Analysis of Factors Affecting Financial Performance and Managerial Ownership with Governance Moderation of Dividend Policy

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Financial performance and dividend policy are important factors that influence a company's sustainability and investor confidence, particularly in the manufacturing sector during periods of economic uncertainty. The COVID-19 pandemic created operational disruptions, reduced purchasing power, and pressured corporate profitability, which consequently affected dividend distribution decisions. This study aims to analyze the relationship between financial performance, managerial ownership, and dividend policy in manufacturing companies. The research employed a quantitative approach using secondary data obtained from company financial statements. Financial performance was measured through profitability, liquidity, solvency, and efficiency ratios, including Return on Equity, Return on Assets, Net Profit Margin, Current Ratio, Quick Ratio, Debt-to-Equity Ratio, and Debt Service Coverage Ratio. The analysis was conducted to evaluate the company's financial condition and its implications for dividend policy decisions. The findings indicate that strong financial performance encourages more consistent dividend distribution and strengthens shareholder confidence, while managerial ownership contributes to managerial decision-making related to dividend policy. The study concludes that companies need to maintain balanced financial strategies to achieve sustainable growth, preserve financial flexibility, and fulfill shareholder expectations in dynamic economic conditions.
Keywords: Financial Performance, Managerial Ownership, Dividend Policy, Governance

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1. Introduction

. Stock prices are one of the most important indicators in the capital market because they reflect the market's assessment of a company's value, financial condition, and future prospects. According to Brigham and Houston[1], stock prices are formed through the interaction between demand and supply in the capital market, which is influenced by both internal and external factors. Investors generally use stock prices as a benchmark in evaluating the level of company performance and investment risk. Companies that demonstrate stable financial performance, strong profitability, and sustainable business growth tend to attract greater investor interest, resulting in higher stock prices. Conversely, companies experiencing declining performance often face decreases in stock prices due to reduced investor confidence.

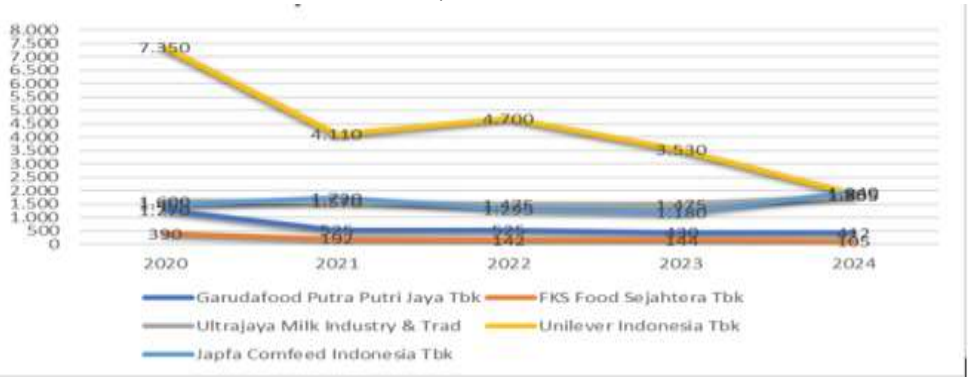

Figure 1. Outstanding Share Prices of the Non-Cyclical Consumer Sector During 2020–2024

During the 2020–2024 period, several companies in the non-cyclical consumer sector listed on the Indonesia Stock Exchange experienced fluctuations and declining stock prices. Companies such as PT Unilever Indonesia Tbk (UNVR), FKS Food Sejahtera Tbk (AISA), Ultrajaya Milk Industry Tbk (ULTJ), Japfa Comfeed Indonesia Tbk (JPFA), and Garudafood Putra Putri Jaya Tbk (GOOD) showed downward trends in market performance. This condition reflects the existence of pressure on corporate performance caused by economic instability, changes in consumer purchasing power, and global uncertainty following the COVID-19 pandemic. Although non-cyclical consumer companies generally produce basic necessities with relatively stable demand, these companies remain vulnerable to macroeconomic pressures, rising operational costs, and shifts in consumer behavior. As a result, investors became more cautious in making investment decisions, leading to stock price volatility in the sector.

One of the macroeconomic factors that significantly influences stock prices is inflation. According to Mankiw[2], inflation refers to a continuous increase in the general price level of goods and services over time, which can reduce purchasing power and increase business operational costs. High inflation rates often create uncertainty in the economy because companies must bear higher costs for raw materials, energy, distribution, and labor. This situation can reduce company profitability and weaken investor confidence in the capital market. In the context of non-cyclical consumer companies, inflation may also affect consumer consumption patterns because households tend to prioritize essential spending and reduce non-priority purchases during periods of high inflation. Consequently, company revenues and profits may decline, ultimately affecting stock prices.

