik keagenan dan mencapai tujuan jangka panjang perusahaan yaitu menaikkan nilai perusahaan.

Company Value

According to Shalini (2020), a company's primary responsibility is to maximize profits for shareholders. Conversely, Septia (2015) posited that company value reflects public trust in the company after undergoing a series of operational processes. The market's perception of a company's value is determined by its price, and companies with high values tend to attract more investors willing to pay a premium for ownership (Shalini, 2020). Previous research has shown that company value is influenced by several factors, including industry conditions and capital markets (Septia, 2015).

A substantial body of research has examined company value in various sectors, including the manufacturing sector (Safitri & Lidyah, 2022), the consumer and agricultural industries (Rindi Hariyanur et al., 2022), and the real estate and property sector (Triani & Tarmidi, 2019). A study by Bon & Hartoko (2022) emphasizes the impact of dividend policy on company value in the manufacturing sector. This study utilizes the price to book value (PBV) ratio as a metric to ascertain the value of the company, which is a pivotal indicator for investors in formulating investment strategies. Companies with a PBV ratio greater than one are widely considered to show strong performance and are often considered attractive to investors (Fahmi, 2014).

Dividend Policy

Dividends are part of a company's profits that are distributed to shareholders as a return on their investment (Sormin, 2021). Dividend distribution can be done periodically or in the form of special dividends given outside the regular schedule. The dividend policy implemented by a company depends on various factors, such as financial conditions, growth strategies, and the economic environment (Damayanti et al., 2017). Decisions regarding dividend distribution can be an important signal for investors in assessing the stability and prospects of the company in the future.

A paucity of extant studies has been identified regarding the effect of dividend policy on company value. Meilawati et al. (2024) found that dividend policy had no effect on company value, while Ayem & Wulandari (2022) showed a positive effect. Maryoso & Sari (2023) contended that dividend policy exerts no significant impact on company value, while Sukirno (2022) identified a positive relationship between dividend policy and company value.These discrepancies in findings underscore the notion that other factors, such as industry, economic conditions, and ownership structure, may moderate the relationship between dividend policy and company value.

Investment Decisions

Investment decisions represent a pivotal component of financial management, determining the allocation of resources to various assets with the objective of generating value for shareholders (Mikrad et al., 2019). These decisions encompass the selection of real assets, such as property or machinery, and financial assets, including stocks or bonds, with the intent of attaining future profits.Strategic investment decisions have the potential to enhance a company's value by promoting long-term growth and enhancing its competitiveness in the market. Furthermore, the judicious execution of investment decisions can foster positive perceptions among investors, which, in turn, can exert a favorable influence on stock prices and company value (Ratnasari et al., 2017).

A plethora of studies have investigated the correlation between investment decisions and company value, yielding inconclusive results. Specifically, Purwaningsih & Siddki (2021) observed a positive impact of investment decisions on company value, while Tanaya & Wiyanto (2022) concluded that the effect was not significant. Conversely, Ardatiya et al. (2022) and Rohmatul Wati et al. (2022) identified a significant relationship between investment decisions and company value. These conflicting results suggest that industry context and macroeconomic conditions play a pivotal role in determining the effectiveness of investment decisions on increasing firm value.

Company Size

A business entity's operational scale is determined by its size. Company size is a crucial factor in shaping a firm's market presence, financial capabilities, and overall stability Petra & Rivandi (2022). An overview of company size within specific industries is provided by Petra & Rivandi (2022), who also highlight its role in influencing business growth and sustainability. Larger companies tend to have greater public awareness and access to a wider array of funding sources, including retained earnings and external sources such as bank loans and capital markets (Sudantoko, 2016). Investors often perceive company size as indicative of financial stability and reduced investment risk compared to smaller firms, which may face greater uncertainty and funding constraints (Firdaus et al., 2019). Furthermore, companies with substantial assets demonstrate enhanced flexibility in responding to market dynamics and capitalizing on emerging investment opportunities. This adaptability enables them to navigate economic fluctuations more effectively, maintain competitiveness, and sustain long-term profitability.

