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Dividend Policy, Profitability, and Capital Structure: Their Effects on the Value of Family and Non-Family Firms in Indonesia

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Abstract

The purpose of this study was to determine the differences in the influence of dividend policy, profitability, and capital structure on the value of family and non-family companies. The population in this study is made up of manufacturing companies listed on the IDX in 2018–2022. The population in this study amounted to 166 companies. The sample was obtained using the purposive sampling technique, which resulted in 154 companies with 770 observation data. Furthermore, testing was carried out with multiple linear regression tests and different tests using paired sample t tests. The results of this study indicate that there is no significant difference between the effect of dividend policy and capital structure on the value of family and non-family companies. It was found that jointly, dividend policy, profitability, and capital structure can affect the firm value of both family and non-family firms.

Keywords: Firm Value, Dividend Policy, Profitability, Capital Structure, Family and Non-Family Firms

1. INTRODUCTION

Along with the development of industry and technology today, more and more companies have sprung up with various types of In Indonesia alone, almost all companies are run by families. A PWC survey in 2014 showed that around 95% of businesses in Indonesia are run or owned by families. Then a survey conducted by Daya Qarsa in 2022 found that only about 30% of family businesses were able to survive to the second generation, and of that 30%, only 13% of family businesses were able to survive to the second generation of the third generation. In addition, according to a 2018 PWC survey, only 54% of family businesses resolve conflicts through open discussions.

For stakeholders, company value is an important thing that serves as an indicator of overall market value. According to Triyani Bambang Mahmudi Abdul Rosyid (2018), company value is a form of company achievement that comes from public trust in its performance from its inception until now. The company must have a clear vision and goals. The company's goal is to try to get maximum profit so that the company's value, which is reflected in its share price in the capital market, will increase.

Investors in investing have their own perception or view of the company's ability to achieve goals. This perception or view given is called firm value. Firm value can reflect shareholder welfare through stock prices (Pratiwi & Aligarh, 2021). The higher the share price, the higher the company's value. Firm value can be increased by paying attention to internal and external factors of the company. Some internal factors that are thought to influence dividend policy are profitability and capital structure Sembiring & Trisnawati (2019).

Dividend policy is a policy related to the company's decision regarding how much of the profit it earns should be distributed to shareholders as dividends or retained as retained earnings, which are useful for supporting future company funding. The size of the dividend distributed by a company can affect the share price because investors prefer dividend benefits over capital gains.

In the context of agency theory, dividend policy can be understood as part of the relationship between the principal (investor) and the agent (company management). The principal can provide facilities and entrust the decision-making policy to the agent, but the agent has different interests and can influence the dividend policy for its own interests. In addition, the Bird-in-Hand theory also influences the way dividend policy is viewed. This theory argues that investors prefer high dividends because the dividends received are like a bird in the hand, which has less risk or reduces uncertainty compared to expecting uncertain income.

A company must be able to be in a profitable condition so that it can continue to carry out operational activities Saffitri (2021). Companies that experience profits will attract investors because investors have the perception that the company can manage the funds to be invested properly. Profitability is an indicator that shows how effectively and efficiently the company manages its resources for profit (Ristiani & Sudarsi, 2022). The higher the profitability, the more effective and efficient the company is in managing its resources. According to Qushoyyi and Khabib (2022), profitability is the company's ability to generate profits.

In signaling theory, profitability can serve as a signal that shows the company's performance and ability to generate profits. This signal can be received by investors and shareholders, which can then influence their investment decisions. Thus, high profitability can be a positive indicator for investors, indicating that the company has a good ability to generate profits and has good prospects in the future. This can increase the value of the company as investors become more confident in their investment.

Meanwhile, companies that have achieved an optimal capital structure will experience a decrease in company value if they add debt (Utami, 2019). According to Irma et al. (2021), capital structure is the balance or ratio of several types of business capital, both in the form of common shares, preferred shares, long-term loans, and others. Capital structure also means coordination of the types of sources of funds needed for the company's operational activities. The capital structure, which includes the ratio of long-term debt to equity, plays an important role in determining the value of the company.

The trade-off theory explains that companies exchange tax benefits for the use of debt to overcome bankruptcy problems. In this theory, companies use debt to reduce tax costs and increase firm value. However, the use of debt also has costs, such as agency costs and financial distress costs, which can reduce the value of the company if applied excessively. Therefore, the firm should choose the optimal capital structure to achieve maximum firm value.