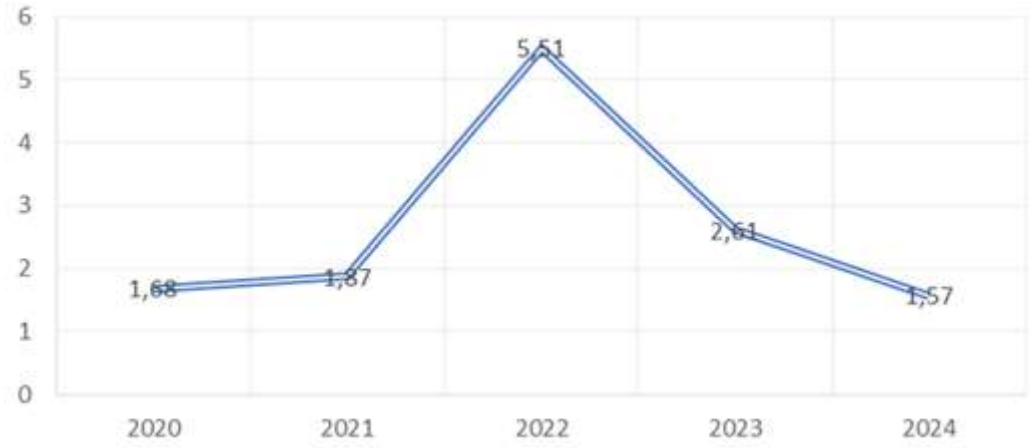

Figure 2. Inflation Graph Image
Data Source: Central Statistics Agency of the Republic of Indonesia

Indonesia's inflation rate during the 2020–2024 period experienced fluctuations due to various domestic and global economic factors. Economic recovery after the pandemic, global supply chain disruptions, increases in fuel prices, and rising commodity prices contributed to inflation instability. These conditions created challenges for companies in maintaining operational efficiency and profitability. Investors generally perceive unstable inflation as a signal of higher economic risk, which can influence investment decisions and market confidence. Therefore, inflation becomes an important external variable in explaining stock price movements in the capital market.

In addition to inflation, dividend policy is another important factor influencing stock prices. Dividend policy refers to the company's decision regarding the proportion of profits distributed to shareholders and the portion retained for future investment and operational needs. According to Spence[3], dividend distribution serves as a signal to investors regarding the company's financial strength and future prospects. Companies that consistently distribute dividends are generally perceived as financially healthy and capable of

generating sustainable profits. As a result, investors tend to respond positively to stable dividend policies because dividends provide direct returns and reduce investment uncertainty.

Dividend policy also reflects management confidence in the company's future performance. When companies distribute higher dividends, investors often interpret this as a positive indication that the company has sufficient cash flow and stable profitability. Conversely, reductions or inconsistencies in dividend payments may create negative perceptions among investors because they may indicate financial difficulties or declining business performance. Therefore, dividend policy plays an important role in influencing investor behavior and stock price movements in the capital market.

Another factor influencing stock prices is sales growth. Sales growth reflects the company's ability to increase revenue, expand market share, and maintain competitiveness in the industry. According to Kotler and Keller[4], sustainable sales growth indicates that a company successfully responds to market demand and effectively implements marketing and operational strategies. Companies with strong sales growth are generally considered to have better business prospects and greater opportunities for long-term profitability. Consequently, investors tend to perceive positive sales growth as a favorable signal that encourages investment decisions and increases stock prices.

In non-cyclical consumer sector companies, sales growth is particularly important because these companies depend heavily on public consumption levels. Although the sector is relatively stable compared to cyclical industries, changes in purchasing power and economic conditions can still affect company revenues. Companies capable of maintaining consistent sales growth amid economic uncertainty are often viewed as having strong operational resilience and competitive advantages. This positive perception can strengthen investor confidence and improve stock market performance.

Previous studies examining the influence of inflation, dividend policy, and sales growth on stock prices have produced inconsistent findings. Several studies reported that inflation negatively affects stock prices because rising inflation reduces company profitability and investor purchasing power. However, other studies found that inflation does not significantly affect stock prices due to differences in industry characteristics and company adaptability. Similarly, previous research on dividend policy and sales growth also showed varying results, indicating that the relationship between these variables and stock prices remains inconclusive. These inconsistencies indicate the existence of a research gap that requires further investigation, particularly in non-cyclical consumer sector companies that face unique challenges related to economic stability and market demand.

In this study, capital structure is introduced as a moderating variable because it reflects the company's funding decisions regarding the proportion of debt and equity used to finance business operations. According to Modigliani and Miller, capital structure influences company value and financial risk because excessive debt can increase financial burdens and reduce investor confidence[5]. Companies with healthy capital structures tend to have greater flexibility in facing economic uncertainty and maintaining operational stability. Therefore, capital structure may strengthen or weaken the relationship between inflation, dividend policy, sales growth, and stock prices.

Research examining the moderating role of capital structure in the relationship between inflation, dividend policy, sales growth, and stock prices remains relatively limited, particularly in non-cyclical consumer sector companies listed on the Indonesia Stock Exchange. Most previous studies focused only on direct relationships between variables without considering the role of capital structure as a moderating factor. Therefore, this study aims to analyze the influence of inflation, dividend policy, and sales growth on stock prices with capital structure as a moderating variable in non-cyclical consumer sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period.