Despite the pervasive recognition of company size as a pivotal determinant of financial performance, the extant literature exhibits inconsistencies concerning the relationship between company length (age) and various financial metrics, including investment selection, cost structures, and firm value. A'syiah & Sudarsi (2024) contend that company length exerts a negligible influence on investment selection, thereby suggesting that investment decisions may be more influenced by managerial strategies, market conditions, and financial performance rather than the company's operational history. Conversely, Erfana & Dwijayanty (2024) posit that company length exerts a beneficial effect on company costs, implying that firms with a longer operational history may benefit from economies of scale, enhanced creditworthiness, and improved cost management.However, the effect of company length on firm value remains a topic of debate. Fajriah et al. (2022) reached a contradictory conclusion, asserting that a company's duration of existence does not exert a substantial influence on its valuation. This

finding challenges the prevailing assumption that older firms inherently possess greater market credibility and financial strength.

Anggriani & Amin (2022) present compelling evidence that company length plays a significant role in determining firm value, particularly in influencing stock price movements. Their findings suggest that older firms may be perceived as more reliable, experienced, and resilient in handling economic uncertainties, thereby attracting greater investor confidence.This discrepancy in empirical findings underscores the necessity for further investigation into the relationship between company length, firm value, and financial performance. A more profound comprehension of these dynamics could offer significant insights to corporate executives, investors, and policymakers in formulating strategies that enhance company growth and market positioning.In light of these conflicting perspectives, future research should aim to reconcile these inconsistencies by incorporating industry-specific factors, macroeconomic conditions, and corporate governance mechanisms that may mediate the impact of company size and length on business sustainability and financial outcomes.

C. RESEARCH METHOD

This study belongs to the category of comparative causal analysis with an ex post facto approach, where the independent variables do not change, but the causal relationship is analyzed through historical data. This approach refers to the concept proposed by Uma Sekaran in the research of Prestiwi P.D.C et al. (2022). Thus, this study does not intervene directly on the variables studied, but rather traces the causal relationship based on previously available data.

The research method used is quantitative, following the positivist paradigm. In this approach, the data obtained, both numerical and qualitative, are transformed into a form that can be measured quantitatively. This method allows an objective and systematic analysis in testing the relationship between the variables studied. This is consistent with the approach described by Sugiyono in the research of Prestiwi P.D.C et al. (2022).

This study uses secondary data from 51 real estate and property companies registered with ISSI in the period 2020-2023. The selection of the sample of companies is based on several criteria, namely: (a) companies that are officially registered with ISSI during the research period, and (b) companies that have available and complete financial reports during the specified period. These criteria are applied to ensure the validity and consistency of the data used in the research analysis.

Operationalized Variables:

Dividend Policy (X1): Dummy variable (1 = distribute dividends, 0 = do not).

Investment Decision (X2) or Price to Earnings Ratio (PER):

$$PER = \frac{\text{Harga Saham}}{\text{Earning perShare}}$$

Company Size (X3) or SIZE:

$$\text{Ukuran Perusahaan} = LN(\text{Total Asset})$$

Company Value (Y) or Price to Book Value (PBV):

$$\text{Nilai Buku Persaham} = \frac{\text{Total Ekuitas}}{\text{Saham Beredar}}$$

$$PBV = \frac{\text{Nilai Buku Persaham}}{\text{Harga Saham}}$$

Hypothesis testing was conducted using Structural Equation Model (SEM) based on Partial Least Square (PLS) using SmartPLS. The PLS method consists of an outer model to measure variables and an inner model to analyze the relationship between variables (Santosa, 2014 in Gunawan et al., 2023).

D. DISCUSSION

Dividend Policy, Investment Decisions, and Company Size in Determining Company Value

In this study, the analysis was conducted to test and understand the effect of dividend coverage, investment decisions, and company size on company costs, comprehensive knowledge of these elements is essential for making strategic company choices, especially in finding out financial regulations that can beautify company prices in the capital market (Aishah & Ali, 2024). The three fundamental components of economic theory - dividend policy, investment choices, and company size - have implications for overall organizational performance (Andrinaldo et al. 2024).

