

#### How to Cite

Utami, M. A., Adam, M., Widiyanti, M., & Fuadah, L. (2024). The effect of company profitability and dividend policy on firm value PT Bukit Asam TBK. *International Journal of Business, Economics and Management*, 7(4), 176-183.  
<https://doi.org/10.21744/ijbem.v7n4.2337>

# The Effect of Company Profitability and Dividend Policy on Firm Value PT Bukit Asam TBK

#### Meri Amalia Utami

*Student of Master Management, Sriwijaya University, Palembang, Indonesia*  
Email: [meriamalia@gmail.com](mailto:meriamalia@gmail.com)

#### Mohamad Adam

*Lecturer of Magister Management, Economic Faculty, Sriwijaya University, Palembang, Indonesia*  
Corresponding author email: [mr\\_adam88@unsri.ac.id](mailto:mr_adam88@unsri.ac.id)

#### Marlina Widiyanti

*Lecturer of Magister Management, Economic Faculty, Sriwijaya University, Palembang, Indonesia*  
Email: [marlinawidiyanti@fe.unsri.ac.id](mailto:marlinawidiyanti@fe.unsri.ac.id)

#### Lukluk Fuadah

*Lecturer of Magister Management, Economic Faculty, Sriwijaya University, Palembang, Indonesia*  
Email: [lukluk\\_fuadah@fe.unsri.ac.id](mailto:lukluk_fuadah@fe.unsri.ac.id)

**Abstract---***The purpose of this study is to obtain empirical evidence of Coal Prices, Profitability and Dividend Policy on PT Bukit Asam Tbk value listed on the Indonesia Stock Exchange. The sampling technique used purposive sampling, the research samples obtained totalled 1 company with quarterly research period from 2012-2022 so that there were 44 units of analysis. The research design was quantitative descriptive. The analysis technique in this research is multiple regression analysis method. The results showed that Coal Price has a significant positive effect, Profitability and Dividend Policy have no effect on PT Bukit Asam Tbk value. The implication of this research is that companies must pay attention to Coal Price that can affect stock price so that company value can increase.*

**Keywords---***dividend policy, firm value, profitability.*

## Introduction

Economic growth in Indonesia is closely related to the progress of the capital market, where the rapid development of the capital market provides a significant impetus for the economy to continue to grow. Currently, investors' interest in investing in the Indonesia Stock Exchange is increasing, driven by the hope of obtaining future profits. (Jamil & Hayati, 2020). Based on a report from Financial Services Authority (2024) the number of investors in the Indonesian capital market as of 3 October 2024 was recorded at 14,001,651 single investor identification (SID), an increase of 15.07% compared to the number as of 31 December 2023 which was recorded at 12,168,061 SID. This data reflects a positive trend that supports economic growth through investment activities.

The Indonesia Stock Exchange (IDX) explains that the LQ45 Index is one of the indices listed on the IDX, which includes 45 stocks with large market value and high liquidity. These highly liquid stocks have the potential to become one of the main driving forces in the Indonesian economy (Wahyuni et al., 2024). Before making an investment, potential investors need to first analyse the company to be selected in order to minimise risk. Investment risk is often difficult to predict, so investors need a variety of supporting information. This information includes internal company data as well as relevant external information, such as the economic and political conditions of a

country. Information coming from the company is usually based on the performance reflected in the financial statements. One indicator that can be used to select a good company is the company's value (Agustina et al., 2023).

According to Nesta & Amir (2023), firm value refers to the market value of securities, both debt and equity, owned by the company. This value is determined by the price that potential buyers are willing to pay, which represents the market price of the company. In the stock market, the market price refers to the value that investors are willing to pay for each share. Thus, firm value can be understood as the investor's perception of the company, which is closely related to the stock price. Based on this theory, firm value reflects investors' assessment of the company's success and performance, which can be seen from the stock price in the market. The higher the share price of a company, the higher the value of the company, and vice versa (Brown & Caylor, 2006; Belo et al., 2022; He et al., 2017).

The coal industry is one of the biggest contributors to economic development in Indonesia as it is still used as the main economical source of energy for society. In addition, mining is one of the sectors that has a large contribution to state revenue. It was recorded that the realisation of non-oil and gas Non-Tax State Revenue (PNBP) in the mining sector in Indonesia in 2022 was Rp110.79 trillion or a contribution of 19% of the total PNBP in 2022 of Rp588.33 trillion. (Ministry of Finance of the Republic of Indonesia, 2022).

In carrying out its duties, the management of coal industry companies is faced with fluctuating and sensitive coal prices where the company's revenue and performance are affected by the price of coal. The current phenomenon is that coal prices are influenced not only by global macroeconomic conditions, but also by environmental issues and foreign political issues.