2. Literature Review

Inflation and Stock Prices

Inflation is one of the macroeconomic indicators that can influence stock price movements in the capital market. According to Mankiw[2], inflation reflects a continuous increase in the general price level of goods and services, which can reduce purchasing power and increase company operational costs. High inflation rates often create economic uncertainty because companies must bear higher production costs for raw materials, labor, and distribution. This condition can reduce profitability and weaken investor confidence toward corporate performance. Brigham and Houston[1] explained that macroeconomic instability, including inflation, influences investor decisions because it affects expected returns and investment risk. In the context of non-cyclical consumer sector companies, inflation may significantly affect sales performance because changes in purchasing power influence consumer consumption patterns.

Several previous studies have examined the relationship between inflation and stock prices with inconsistent findings. Astuti et al[6] found that inflation negatively affects stock prices because rising inflation reduces company profitability and market confidence. In contrast, Nianty., et al [7] reported that inflation does not significantly influence stock prices because several companies are capable of adapting their pricing and operational strategies during inflationary periods. These inconsistent findings indicate that the influence of inflation on stock prices remains inconclusive and requires further investigation, particularly in non-cyclical consumer sector companies listed on the Indonesia Stock Exchange.

Dividend Policy and Stock Prices

Dividend policy is an important corporate decision related to the distribution of profits to shareholders and retained earnings for future investment. According to Spence[3], dividend distribution can serve as a positive signal regarding a company's financial condition and future prospects. Investors generally perceive stable dividend payments as an indication that the company has strong profitability and sustainable financial performance. Brigham and Houston[1] stated that dividend policy plays an important role in influencing investor confidence because dividends provide direct returns and reduce investment uncertainty.

Previous studies examining the relationship between dividend policy and stock prices also produced varying findings. Pratiwi et al[8] found that dividend policy positively affects stock prices because investors tend to respond positively to companies that consistently distribute dividends. Similarly, Purwaningsih[9] explained that dividend distribution reflects financial stability and enhances investor trust. However, several studies reported that dividend policy has no significant effect on stock prices because some investors prioritize capital gains rather than dividend income. These differences in findings indicate that dividend policy remains an important issue requiring further analysis, particularly in relation to investor behavior and company financial performance.

Sales Growth and Stock Prices

Sales growth reflects a company's ability to increase revenue and expand market share over time. According to Kotler and Keller[10], sustainable sales growth demonstrates the company's success in maintaining competitiveness and responding effectively to market demand. Companies with positive sales growth are generally perceived as having better future prospects because increased sales contribute to higher profitability and business sustainability. Therefore, sales growth is often considered an important factor influencing investor perceptions and stock price movements.

Previous empirical studies showed inconsistent findings regarding the effect of sales growth on stock prices. Astuti et al[6] found that sales growth positively affects stock prices because investors interpret

increasing revenue as a positive signal of company performance. However, several studies found that sales growth does not always influence stock prices significantly due to differences in industrial conditions, operational efficiency, and financial management. These inconsistent results indicate the existence of a research gap concerning the relationship between sales growth and stock prices, especially in non-cyclical consumer sector companies.

Problem Statement

Stock price fluctuations in non-cyclical consumer sector companies during the 2020–2024 period indicate the existence of economic pressure and changes in investor perceptions regarding corporate performance. According to Brigham and Houston[1], stock prices are influenced by both internal factors, such as dividend policy and sales growth, and external factors, such as macroeconomic conditions and inflation. Inflation instability can reduce purchasing power and increase production costs, thereby affecting company profitability and investor confidence[2]. In addition, dividend policy is considered an important signal regarding the company's financial strength and future prospects because investors generally respond positively to stable dividend distribution[3]. Sales growth also reflects the company's ability to maintain competitiveness and generate sustainable revenue growth, which can influence market valuation and stock price performance [10].

Previous empirical studies examining the influence of inflation, dividend policy, and sales growth on stock prices have produced inconsistent findings. Astuti et al[6] found that inflation negatively affects stock prices because increasing inflation weakens company profitability and investor purchasing power. However, Nianty[7] reported that inflation does not significantly influence stock prices due to differences in industry characteristics and company adaptability. Research conducted by Pratiwi et al[8] explained that dividend policy positively affects stock prices because stable dividend payments increase investor confidence, while Purwaningsih[9] found that sales growth positively influences stock prices through improved corporate performance and business prospects. These inconsistent findings indicate the existence of a research gap regarding the relationship between inflation, dividend policy, sales growth, and stock prices. Furthermore, studies examining the moderating role of capital structure in strengthening or weakening the relationship between these variables and stock prices remain limited. Therefore, this study aims to analyze the influence of inflation, dividend policy, and sales growth on stock prices with capital structure as a moderating variable in non-cyclical consumer sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period.

3. Research Methods

This study applied a quantitative research approach that emphasizes the use of numerical data and statistical analysis to examine relationships among variables systematically[11]. The study investigated the effect of inflation, dividend policy, and sales growth as independent variables on stock prices as the dependent variable, while capital structure was used as a moderating variable to evaluate its role in influencing the relationship between the variables.

The research focused on Consumer Non-Cyclical companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. The variables analyzed in this study consisted of inflation, dividend policy, sales growth, stock prices, and capital structure. Secondary data were obtained from annual reports and financial statements published by the selected companies throughout the observation period.