The results of statistical tests using the Partial Least Square (PLS) approach imply that dividend policy has a significant effect on company prices, as evidenced by the calculated t value of 2.564 and the p value of 0.011. This finding indicates that companies that implement an effective dividend policy tend to experience company price growth (Bon & Hartoko, 2022). This phenomenon can be associated with the assumption of investors who consider dividend distribution as a positive indication of the prospects and economic stability of the organization [Ovami, 2020]. Consistency of dividend distribution by business companies has been known to impact investor confidence, which in turn has been shown to increase share costs and increase the company's share price (Irnawati et al., 2024).

On the other hand, investment decisions show no significant effect on company prices, as evidenced by a t-statistic value of 0.042 and a p-value of 0.967. This finding indicates that investment decisions made using agencies do not continuously have a direct impact on increasing company prices in the short term [Ardatiya et al.] The investment period tends to be long, the uncertainty of the economic situation, and the imbalance between hazard and return obtained are elements that cause funding choices not to have an immediate impact on company prices (Meidiaswati & Zamila, 2023). Investments made through groups take time before they have real consequences, and as a result, in the short term, their effects will not be seen large enough in determining the price of the organization (Pramurza, 2021).

Company size, as measured by total assets, shows a significant negative relationship to company value with a t-statistic value of 7.310 and a p-value of 0.000. This finding indicates that the larger the company size, the lower the company value reflected in the results of this study. One possible explanation for this finding is that managerial complexity and operational efficiency tend to decrease in larger firms. Larger firms often face challenges in coordination, more bureaucratic red tape, and higher operational costs, which can reduce their competitiveness and profitability in the market. In addition, larger firms may be more likely to retain earnings for expansion rather than distribute dividends to investors, which can ultimately negatively affect firm value.
The results of further analysis are presented in the following table:

Significant T Test Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
x1_ -> y	0,180	0,176	0,070	2,564	**0,011**
x2 -> y	0,003	0,010	0,067	0,042	**0,967**
x3 -> y	-0,402	-0,409	0,055	7,310	**0,000**

The findings of this study indicate that dividend policy has a high-quality and pervasive impact on firm price, while investment decisions do not show a significant impact. In contrast, firm length is observed to have a negative impact on firm price. These effects offer valuable insights for organizational control in formulating stronger economic regulations to decorate firm cost. It is imperative for companies to prioritize dividend policy techniques as an important element in attracting investor interest and

fostering market confidence. At the same time when investment choices no longer show substantial impact in a short period of time, a prudent financing strategy should be considered to ensure the possibility of a longer period of time. Large institutions need to prioritize improving operational performance and reducing organizational complexity to maintain market price.

The findings of this study underscore the importance for organizations to balance dividend rules, financing choices, and firm size management wisely to ensure sustainable improvement and beautify firm cost in the eyes of buyers and different stakeholders.

Dividend Policy Evaluation in Determining Company Value

The results of the study related to the assessment of dividend coverage in determining company costs. The prevailing theories, especially the concept of agency, in addition to the findings of previous studies, can be used as considerations. Especially based on the analysis using the Partial Least Square (PLS) method, it was found that dividend policy has a high-quality and quite large impact on company prices with a t-statistic value of 2,564 and a p-cost of 0.011. This effect shows that companies that implement a stable and clear dividend policy can increase investor confidence, which in turn will affect the value of the company. This finding is in line with the concept of Dividend Signaling which states that dividend coverage can be a sign to buyers regarding the company's economic prospects. Furthermore, according to the theory of business companies, the best dividend distribution can reduce conflicts of interest between managers and shareholders, thereby increasing the value of the company (Jensen & Meckling, 1976).