Research in the manufacturing sector shows that dividend policy has a negative and insignificant effect on firm value (Krisnawati & Miftah, 2019). The same results are also shown in family companies in India (Seth & Mahenthiran, 2022). Meanwhile, the results of research by Aisyah et al. (2021) show that dividend policy has no significant effect on firm value. Research conducted previously by Bon & Hartoko (2022); Sukirno & Anintyas (2023); Saputri & Bahri (2021); and Ispriyahadi et al. (2021) shows a positive effect of profitability on firm value. Meanwhile, research by Kolamban et al. (2020) shows that profitability has no significant effect on firm value. Research conducted on family companies regarding capital structure shows that capital structure has a negative and significant effect on firm value. Wahyuni & Purwaningsih (2021) Research on real estate companies shows that capital structure has a significant positive effect on firm value. There are inconsistent research results from previous studies due to differences in research objects. In contrast to the research of Yuniastri et al. (2021), which shows that profitability has no effect on firm value.

Previous research shows mixed results regarding the relationship between dividend policy, profitability, and capital structure and firm value in family and non-family companies. Therefore, researchers are interested in re-examining the relationship between these variables. The novelty in this study is in the form of a different test analysis on the factors that affect firm value in family and non-family companies, and in understanding the relationship between dividend policy and firm value, researchers use two theories, namely agency theory and bird in the hand theory. By using multiple linear regression tests and separating the research objects of family and non-family companies, this study was conducted to determine whether there are differences in the influence of dividend policy, profitability, and capital structure on the value of family and non-family companies.

2. LITERATURE REVIEW

2.1 Agency Theory

Agency theory is a contract between two or more people consisting of the principal as the authoriser and the agent as the recipient of authority to make business decisions Jensen & Meckling (1976). Granting authority can lead to agency conflicts. This is based on the difference in objectives between management as an agent and shareholders as the principal (Rake Setyawan & Rechandy Christian, 2022). Agency conflicts are divided into three types. The first type is a conflict that occurs between shareholders as principals and management as agents, while the second type of agency conflict occurs between controlling shareholders and non-controlling shareholders (Ratnawati et al., 2016). Finally, the third type of agency conflict occurs between companies and the government relating to taxes (Alkausar et al., 2023).

2.2 Bird in the Hand Theory

The bird in the hand theory proposed by Modgliani and Miller (1961) relates to dividend policy. High dividend payments reflect management's optimism about the future of the company. For dividend-oriented investors, this increase in dividend distribution can increase their interest in investing more, thus increasing the value of the company.

2.3 Signalling Theory

Management must overcome information asymmetry. This theory explains that management has more adequate information about the company's prospects than shareholders as external parties (Spence, 1973). To overcome this, management is encouraged to provide this information through financial reports. This financial report will contain information about the company's performance as measured by the profitability ratio. The higher the profitability, the more interested shareholders will be in investing, causing an increase in company value (Susila & Prena, 2019).

2.4 Trade-Off Theory

In contrast to the theory of Modigliani and Miller (1958), the trade-off theory argues that an increase in debt that has exceeded the optimal capital structure will cause the value of the company to decline (Myers, 1984). This theory pays attention to the bankruptcy risk aspect of the wrong capital structure decision. This theory prioritizes the balance between tax benefits and bankruptcy costs because the company has debt. With an increase in debt above its optimal value, the company's bankruptcy costs will also increase, which makes investors less interested in investing.

2.5 Firm Value

Firm value is reflected in the company's share price. Firm value is the investor's perception of the company's success in achieving its goals. The better the investor's perception, the higher the price paid; this can lead to an increase in company value. Firm value can be measured by the ratio to Bin's q. Tobin's q is a comparison between the company's market value and the company's internal value (Tobin, 1969). This ratio can be calculated by comparing the sum of the market price and book value of debt with the book value of assets (Nebie & Cheng, 2023).

2.6 Dividend Policy

Dividend policy is a decision made by the company on dividend distribution regulations. This regulation explains how large a portion of the profit will be distributed to shareholders and how large a portion of the profit will be reinvested or retained to fund the company's future operations (Deka & Anindya, 2016). Dividend policy can be calculated with the Dividend Payout Ratio (DPR) by comparing dividends per share and earnings per share.