According to Iba and Wardhana[12], population refers to a group of objects or subjects that possess characteristics relevant to the research objectives. The population in this study consisted of 131 Consumer Non-Cyclical sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period. This

sector was selected because it produces essential consumer goods with relatively stable demand despite economic fluctuations, making it attractive to investors.

The sampling technique used in this study was purposive sampling, where samples were selected based on criteria relevant to the research objectives[12]. After applying the predetermined criteria, 27 companies met the requirements for analysis. Companies that did not consistently publish annual reports or lacked complete information related to dividend policy, sales growth, stock prices, and capital structure during the observation period were excluded from the sample. With a five-year observation period, the study generated 135 observations for analysis.

The data used in this study originated from secondary sources collected through documentation techniques, including financial reports, written documents, and company records. The primary data sources were annual reports of Consumer Non-Cyclical sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period. The data were obtained from official sources, including the Indonesia Stock Exchange website and the official websites of each company. Furthermore, the collected data were subjected to an elimination process based on the established sampling criteria before statistical analysis was conducted.

The operational variable table was developed to explain each research variable in detail, including the indicators and measurement scales used in the study. The preparation of the operational variable table helps ensure that all variables are clearly defined and measured systematically, thereby improving the accuracy and consistency of the research analysis.

Table 1. Variable Operations

No	Variabel	Indicator	Scale
1.	Inflation	$Inflation = \frac{IHKn - IHKn-1}{IHKn-1} \times 100\%$	Ratio
2.	Dividend Policy	$DPR = \frac{Dividends\ Paid}{Earning\ After\ Tax} \times 100\%$	Ratio
3.	Sales Growth	$Sales\ Growth = \frac{Sales\ t - Sales\ t-1}{Sales\ t-1} \times 100\%$	Ratio
4.	Stock Price	$PER = \frac{Stock\ Price}{Earnings\ per\ Share}$	Ratio
5.	Capital Structure	$DER = \frac{Total\ Debt}{Total\ Equity} \times 100\%$	Ratio

The data analysis in this study was conducted using EViews 13 software because the research employed panel data consisting of cross-section and time-series data collected from company financial statements and annual reports during the 2020–2024 period. The analysis aimed to examine the influence of inflation, dividend policy, and sales growth on stock prices, as well as the moderating role of capital structure in strengthening or weakening these relationships.

The study applied descriptive statistical analysis to describe the characteristics and distribution of the data through mean, maximum, minimum, median, and standard deviation values[13]. Furthermore, panel data regression analysis was employed using the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). Model selection was determined through the Chow test, Hausman test, and Lagrange Multiplier test to identify the most appropriate regression model[14][15].

To ensure the reliability of the regression model, classical assumption tests consisting of normality, multicollinearity, heteroscedasticity, and autocorrelation tests were conducted using the Ordinary Least Squares (OLS) approach[14]. Hypothesis testing was then carried out using the F-test, t-test, and coefficient of determination (R^2) to evaluate the simultaneous and partial effects of the independent

variables on the dependent variable. In addition, Moderated Regression Analysis (MRA) was used to determine whether capital structure significantly moderates the relationship between inflation, dividend policy, sales growth, and stock prices[16][17]

4. Research Results and Analysis

Descriptive Statistical Analysis

Descriptive statistical analysis aims to provide a clear and detailed picture of the characteristics of the data used in the study. Through this analysis, information is obtained about the maximum value, minimum value, mean value, and standard deviation of each variable. The results of descriptive statistical analysis on the data used in this study are presented as follows:

Table 2. Descriptive Statistical Test Results

	SP	INF	DP	SG	CS
Mean	5.848733	7.202000	25366.09	10.00355	1.171683
Median	0.034688	5.680000	14505.88	9.864104	0.850728
Maximum	40.38462	13.59000	150102.7	13.38809	6.466729
Minimum	0.000141	3.930000	2.351751	6.108305	0.071989
Std. Dev.	9.237867	3.425907	32203.95	1.414880	1.239266
Skewness	1.632697	1.074216	1.898699	-0.193816	2.025175
Kurtosis	5.007818	2.656839	7.052957	4.196836	6.808968
Jarque-Bera	82.65448	26.62606	173.5127	8.902553	173.8889
Probability	0.000000	0.000002	0.000000	0.011664	0.000000
Sum	789.5790	972.2700	3424422	1350.479	158.1771
Sum Sq. Dev.	11435.32	1572.736	1.395611	268.2525	205.7946
Observations	135	135	135	135	135

Source : Data Eviews, 2025

The descriptive statistical analysis explains the characteristics of all variables used in this study, consisting of stock price as the dependent variable, inflation, dividend policy, and sales growth as independent variables, as well as capital structure as the moderating variable. The stock price variable, measured using the Price Earning Ratio (PER), showed considerable variation during the observation period, indicating differences in investor perceptions regarding company performance and growth prospects among the sampled companies.