Although dividend policy has a major effect on company prices, the results of this study also found that financing decisions no longer have a major effect with a t-statistic value of 0.042 and a p-value of 0.967. These results indicate that investment decisions made by companies do not necessarily have a major impact on company prices in a short time. This finding is in line with research by Tanaya & Wiyanto (2022) which found that the influence of investment decisions on company prices is not large, most likely because the investments made take time to generate profits that may be reflected in the company's market price. In the context of corporate principles, non-strategic funding decisions can be a source of contention between managers and shareholders, especially if managers are more aware of commercially expanding the company without paying attention to shareholder hobbies, Therefore, a strong investment approach is needed to ensure that the allocation of organizational assets is in line with the goal of increasing company costs (Andrinaldo et al., 2024).

This study makes a significant contribution to the extant literature by comparing the effect of firm size on firm value, a topic that has received scant attention from academics.The evaluation revealed a poor correlation between firm size and firm value, as evidenced by a t-statistic value of 7.310 and a p-value of 0.000. This finding indicates that as firm size increases, firm value decreases.This phenomenon can be attributed to two elements: operational efficiency and managerial complexity. Large organizations frequently encounter challenges related to internal structure and coordination, which can impede operational performance and adversely affect overall economic performance.This finding aligns with the conclusions of Anggriani & Amin (2022), who underscored the substantial impact of firm length on firm costs. However, this finding is inconsistent with the research of Fajriah et al. (2022), which indicated that current agency length does not have a continuous positive impact on firm value.Therefore, firm length is determined not only by this component, but also by different factors, including managerial strategy and market conditions.

The findings of this study suggest that dividend policy plays a pivotal role in determining firm value, while investment decisions do not exert a direct influence in the short term. Furthermore, firm size has the potential to adversely impact firm value under specific conditions. These results offer significant implications for corporate management in formulating effective financial strategies. By implementing an optimal dividend policy, companies can enhance investor confidence and mitigate agency conflicts. Conversely, investment decisions must be made prudently, taking into account long-term prospects to optimize firm value.Large-scale companies must adeptly manage operational complexity to avoid detrimental impacts on financial performance.A comprehensive understanding of financial policies aligned with the tenets of Agency Theory is imperative for managers in making strategic decisions aimed at enhancing firm value.

Implications of Investment Decisions in Optimizing Company Value

Investment decisions are a fundamental factor in determining the direction of a company's growth and the value generated for shareholders. Based on the results of this study, it was found that investment decisions do not have a significant effect on company value with a t-statistic value of 0.042 and a p-value of 0.967. This finding shows that although investment is a strategic element in company management, its impact on increasing company value is not always immediately visible in the short term. From the perspective of Agency Theory (Jensen & Meckling, 1976), this phenomenon can be explained by the potential for a conflict of interest between managers and shareholders. Managers, acting as agents, may make investment decisions that are not always in line with the interests of the owners, such as investing in high-risk or less profitable projects in the long term.

The findings of this study are consistent with the research conducted by Tanaya & Wiyanto (2022), which indicated that investment decisions do not invariably lead to an increase in company value. However, the research by Purwaningsih & Siddki (2021) and Ardatiya et al. (2022) suggests that strategic implementation of investment decisions can have a positive impact on company value. These discrepancies in findings underscore the critical influence of external factors, such as macroeconomic conditions, industrial sector dynamics, and a company's access to financial resources, on investment effectiveness. Consequently, it is imperative for company management to adopt an investment approach grounded in fundamental analysis and meticulous risk evaluation to ensure the maximization of the positive impact on company value.

From a pragmatic standpoint, the observed insignificance of investment decisions on company value may signify a disconnection between investment strategy formulation and execution. In order to ensure that investments are made with a focus on generating added value, companies that expand or diversify assets must consider aspects of sustainability and capital efficiency. As stated by Ratnasari et al. (2017), investments that are not supported by strong risk analysis can cause an imbalance in the capital structure and have a negative impact on company performance. Therefore, companies need to ensure that investment decisions not only consider long-term profit potential, but also take into account risk factors and the sustainability of business strategies.