2.7 Profitability

Profitability is an indicator that shows how effectively and efficiently the company manages its resources for profit (Ristiani & Sudarsi, 2022). The higher the profitability, the more effective and efficient the company is in managing its resources. According to Qushoyyi and Khabib (2022), profitability is the company's ability to generate profits. Proftabilitas can be measured by the Return to Asset Ratio (ROA) by comparing total profit with total assets.

2.8 Capital Structure

Capital structure is the ratio of the company's debt to its own capital (Rinny & Suryani, 2021). Companies that have achieved an optimal capital structure will experience a decrease in company value if the company adds debt (Utami, 2019). Capital structure can be measured by the debt-to ratio (DER) by comparing total debt to total equity.

2.9 Thinking Framework and Hypothesis Development

This study examines the influence of dividend policy, profitability, and capital structure on the value of family and non-family companies, then conducts a difference test between family and non-family companies. The relationship between variables can be explained through the following framework:

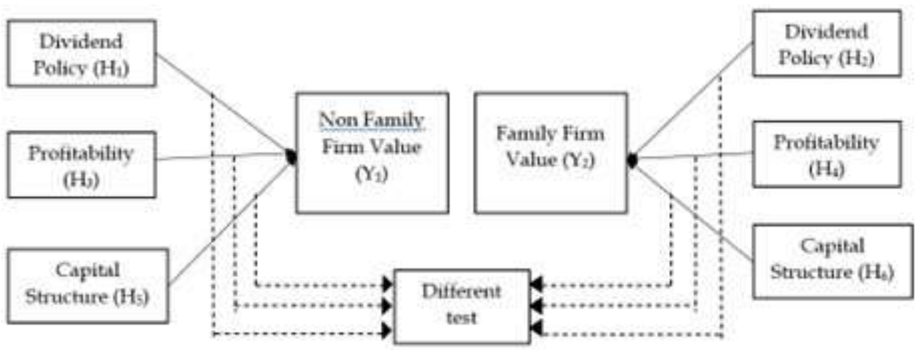

Figure 1 Thinking Framework

Based on the above framework, the hypothesis of this study can be formulated as follows:

a. The Effect of Dividend Policy on Firm Value

Research in the manufacturing sector shows that dividend policy has a negative and insignificant effect on firm value (Krisnawati & Miftah, 2019). Several studies have also found the same effect (Maharani, 2021); (Md Aris et al., 2023). This is because shareholders pay more attention to the level of company profitability, so they don't care how much they get in dividends. Meanwhile, in family companies, dividend policy has a positive and significant effect on firm value, as measured by Tobin's q (Ade Putra et al., 2022). The same results were also shown in family companies located in India (Seth & Mahenthiran, 2022). The reason is that minority shareholders in family companies pay more attention to dividend payments. With large dividend payments, shareholders indicate that the company can manage its retained earnings well even though the portion of retained earnings is smaller than the dividend distribution.

H1: Dividend policy has a negative effect on non-family firm value.

H2: Dividend policy has a positive effect on family firm value.

b. The Effect of Profitability on Firm Value

Previous research shows a positive effect of profitability on firm value (Bon & Hartoko, 2022); (Sukirno & Anintyas, 2023); (Saputri & Bahri, 2021); (Ispriyahadi et al., 2021). The reason is that shareholders reflect profitability as the company's ability to manage the capital they invest. So that the higher the profitability, the more the shareholders' trust in investing in the company increases, which causes the high share price offered. The research is also in line with research conducted in Jordan, where profitability has a positive influence on company value (osama J & Akram, 2019).

H3: Profitability has a positive effect on non-family firm value.

H4: Profitability has a positive effect on family firm value.

c. The Effect of Capital Structure on Firm Value

Research conducted on family companies shows that capital structure has no effect on firm value (Muhammad Rizki & Arif, 2018). Some studies also show similar results (Huu LUU, 2021); (Faez & Kalantari, 2015); (Mandalika, 2016). This is due to the market perception that it does not really care about the capital structure when assessing the company's value. Meanwhile, research conducted on companies listed on the Jakarta Islamic Index (JII) shows that capital structure has a positive and significant effect on firm value (Desy et al., 2020), which means that the company is able to manage its debt well so that the risk of bankruptcy can be suppressed and additional debt in the company is allowed. The same research results were also obtained in several studies (Risma & Suparno, 2021); (Dewi et al., 2014); (Ispriyahadi et al., 2021); (Rehman, 2016).