The inflation variable demonstrated fluctuating conditions throughout the research period, reflecting changes in macroeconomic conditions in Indonesia. Although inflation is a macroeconomic factor affecting all sectors, fluctuations in inflation rates may still influence company profitability and investor decisions due to increasing operational and production costs. Meanwhile, the dividend policy variable showed relatively high variation, indicating differences in corporate strategies regarding profit distribution to shareholders. Several companies consistently distributed dividends, reflecting strong financial performance and stable profitability, while others adopted more conservative dividend policies due to fluctuating earnings.

The sales growth variable generally indicated positive growth among the observed companies, suggesting that most companies experienced increases in revenue during the study period. However, the variation in sales growth values also reflects differences in operational performance and market expansion strategies among companies. In addition, the capital structure variable showed that companies maintained varying compositions of debt and equity financing. Some companies relied more heavily on external financing, while

others adopted more conservative leverage policies, indicating significant differences in financial management strategies among the sampled companies.

Panel Data Regression Model Selection Test

In hypothesis testing, this study uses panel data regression analysis. There are three types of models that can be used in the analysis, namely *Common Effect Model* (CEM), *Fixed Effect Model* (FEM), and *Random Effect Model* (REM).

CEM

Table 3. Common *Effect Model (CEM) Results*

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-2.528033	1.221516	-2.069587	0.0405
INF	-0.020291	0.042763	-0.474490	0.6359
DP	0.437694	0.106062	4.126792	0.0001
SG	-7.908714	1.165614	-6.820791	0.0000
CS	-0.284325	0.104021	-2.733331	0.0071

Source : Data Eviews, 2025

FEM

Table 4. Fixed *Effect Model (FEM) Results*

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-4.372326	4.733878	-0.923625	0.3578
INF	-0.022020	0.018097	-1.216754	0.2265
DP	0.576515	0.464906	1.240066	0.2177
SG	-1.989714	3.436914	-0.578347	0.5643
CS	0.011829	0.037871	0.312352	0.7554

Source : Data Eviews, 2025

REM

Table 5. Random *Effect Model (REM) Results*

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-3.786438	2.152874	-1.758783	0.0810
INF	-0.020705	0.016725	-1.237977	0.2180
DP	0.528770	0.220097	2.402444	0.0177
SG	-5.657814	2.046914	-2.764063	0.0065
CS	-0.040187	0.072642	-0.553218	0.5811

Source : Data Eviews, 2025

Below are the results of the model selection test which aims to determine the most suitable and accurate panel data regression model to be used in research data processing. This test is carried out based on the three model approaches that have been described earlier, namely *Common Effect Model* (CEM), *Fixed Effect Model* (FEM), and *Random Effect Model* (REM).

Chow Test

The following are the results of the Chow Test with the following probability values:

Table 6. Chow Test

Redundant Fixed Effects Tests			
Equation: Untitled			
Test cross-section fixed effects			
Effects Test	*Statistic*	d.f.	Prob.

Cross-section F	27.727729	(26,104)	0.0000
Cross-section Chi-square	279.571051	26	0.0000

Source : Data Eviews, 2025

Based on the results of the Chow Test, a probability value of 0.0000 was obtained, which is smaller than 0.05. This shows that there are significant differences between individuals in the panel data, so the most appropriate model to use according to the Chow Test is the *Fixed Effect Model* (FEM).

Hausman Test

The following are the results of the Chow Test with the following probability values:

Table 6. Hausman Test

Correlated Random Effects - Hausman Test			
Equation: Untitled			
Test cross-section random effects			
Test Summary	**Chi-Sq. *Statistic***	**Chi-Sq. d.f.**	**Prob.**
Cross-section random	0.000000	4	1.0000

Source : Data Eviews, 2025

Based on the results of the Hausman Test, a probability value of 1.0000 was obtained, which is greater than 0.05. Thus, the recommended model for use in this study is *the Random Effect Model* (REM).

Lagrange Multiplier Test

The following are the results of the Lagrange Multiplier Test with the following probability values:

Table 7. Lagrange Multiplier Test

Lagrange Multiplier Tests for Random Effects			
Null hypotheses: No effects			
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives			
	Cross-section	Test Hypothesis Time	Both
Breusch-Pagan	186.5346	2.211824	188.7464
	(0.0000)	(0.1370)	(0.0000)

Source : Data Eviews, 2025

Based on the results of the Lagrange Multiplier Test, a probability value of 0.000 was obtained, which is below the significance level of 0.05. Thus, according to the results of the Hausman Test, the most appropriate model to be used in this study is *the Random Effect Model* (REM). Based on a series of model selection tests that include the Chow Test, the Hausman Test, and the Lagrange Multiplier Test, it can be concluded that the panel data regression model used in this study is *the Random Effect Model* (REM).

Classic Assumption Test

Based on the results of the previous regression model selection, *the Random Effect Model* (REM) was chosen as the most suitable model. REM uses the Generalized Least Square (GLS) estimation method, which does not require all classical assumption tests like the Ordinary Least Square (OLS). According to Gujarati[18], GLS is able to produce BLUE estimates because it has directly corrected the potential for autocorrelation and heteroscedasticity, so it does not require classical assumption tests and is more efficient for *time series data*.