Furthermore, judicious investment decisions can foster investor confidence, thereby enhancing the company's valuation within the capital market.This study posits that investment decisions that exert minimal influence on company value may be attributable to a paucity of transparency in financial reporting or ambiguity surrounding business prospects.As elucidated in the study by Bon & Hartoko (2022), investors exhibit a heightened interest in companies that adhere to explicit investment policies grounded in value creation. Consequently, it is imperative for companies to enhance transparency and communication of investment strategies to shareholders. This will mitigate information asymmetry and foster market confidence in the policies adopted.

A comprehensive analysis of the extant literature reveals that, while the impact of investment decisions on corporate performance is not significant in this particular study, it is nevertheless imperative for companies to optimize their investment strategies in order to support long-term growth.A critical component of this optimization process involves the adoption of a prudent investment approach, which necessitates increasing transparency and aligning strategies with shareholder interests. This ensures that investments made by the company have a positive impact on its value. In the long term, companies that effectively balance investment strategies with robust corporate governance will be better positioned to enhance competitiveness and attract a more substantial investor base.

The Significance of Company Size in Reflecting Market Stability and Competitiveness

The findings of this study demonstrate a robust correlation between company size and company costs, as evidenced by the t-statistic value of 7,310 and the p-value of 0.000. This indicates that company size exerts a substantial influence on the escalation of company costs. This finding aligns with the concept proposed by Petra & Rivandi (2022), which states that companies with very large ownership have better public popularity and wider access to funding sources, both internal and external, and from the perspective of business company principles (Jensen & Meckl ing (1976) also found that the size of a business affects the amount of shareholder oversight of management, thereby reducing the danger of corporate conflict that can disrupt company value. Therefore, the correlation between company size and company stability in navigating corporate risk and market volatility is good.

However, the findings of this study suggest that company size does not invariably exhibit a direct and linear correlation with rising organizational costs. Previous research, including that conducted by A'syiah & Sudarsi (2024), has demonstrated that company size does not exert a substantial influence on investment decisions. This observation indicates that large-scale operations do not necessarily lead to cost recognition, provided they are not balanced with the most reliable investment approach. For instance, organizations with substantial assets but ineffective capital allocation strategies are susceptible to stagnation or even diminished profitability.Conversely, in favorable circumstances, large organizations may encounter formidable challenges, including complex processes and operational inefficiencies, which may impede their cost improvement efforts.

In the context of capital markets, a company's size exerts a substantial influence on shaping investors' perceptions of potential risk and growth. Institutional investors, notably, have demonstrated a preference for companies with substantial assets due to their enhanced financial stability and heightened resilience to economic turbulence (Firdaus et al., 2019). Nevertheless, this appeal is contingent upon the effectiveness of control mechanisms in optimizing assets. For instance, business companies with large market capitalization but inefficient capital structures or stagnant revenue growth face greater challenges in attracting investors compared to smaller companies with more dynamic growth.Consequently, while agency size provides competitive advantages, factors such as funding returns, dividend coverage, and corporate governance remain crucial in developing long-term value for shareholders.

The findings indicate that company size is a significant factor in reflecting stability and competitiveness in the market. However, it is crucial to note that unaccompanied growth in company size, characterized by inadequate operational efficiency, ill-advised investment strategies, and opaque governance, can have deleterious effects on the company's value. Consequently, it is imperative for companies to ensure that asset expansion is congruent with an effective business strategy and is supported by innovation and effective risk management. Employing this comprehensive strategy is instrumental in capitalizing on the benefits of scale, thereby fostering sustainable value creation for stakeholders.

E. CONCLUSION

Summary

The findings of this study indicate that dividend coverage has a beneficial effect on group costs in the asset and real estate sector indexed on ISSI during the period 2020-2023.These results recommend that constant dividend coverage can increase investor confidence, thus having a direct impact on the addition of organizational costs.Furthermore, the observational findings suggest a high-quality relationship between company size and company costs, indicating that large companies tend to show greater economic stability and competitiveness in the market.