H5: Capital structure has a positive effect on non-family firm value.

H6: Capital structure negatively affects family firm value.

d. **Differences in the Effect of Dividend Policy, Profitability and Capital Structure on the Value of Family and Non-Family Companies.**

Dividend policy in family companies has a lower payment rate compared to non-family companies (Ruiz et al., 2021). This statement is in line with research showing that the dividend policy proxied by the Dividend Payout Ratio (DPR) in family companies is lower than that of non-family companies in Indonesia (Krisnati & I Putu, 2014). This can happen because in family companies, the ones who have control over the company are family members, so they are prone to expropriation.

(Lu & Yopie, 2022) found that family ownership and family involvement have no effect on company profitability. In other words, whether or not there is family ownership and involvement in the company, the treatment of resource management will remain the same.

Family companies tend to have a lower level of debt compared to non-family companies in their capital structure (T. Schmid, 2013). This happens because the level of dividend payments in family companies is lower than that of non-family companies, so the retained earnings of family companies are higher than those of non-family companies. Therefore, the financing of the company's operational funds uses more retained earnings than debt.

H7: There is a significant difference between the influence of dividend policy, profitability, and capital structure on the value of family and non-family companies.

3. RESEARCH METHOD

The type of research used is quantitative. This study will examine the relationship between dividend policy, profitability, and capital structure and firm value in family and non-family companies. The data source in this study uses secondary data using documentation as a data collection technique.

The population in this study are manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the period 2018-2022, totalling 166 companies. The sample determination in this study uses purposive sampling, where the companies included in the sample are constant companies classified as family companies and non-family companies during the 2018-2022 period, totalling 154 companies with a total of 770 observation data. The company is classified as a family company if the company has top management ranks occupied by family members and / or more than 20% of the outstanding shares are owned by family members.

This study is designed to examine the different effects of dividend policy, profitability, and capital structure on firm value in family and non-family companies in Indonesia. The three independent variables will be tested for their influence on the dependent variable first. Then, a different test is conducted on the influence of the three variables between family and non-family companies.

Table 1 Operational Definition and Measurement of Variables

Variable	Measurement	Operational Definition of Variables	Formula	References
Firm value	Tobin's Q	Market price to book value ratio. Calculated by adding the total market value to the book value of debt and	$\frac{Total\ market\ value + Total\ book\ value\ of\ debt}{Total\ book\ value\ of\ assets}$	(Patrisia et al., 2020); (Seth & Mahenthiran, 2022)

		then dividing by total assets.		
Dividend policy	DPR (*Dividend Payout Ratio)*	Dividend payout rate ratio. Calculated by comparing dividends per share to earnings per share.	$\frac{Dividend\ Per\ Share}{Earning\ Per\ Share}$	(Bon & Hartoko, 2022); (Desliniati & Hilaliyah, 2021)
Profitability	ROA (*Return of Asset)*	The ratio of the company's rate of return on each asset owned. Calculated by comparing net income with total assets.	$\frac{Net\ profit}{Total\ asset}$	(Bon & Hartoko, 2022); (Ferdy & Adhitya Agri, 2021)
Capital structure	DER (*Debt to Equity Ratio)*	The capital composition ratio of the company. Calculated by comparing total equity capital with total debt.	$\frac{Total\ liabilities}{Total\ equity}$	(Patrisia et al., 2020); (Wijaya et al., 2021)

The data analysis method in this study uses the e-views application. Data analysis techniques use model tests, classical assumption tests, and hypothesis testing. The classic assumption test consists of a multicolinearity test and a heteroscedasticity test. While the hypothesis test uses multiple linear regression analysis tests, partial tests (t tests), simultaneous tests (f tests), coefficient of determination (R2) tests, and different tests.