Hypothesis Test

Multiple Linear Regression Analysis

Table 7. Multiple Linear Regression Analysis

Sample: 2020 2024				
Periods included: 5				
Cross-sections included: 27				
Total panel (balanced) observations: 135				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-3.786438	2.152874	-1.758783	0.0810
INF	-0.020705	0.016725	-1.237977	0.2180
DP	0.528770	0.220097	2.402444	0.0177
SG	-5.657814	2.046914	-2.764063	0.0065
CS	-0.040187	0.072642	-0.553218	0.5811

Source : Data Eviews, 2025

Based on the table above, it can be concluded that the regression equations generated through estimation using *the Random Effect Model* (REM) are as follows:

$$SG = -3.786438 – 0.020705INF + 0.528770DP – 5.657814SG – 0.040187CS + \varepsilon$$

From these equations, it can be concluded that:

a. The constant value (C) of -3.786438 indicates that there is a possible direct relationship between independent variables consisting of inflation (INF), dividend policy (DP), sales growth (SG), and capital structure (CS) to the dependent variable, namely the stock price. It can be interpreted that if all independent variables have a value of zero, then the value of the company's share price is -3.786438.
b. The value of the coefficient in the inflation variable (INF) of -0.020705 indicates that there is a negative relationship between inflation and the stock price. This means that every 1-point increase in the inflation variable will decrease the stock price by 0.020705, assuming the other variables remain the same.
c. The value of the coefficient in the dividend policy variable (DP) of 0.528770 indicates that there is a positive relationship between the dividend policy and the stock price. This means that every 1 point increase in the dividend policy variable will increase the stock price by 0.528770, assuming the other variables remain the same.
d. The value of the coefficient in the sales growth variable (SG) of -5.657814 indicates that there is a negative relationship between sales growth and stock price. However, the magnitude of the very small coefficient close to zero indicates that the effect of sales growth on stock prices can be practically negligible.
e. The value of the coefficient in the capital structure variable (CS) of -0.040187 indicates that there is a negative relationship between the capital structure and the stock price. This means that every 1 point increase in the capital structure variable will decrease the share price by 0.040187, assuming the other variables remain the same.

Coefficient of Determination Test (R2)

The determination coefficient (R^2) is used to assess the extent to which the independent variable is able to explain the variation that occurs in the dependent variable in the regression model. The R^2 value ranges from 0 to 1, where the closer the number 1 is the more it indicates that the model has a good ability to explain the bound variable. On the other hand, if the R^2 value is close to 0, then the ability of the independent variable to explain the dependent variable is relatively low. The results of the determination coefficient test based on *the Random Effect Model* (REM) are shown in the following table:

Table 8. Determination Coefficient Test (R2)

R-squared	**0.079757**	**Mean dependent var**	**0.270640**
Adjusted R-squared	0.051441	S.D. dependent var	0.707450
S.E. of regression	0.689014	Sum squared resid	61.71625
F-statistic	2.816740	Durbin-Watson stat	1.265872
Prob(F-*statistic*)	0.027859		

Source : Data Eviews, 2025

Based on the results of the determination coefficient test in the table above, an R-squared value of 0.079757 or equivalent to 7.98% was obtained. This value shows that independent variables consisting of inflation (INF), dividend policy (DP), and sales growth (SG) with capital structure (CS) as a moderation variable are able to explain 7.98% of the variation that occurs in the dependent variable, namely stock price. Meanwhile, the remaining 92.02% can be explained by other aspects or variables that are not studied in this study.

Table 9. Determination Coefficient Test (R2) Without Moderation Variable

R-squared	**0.078353**	**Mean dependent var**	**0.267514**
Adjusted R-squared	0.057246	S.D. dependent var	0.705764
S.E. of regression	0.685265	Sum squared resid	61.51609
F-statistic	3.712279	Durbin-Watson stat	1.266308
Prob(F-*statistic*)	0.013285		

Source : Data Eviews, 2025

Based on the table above, it can be seen that the R-squared value was recorded at 0.078353 or equivalent to 7.84%. These findings show that the variables of inflation (INF), dividend policy (DP), and sales growth (SG) have the ability to explain the variation that occurs in the dependent variable, namely the stock price, of 7.84%. Meanwhile, the remaining 92.16% can be explained by other aspects or variables that were not studied in this study. Thus, it can be interpreted that while the regression model does not involve the moderation variable of capital structure (CS), the ability of independent variables to explain the dependent variable of stock prices is still very limited. Therefore, the addition of the moderation variable of capital structure can increase the value of the determination coefficient (R^2), so that the research model becomes stronger in explaining the relationship between inflation, dividend policy, and sales growth to stock price.