The study also examined the impact of investment decisions on company prices in the studied sector. The results indicated that investments made using agencies do not always have a direct and instant impact on increasing the value of the organization in the short term.The importance of this dating can be mitigated through elements such as efficiency in funding management and fluctuating market situations.Therefore, funding choices must be balanced with more effective risk control and asset control techniques to increase company prices.

However, this study is not always without limitations, especially in terms of its scope, which includes property and real estate companies listed on ISSI during the period 2020-2023. The findings of this study cannot be generalized to other sectors or groups outside the index. In addition, the observational analysis is limited to a few variables: dividend policy, investment choices, and company size. It does not take into account other elements that have the capacity to influence company prices, along with profitability and capital structure.

Suggestion

This review provides a novel perspective for investors regarding the role of dividend coverage and the duration of an organization's engagement in funding decisions. Investors are counseled to prioritize businesses with robust dividend policies and substantial scale, as these entities frequently exhibit superior balance in their valuations and more promising long-term potential.Nevertheless, a comprehensive evaluation of investment capability necessitates a multifaceted approach, encompassing considerations such as profitability and control performance.

To obtain more comprehensive results and observe developments over a longer period of time, it is recommended that the sector coverage and duration of the study be expanded in future research.In addition, adding other variables that include profitability, capital structure, and the level of agency innovation can provide more in-depth information on the factors that affect agency costs.As a result, future research can make a greater contribution to the development of monetary management and funding science.

REFERENCES

Aishah, N., & Ali, M. (2024). Firm size, and firm value: An empirical analysis. Talaa Journal of Islamic Finance. https://doi.org/10.54045/talaa.v4i1.755

Amin, H., Halim Kadri, M., & Ahmad, A. R. (2024). Relationship between sustainability reporting and firm value. Insight Journal, 11(2).

Andrinaldo, A., Kesuma, I. M., Hidayah, R. U., & Alfarizi, R. (2024). The influence of good corporate governance on firm value with financial performance as a moderation. Ekombis Review: Jurnal Ilmiah Ekonomi dan Bisnis, 12(4), 4261–4276. https://doi.org/10.37676/ekombis.v12i

Anggriani, A., & Amin, M. N. (2022). Pengaruh good corporate governance, kinerja keuangan dan ukuran perusahaan terhadap nilai perusahaan. Jurnal Ekonomi Trisakti, 2(2), 883–892. https://doi.org/10.25105/jet.v2i2.14739

Ardatiya, E., Kalsum, U., & Kosim, B. (2022). Pengaruh keputusan investasi, keputusan pendanaan, dan kebijakan dividen terhadap nilai perusahaan. Jurnal Manajemen Bisnis dan Keuangan, 3(2), 71–82. https://doi.org/10.51805/jmbk.v3i2.61

A'syiah, F. N., & Sudarsi, S. (2024). Pengaruh profitabilitas, likuiditas, solvabilitas, dan ukuran perusahaan terhadap nilai perusahaan pada perusahaan pertambangan yang terdaftar di Bursa Efek Indonesia (BEI) periode tahun 2019–2022.

Ayem, S., & Wulandari, P. (2022). Pengaruh profitabilitas dan ukuran perusahaan manajemen laba terhadap nilai perusahaan dengan kebijakan dividen sebagai variabel intervening (studi pada perusahaan manufaktur di BEI periode 2016-2019).

Birri, M. F. (2023). Analisis pengaruh profitabilitas, likuiditas, dan ukuran perusahaan terhadap nilai perusahaan pada perusahaan yang terdaftar di Jakarta Islamic Index (JII) tahun 2017-2021.

Bon, S. F., & Hartoko, S. (2022). The effect of dividend policy, investment decision, leverage, profitability, and firm size on firm value. European Journal of Business and Management Research, 7(3), 7–13. https://doi.org/10.24018/ejbmr.2022.7.3.1405

Brenner, L., & Meyll, T. (2020). Robo-advisors: A substitute for human financial advice. Journal of Behavioral and Experimental Finance, 25, 100275.