4. RESULT

4.1 Model Selection Test

The model test is conducted to determine the appropriate model as the basis for hypothesis testing. The model test consists of chow test, hausman test, and LM test

a. Chow Test

Table 2 Chow Test Results

Effects Test	**Statistic**	**d.f**	**Prob**
Non-family company			
Cross-section F	2.260586	(87,394)	0.0000
Cross-section Chi square	196.655492	87	0.0000
Family company			
Cross-section F	1.572068	(52,209)	0.0141
Cross-section Chi square	87.482097	52	0.0015

The chow test results on non-family companies show a probability chi-square of 0.0000 <0.05, so the Fixed Effect Model (FEM) is chosen. Likewise, the results of the probability chi-square of family companies show 0.0015 <0.50. That way, the Hausman test is needed for further model testing.

b. Hausman Test

Table 3 Hausman Test Results

Test summary	**Chi-Sq Statistic**	**Chi-Sq d.f**	**Prob**
Non-family company			
Cross-section random	40.119268	3	0.0000
Family company			
Cross-section random	26.876679	3	0.0000

The results of the Hausman test for both non-family and family companies show a number below 0.50, namely 0.0000. That way, the chosen one is the Fixed Effect Model (FEM), and there is no need for further model tests.

Based on the Chow test and the Hausman test, the best model in this study is the Fixed Effect Model (FEM).

4.2 Classical Assumption Test

The selected model is FEM, so the classic assumption tests used are the multicollinearity test and the heteroscedasticity test (Basuki & Yuliadi, 2014: 183).

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a. Uji Multikolinearitas

Table 4 Heteroscedasticity Test Results

	X1	X2	X3
Non-family company			
X1	1.000000	0.002347	-0.013251
X2	0.002347	1.000000	0.230604
X3	-0.013251	0.230604	1.000000
Family company			
X1	1.000000	0.468085	-0.005467
X2	0.468085	1.000000	0.222923
X3	-0.005467	0.222923	1.000000

The correlation coefficient of X1 and X2 for non-family companies is 0.0023 < 0.85, the correlation coefficient of X1 and X3 is -0.0132 < 0.85, and the correlation coefficient of X2 and X3 is 0.2306 < 0.85. It can be concluded that non-family companies pass the multicollinearity test.

The correlation coefficient of X1 and X2 for family companies is 0.4680 < 0.85, the correlation coefficient of X1 and X3 is -0.0054 < 0.85, and the correlation coefficient of X2 and X3 is 0.2229 < 0.85. It can be concluded that family companies pass the multicollinearity test.

b. Heteroscedasticity Test

The heteroscedasticity test is a test to determine whether, in a regression model, there is an inconvenience in the variance of the residuals from one observation to another. The following are the results of the heteroscedasticity test for family and non-family companies.

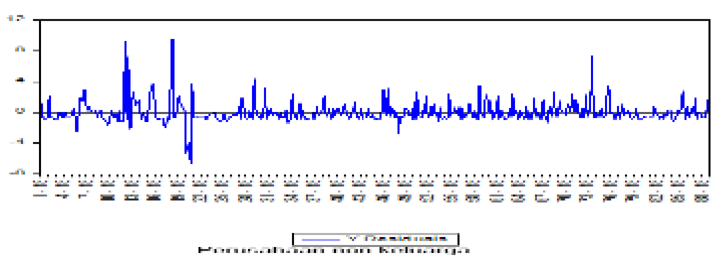

Figure 2 Heteroscedasticity Test Results of Non-Family Companies

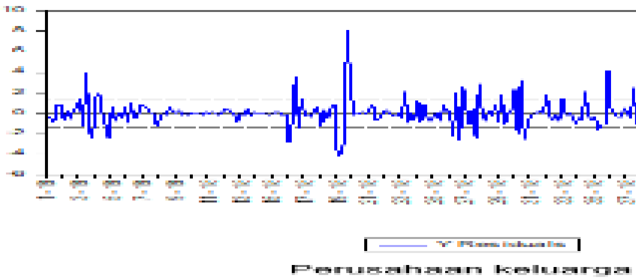

Figure 3 Heteroscedasticity Test
Results Family Company

The residual variants of both non-family companies and family companies are still in the range of -500 to 500, so it can be said to be safe from symptoms of heteroscedasticity (Napitupulu et al., 2021).