Simultaneous Significance Test (F Test)

Simultaneous tests or F-tests are used to determine whether all independent variables together have a significant influence on dependent variables. F test is declared significant if the Prob value (*F-statistic*) is less than 0.05. The following are the results of the F test test:

Table 10. Determination Coefficient Test (R2) Without Moderation Variable

R-squared	**0.078353**	**Mean dependent var**	**0.267514**
Adjusted R-squared	0.057246	S.D. dependent var	0.705764
S.E. of regression	0.685265	Sum squared resid	61.51609
F-statistic	3.712279	Durbin-Watson stat	1.266308
Prob(F-*statistic*)	**0.013285**		

Source : Data Eviews, 2025

Based on the test results in the table above, a Prob value (F-statistic) of 0.013285 was obtained, smaller than the significance level of 0.05. This shows that the F test is significant, so that simultaneously independent variables, namely inflation, dividend policy, and sales growth with capital structure as

moderation variables, have a significant effect on stock prices. Thus, all of these variables together have a contribution in explaining the stock price movements of companies that are the object of research.

Partial Significance Test (T Test)

The partial significance test (t-test) is used to find out how much influence each independent variable individually has on the dependent variable. This test is carried out by comparing the probability value (Prob.) of each variable with a significance level of 0.05. If the probability value < 0.05, then the variable is stated to have a significant effect on the dependent variable, while if the probability value is > 0.05, then the variable does not have a significant effect on the dependent variable.

Table 11. Partial Test (T Test)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-3.859848	2.172259	-1.776882	0.0779
INF	-0.020619	0.016685	-1.235770	0.2188
DP	0.530984	0.221742	2.394600	0.0181
SG	-5.389514	1.956914	-2.753025	0.0067

Source : Data Eviews, 2025

Based on the test results presented in the table above, the following results were obtained:

1. The Inflation Variable (INF) has a probability value of 0.2188, which is greater than the significance level of 0.05. This shows that the inflation variable does not have a significant effect on the stock price. Thus, changes in the inflation rate do not directly affect the rise and fall of the stock price in the company studied.
2. The Dividend Policy (DP) variable has a probability value of 0.0181, which is smaller than the significance level of 0.05. This shows that the dividend policy variable has a significant effect on the stock price. In other words, the increase in dividend policy will be responded positively by the market so that it can increase the company's share price.
3. The Sales Growth (SG) variable has a probability value of 0.0067, which is smaller than the significance level of 0.05. This indicates that the sales growth variable has a significant effect on the stock price. This means that the higher the company's sales growth rate, the greater the potential for the company's stock price to increase.

Interaction Test

Interaction test or *Moderated Regression Analysis* (MRA) is carried out to find out whether the moderation variable, namely the modal structure (Z), is able to strengthen or weaken the relationship between independent variables and dependent variables. The test is carried out by looking at the probability value (Prob.) of each interaction variable. If the probability value < 0.05, then the moderation variable is stated to have a significant effect, while if the probability value is > 0.05, then the moderation variable does not have a significant effect on the relationship.

Table 12. Interaction Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.532104	0.338586	4.525013	0.0000
INF*CS	0.004907	0.008178	0.599986	0.5496
DP*CS	0.050149	0.070003	0.716381	0.4751
SG*CS	-2.376914	1.168914	-2.033313	0.0441

Source : Data Eviews, 2025

Based on the table above, it can be concluded that the equation of the moderation regression model produced through estimation using the *Random Effect Model* (REM) in the interaction test shown in the table above, obtained the following results:

1. The interaction variable INF*CS (Inflation*Capital Structure) has a probability value of 0.5496, which is greater than the significance level of 0.05. This shows that the capital structure is not able to moderate the influence of inflation on stock prices. Thus, the level of the company's capital structure does not strengthen or weaken the relationship between inflation and stock prices in *non-cyclical consumer sector companies*.
2. The interaction variable of DP*CS (Dividend Policy*Capital Structure) has a probability value of 0.4751, which is also greater than 0.05. This result indicates that the capital structure is not able to moderate the influence of dividend policy on stock prices. This means that the size of the company's capital structure does not play a role in strengthening the relationship between dividend policy and changes in the company's share price.
3. The interaction variable SG*CS (Sales Growth*Capital Structure) has a probability value of 0.0441, which is smaller than 0.05. Thus, it can be concluded that capital structure acts as a moderation variable that strengthens the influence of sales growth on stock prices. This shows that the more optimal the company's capital structure, the stronger the influence of sales growth on the increase in stock prices.
4. Overall, the test results show that capital structure only acts as a moderation variable in the relationship between sales growth and stock prices, while in the relationship between inflation and dividend policy on stock prices, capital structure does not act as a moderation variable. Thus, it can be concluded that capital structure has a limited role in strengthening the relationship of fundamental variables to the stock price of companies in the non-cyclical consumer sector that is the research sample.

Discussion

The findings of this study indicate that inflation does not have a significant effect on stock prices in Consumer Non-Cyclical sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period. The statistical results show that fluctuations in inflation rates were not able to directly influence stock price movements within the observed companies. These findings are consistent with previous studies conducted by Ali[19], Toisuta et al[20], and Ridlo et al[21] which also concluded that inflation does not significantly affect stock prices. However, the findings contradict the studies of Iqmal et al [22], Amanda et al[23], which reported that inflation significantly influences stock prices. The insignificant effect of inflation in this study may be explained by the relatively stable characteristics of Consumer Non-Cyclical companies that produce essential goods with continuous demand despite economic fluctuations. Investors may perceive inflation as part of normal macroeconomic dynamics that do not directly threaten the long-term sustainability of companies in this sector. In line with Stakeholder Theory proposed by Freeman[24], companies with strong stakeholder relationships, efficient operational management, and loyal consumer bases tend to maintain stable performance even during inflationary conditions, thereby reducing the direct impact of inflation on stock prices.