Colombo, J. A., & Terra, P. R. S. (2022). Interest on equity versus dividends: The role of shareholder identity in corporate tax avoidance. Revista Brasileira de Gestão de Negócios.

Dewi, S., Dwi Purnomo, A., & Permata Sari, D. (2024). The effect of green accounting, financial performance and CSR on firm value with firm size as an intervening variable, 1(5). https://doi.org/10.62872/s1advm86

Dini, S., Saraswati, A., & Fangly Putri, B. (2022). The effect of fixed asset turnover, capital structure, dividend policy and company size on the value of property and real estate companies listed on the IDX. Journal Research of Social, Science, Economics, and Management, 1(10). https://doi.org/10.36418/jrssem.v1i10.182

Erfana, A. P., & Dwijayanty, R. (2024). The influence of profitability, leverage, company size and audit quality on company value. SIKAP, 8(2), 123–138. www.idx.co.id

Fadhlania, P. R. (2019). Pengaruh profitabilitas, corporate governance, perataan laba, kebijakan pendanaan, kebijakan dividen, dan kebijakan investasi terhadap penghindaran pajak. Universitas Islam Indonesia.

Fajriah, L. A., Idris, A., & Nadhiroh, U. (2022). Pengaruh pertumbuhan penjualan, pertumbuhan perusahaan, dan ukuran perusahaan terhadap nilai perusahaan. 7(1). https://journal.undiknas.ac.id/index.php/manajemen

Ghozali, I. (2021). Aplikasi analisis multivariate dengan program IBM SPSS 26 (Issue Juni). Universitas Diponegoro.

Gunawan, R., Ramadhan, R. R., & Fikri, K. (2023). Pengaruh leverage dan profitabilitas terhadap nilai perusahaan (studi kasus perusahaan farmasi di BEI 2017-2021). 2(1).

Irnawati, J., Saqina, R., & Suryanto, W. (2024). The influence of company growth, funding decisions, and dividend policy on firm value. International Journal of Educational and Life Sciences, 2(8), 1051–1062. https://doi.org/10.59890/ijels.v2i8.2335

Komala, P. S., Endiana, I. D. M., Kumalasari, P. D., & Rahindayati, N. M. (2021). Pengaruh profitabilitas, solvabilitas, likuiditas, keputusan investasi dan keputusan pendanaan terhadap nilai perusahaan.

Maryoso, S., & Sari, D. I. (2023). Pengaruh CSR, profitabilitas dan kebijakan dividen terhadap nilai perusahaan BUMN terdaftar di BEI.

Meidiaswati, H., & Zamila, L. (2023). Investment decisions, funding decisions, dividend policy and their effect on the value of food and beverage companies on the Indonesia Stock Exchange.

Meilawati, E., Ike Purnomo, L., & Studi Sarjana Akuntansi, P. (2024). Mantap: Journal of Management Accounting, Tax and Production. E-Pengaruh tax planning, kebijakan dividen, dan manajemen laba terhadap nilai perusahaan. https://www.djkn.kemenkeu.go.if

Pramurza, D. (2021). Pengaruh kebijakan dividen dan keputusan investasi terhadap nilai perusahaan pada perusahaan sektor pertambangan di Bursa Efek Indonesia periode 2009-2018.

Rafiq, M., Khan, N. U., & Khanum, S. (2024). Impact of leverage, market share, and dividend policy on firm value in the technology sector. Contemporary Issues in Social Sciences and Management Practices, 3(3), 147–157. https://doi.org/10.61503/cissmp.v3i3.211

Rohmatul Wati, A., Tara, N. A. A., & Abubakar, A. (2022). Pengaruh keputusan investasi, keputusan pendanaan dan kebijakan dividen terhadap nilai perusahaan pada perusahaan indeks LQ45 tahun 2016-2020. Unram Management Review, 2(1), 55–65. https://doi.org/10.29303/ju.v2i1.156