4.3 Hypothesis Test

Hypothesis testing consists of a partial t test, a simultaneous f test, and a different test using a paired sample t test. The following are the results of hypothesis testing for non-family and family companies:

Table 5 Hypothesis Test Results of Non-Family Companies

Variable	Coefficient	Std. error	t-statistic	Prob
Non-family company				
C	0.845817	0.065634	12.88684	0.0000
X1	-0.106268	0.177741	-0.597880	0.5503
X2	9.985670	1.030289	9.692106	0.0000
X3	0.904671	0.058883	15.36379	0.0000
R-squared				0.762833
Adjusted R-squared				0.701672
S.E of reggresion				1.267622
Sum squared resid				560.7961
Log likelihood				-677.7011
F-statistic				12.47263
Prob(F-statistic)				0.000000

Table 6 Family Company Hypothesis Test Results

Family company				
C	1.456322	0.159577	9.126166	0.0000
X1	0.832776	0.728581	1.143011	0.2543
X2	30.98273	2.581975	11.99963	0.0000
X3	-0.517538	0.107239	-4.826011	0.0000
R-squared				0.696324
Adjusted R-squared				0.616410
S.E of reggresion				1.433106
Sum squared resid				429.2426
Log likelihood				-439.9225
F-statistic				8.713352
Prob(F-statistic)				0.000000

a. Partial Test (t test)

1. Non-Family Companies

X1 has a t-statistic value of -0.5978 with a probability or significance of 0.5503> 0.05. This means that the X1 variable or dividend policy proxied by DPR has no effect on non-family company value, so H1 is rejected. X2 has a t-statistic value of 9.6921 with a probability or significance of 0.0000> 0.05. This means that the x2 variable, or profitability, proxied by ROA has a positive and significant effect on non-family company value, so H3 is accepted. X3 has a t-statistic value of 15.3637 with a probability or significance of 0.0000> 0.05. This means that the x3 variable or capital structure proxied by DER has a positive and significant effect on non-family company value, so H5 is accepted.

2. Family Company

X1 has a t-statistic value of 1.1430 with a probability or significance of 0.2543> 0.05. This means that variable x1, or dividend policy proxied by DPR, has no effect on firm value, so H2 is rejected. X2 has a t-statistic value of 11.9996 with a probability or significance of 0.0000> 0.05. This means that the x2 variable, or profitability, proxied by ROA has a positive and significant effect on firm value, so H4 is accepted. X3 has a t-statistic value of -4.8260 with a probability or significance of 0.0000> 0.05. This means that variable x3, or capital structure proxied by DER, has a negative and significant effect on firm value, so H6 is accepted.

b. Simultaneous Test (f test) and Coefficient of Determination (R2)

1. Non-Family Companies

The calculated F value of non-family companies is 12.4726 greater than the f table value of 3.1038, and the sig. value of 0.0000 is smaller than 0.05, meaning that dividend policy, profitability, and capital structure affect the value of non-family companies simultaneously.

The R-square value in non-family companies is 0.762833, which means that the dividend policy, profitability, and capital structure variables are able to explain the firm value variable by 76%, while the remaining 24% is explained through other variables outside this study.

2. Family Company

The calculated F value of family companies of 8.7133 is greater than the f table value of 3.1826, and the sig. value of 0.0000 is smaller than 0.05, meaning that dividend policy, profitability, and capital structure affect the value of the company simultaneously

The R-square value in family companies is 0.696324, which means that the dividend policy, profitability, and capital structure variables are able to explain the firm value variable by 69%, while the remaining 31% is explained by other variables outside this study.

c. Difference Test

The test of different effects is done with a paired sample t test (T test). The following are the results of the test of the difference in influence between dividend policy, profitability, and capital structure on the value of family companies and non-family companies.

Table 7 Difference Test Results

Method	df	Value	Probability
t-test	4	0.438330	0.6838
Satterthwaite-Welch t-test*	2.968787	0.438330	0.6911
Anova F-test	(1, 4)	0.192133	0.6838
Welch F-test*	(1, 2.96879)	0.192133	0.6911

1. **Differences in Influence on Non-Family and Family Firms**

The results of the paired sample t test show a p-value of 0.4383> 0.05, which means that there is no significant difference between the effect of dividend policy, profitability and capital structure on the value of family and non-family companies. Therefore, H7 is rejected.