The study further demonstrates that sales growth has a positive and significant effect on stock prices. This finding indicates that companies experiencing higher sales growth tend to attract stronger investor confidence, leading to increases in stock prices. The results support previous studies conducted by Nuridah et al[25] and Magribi et al[26], which found that sales growth positively influences stock prices because increasing sales reflect improved operational performance and stronger future business prospects. Nevertheless, the findings differ from those of Pratiwi et al.[8], which reported no significant relationship

between sales growth and stock prices. The positive relationship identified in this study suggests that investors perceive sales growth as an important signal of corporate sustainability and profitability. Companies with increasing sales are generally considered capable of expanding market share, strengthening competitiveness, and generating higher future profits. In accordance with Stakeholder Theory, sustainable sales growth also reflects the company's ability to fulfill stakeholder expectations, including customers, suppliers, employees, and investors. Consequently, investors tend to respond positively to companies demonstrating stable revenue growth because it indicates better future financial performance and dividend potential.

Simultaneously, inflation, dividend policy, and sales growth were found to significantly influence stock prices. The findings indicate that these variables collectively shape investor perceptions regarding company value and market performance. Although inflation individually showed an insignificant effect, its interaction with dividend policy and sales growth contributed to stock price movements. This result implies that investors evaluate company performance not only through a single factor but through a combination of macroeconomic conditions and corporate fundamentals. Dividend policy provides signals regarding financial stability and management confidence, while sales growth reflects operational success and future business opportunities. Therefore, the simultaneous influence of these variables becomes an important consideration for investors in determining investment decisions and evaluating stock market performance.

The moderating analysis revealed that capital structure does not significantly moderate the relationship between inflation and stock prices. This finding suggests that the proportion of debt and equity used by companies does not strengthen or weaken the influence of inflation on stock price movements. The result may occur because Consumer Non-Cyclical companies generally possess stable cash flows and operational resilience, allowing them to manage inflationary pressures effectively regardless of their leverage levels. In addition, investors may not consider capital structure as a primary factor in assessing inflation-related risks in this sector. These findings are not fully consistent with Stakeholder Theory because the stability of the sector reduces the importance of financial leverage in determining investor perceptions during inflationary conditions.

Similarly, capital structure was found not to moderate the relationship between dividend policy and stock prices. This indicates that investors perceive dividend policy as an independent signal that is not significantly influenced by the company's leverage level. Stable dividend payments are viewed as strong indicators of financial health and management confidence regardless of the company's capital structure. The findings imply that investors prioritize dividend consistency over the proportion of debt financing when evaluating company value. This result contrasts with Signalling Theory proposed by Spence[3], which suggests that financial structure may influence the strength of signals delivered to investors. However, in this study, dividend policy itself appears sufficiently strong to shape investor perceptions without requiring additional consideration of capital structure.

In contrast, capital structure significantly moderates the relationship between sales growth and stock prices. This finding indicates that investors consider leverage levels when evaluating the effect of sales growth on corporate value. Companies with high sales growth supported by excessive debt may be perceived as carrying higher financial risks, reducing the positive impact of sales growth on stock prices. Conversely, companies with healthy capital structures and sustainable sales growth tend to receive more positive responses from investors. This finding supports Stakeholder Theory proposed by Freeman and McVea[27], which emphasizes the importance of maintaining financial stability to fulfill stakeholder expectations and sustain long-term corporate value. Therefore, capital structure plays an important role in determining how investors interpret sales growth in relation to company performance and future prospects.

5. Conclusion

Based on the results of data analysis and hypothesis testing conducted on Consumer Non-Cyclical sector companies listed on the Indonesia Stock Exchange during the observation period, this study concludes that inflation does not significantly affect stock prices because fluctuations in inflation rates are not directly considered by investors in evaluating company value within the sector. In contrast, dividend policy has a significant positive effect on stock prices, indicating that dividend distribution is perceived as a positive signal regarding the company's financial stability and future prospects. Sales growth also demonstrates a significant influence on stock prices, suggesting that strong operational performance and increasing revenue growth strengthen investor confidence in the company's sustainability and profitability.

Simultaneously, inflation, dividend policy, and sales growth significantly influence stock prices, indicating that investors consider macroeconomic conditions and company fundamentals collectively in making investment decisions. The study also reveals that capital structure does not moderate the relationship between inflation and stock prices, nor the relationship between dividend policy and stock prices. This finding suggests that leverage levels are not the primary consideration for investors when responding to inflation fluctuations or dividend distribution policies in Consumer Non-Cyclical sector companies. However, capital structure significantly moderates the relationship between sales growth and stock prices. This result indicates that investors tend to respond more positively to companies with sustainable sales growth supported by healthy financial structures and controlled debt levels. Therefore, optimal capital structure management becomes an important factor in strengthening investor confidence and enhancing company value in the capital market.

6. References

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