5. DISCUSSION

5.1 The Effect of Dividend Policy on Firm Value

The results of research conducted on several non-family and family companies show that dividend policy has no significant effect on firm value. This can occur due to the inconsistency of dividend distribution by the company, so that it can interfere with investors' positive sentiment towards the value of the company, which will further affect the positive effect of dividend policy on the value of the company. (Andianto, 2014) found that the policy has no effect on firm value because investors are generally more concerned with profitability than dividend distribution.

In agency theory, a higher dividend policy can be expected to increase investor confidence in the company so that its value increases. However, in this study, no significant evidence was found that dividend policy has an influence on firm value. This can be explained by the fact by the fact that investors have considered other factors that are more important in determining firm value.

The results of this study contradict the bird in the hand theory, which states that dividends obtained by current shareholders are more valuable than other benefits received in the future, such as capital gains. This is because the dividend distribution made by the company is unable to reduce the uncertainty faced by investors, which causes the dividend distribution to have no effect on firm value.

5.2 The Effect of Profitability on Firm Value

The results in this study indicate that profitability has a positive influence on firm value for both family and non-family companies. (Risma & Suparno, 2021) found that profitability has a positive effect on firm value because the profitability ratio is a ratio that directly calculates the return on equity invested by investors, so investors will be interested if the ratio is high. Research conducted (Saputri & Bahri, 2021) found that the level of company profitability determines investors' perceptions of the company's value, so high profitability will make investors invest in the company and will provide added value to the company's value.

Signaling theory plays an important role in explaining how profitability can affect firm value. Signaling theory focuses on how companies can send information or signals to increase the value of their company. In this case, companies that have high profitability can be considered to have effective management, thereby increasing investor confidence and firm value.

In the case of both family and non-family firms, positive profitability can also serve as an indicator of effective management quality in managing the firm's resources. Thus, investors can trust that family firms that have high profitability have the ability to manage the business well and increase firm value.

5.3 The Effect of Capital Structure on Firm Value

The results have found that capital structure has a significant positive effect on the value of non-family firms. This means that companies that have a better capital structure, such as a greater proportion of shares and a lower level of debt, tend to have a higher firm value. (Caroline, 2020) found that the more optimal the company's capital structure, the higher the company's value because investors assume that with an optimal capital structure, the rate of return on their investment will be greater because of the lower cost of debt.

The trade-off theory suggests that firms with a better capital structure can increase firm value by optimizing resource allocation and reducing the costs associated with the use of debt.

Then, the results also show that capital structure has a negative influence on family firm value. It can be interpreted that companies that have a better capital structure tend to have lower firm value. (Ananda & Lisiantara, 2022), found that the higher the capital structure, the higher the firm value. This is because investors consider that a high capital structure will lead to the assumption that the company has high prospects, so that it can increase demand for shares and increase the value of the company.

This can be explained by the trade-off theory, which says that family firms that have a better capital structure may reduce firm value by optimizing resource allocation and reducing costs associated with the use of debt, but may also increase the costs associated with the use of higher equity capital.

5.4 Differences in the Effect of Dividend Policy, Profitability and Capital Structure on the Value of Family and Non-Family Companies.

In this study, there is no significant difference between the effect of dividend policy, profitability, and capital structure on the value of non-family and family firms. The results show that dividend policy, profitability, and capital structure have the same influence on firm value, both for non-family companies and family companies. Effective dividend policy, high profitability, and a balanced capital structure can increase firm value, regardless of the ownership status of the company. Thus, the results of this study indicate that non-family and family firms can follow the same strategy for increasing firm value, namely by focusing on managing dividend policy, increasing profitability, and optimizing capital structure.

6. CONCLUSİON

This study examines the relationship between dividend policy, profitability, and capital structure and the value of family and non-family companies. Empirical results show that dividend policy has no effect on the value of family and non-family companies due to the inconsistency of dividend distribution by the company. Profitability has a positive effect on the value of family and non-family companies because a high level of profitability can provide good signals to investors to invest. Capital structure has a positive effect on the value of non-family companies because the more optimal the structure, the more it creates the perception of a company that can manage its capital resources. Capital structure negatively affects the value of family companies because a low capital structure will make the cost of owning capital higher so that it can provide added value to the company's value.

Then, the difference test found that there is no significant difference between the effect of dividend policy, profitability, and capital structure on the value of family and non-family companies. This means that dividend policy, profitability, and capital structure have the same influence on firm value, both for non-family companies and family companies.

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