PT Bukit Asam, Tbk (PTBA) is one of the state-owned companies in the coal industry in Indonesia where coal prices affect the company's performance. PTBA is also one of the public companies listed on the Indonesia Stock Exchange. Over the past five years, PTBA's dividend payout ratio has averaged 75%. Even for the 2021 and 2022 financial years. In addition, PTBA won the 2022 Subroto Award for Mineral and Coal Non-Tax State Revenue (PNBP). The Subroto Award is given to taxpayers who have the highest PNBP payment rate.

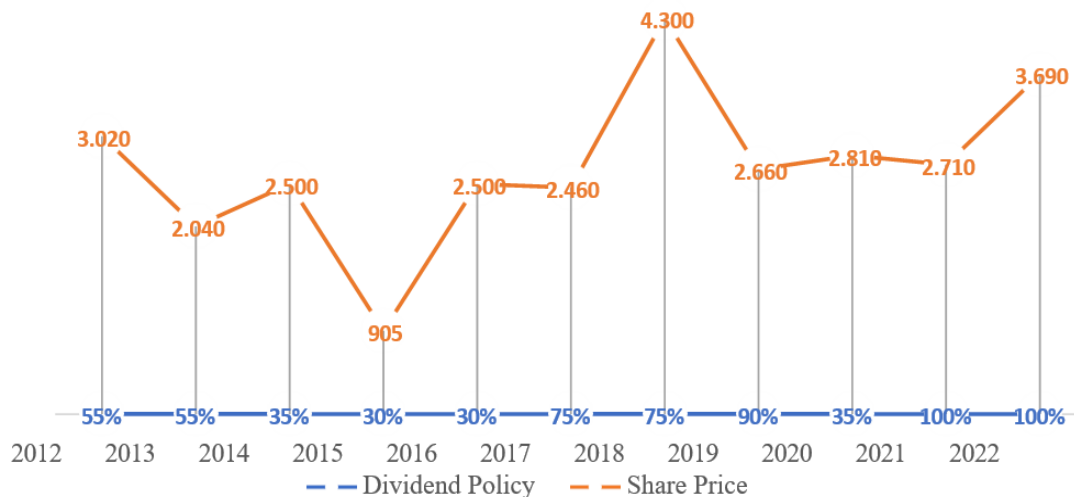


Figure 1. Dividend Policy and Stock Price at PT Bukit Asam, Tbk (PTBA) Period 2012-2022

Source: Idx.co.id (data processed by the author)

For ten years the share price and *dividend payout ratio* of PT Bukit Asam, Tbk (PTBA) have fluctuated. In some years there are various phenomena that can be seen in Figure 1 in 2018-2019 where there is an increase in the *dividend payout ratio* and a decrease in the company's share price. This is not in line with the research results from Dewi & Abundanti (2020); Santoso et al. (2020), The greater the dividends distributed will further increase the value of a company.

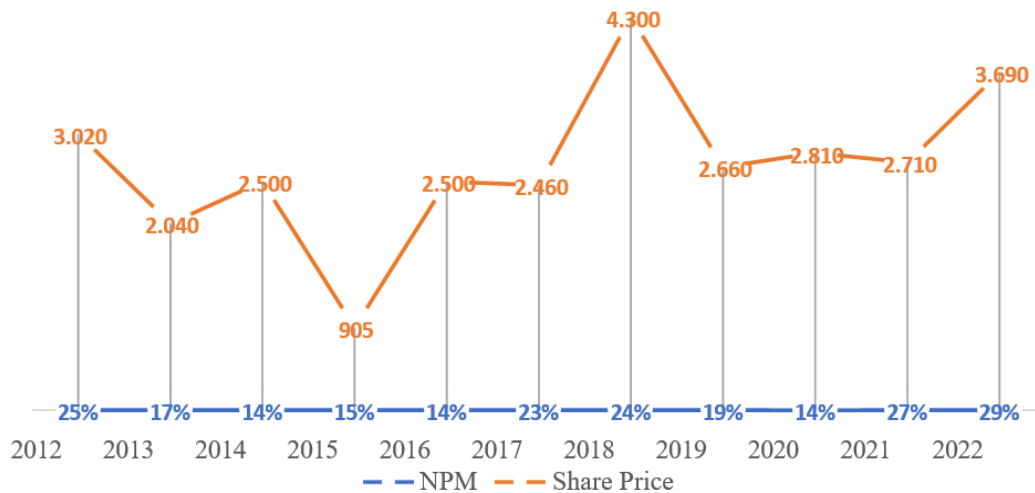


Figure 2. Profitability and Stock Price at PT Bukit Asam, Tbk (PTBA) Period 2012-2022  
Source: Idx.co.id (data processed by the author)

In Figure 2 above, it can be seen that the phenomenon that occurred in 2020-2021 when profitability increased, the stock price decreased. *Signalling theory* discovered by Spence (1978) is the interaction of the sender (owner of information) who is trying to provide relevant information that can be utilised by the receiver. The receiving party will then adjust its behaviour according to its understanding of the signal. *Signaling theory* explains that the higher profitability value illustrates that the level of profit generated by the company is also high, this will provide a positive signal to investors and encourage a positive response from investors to invest in the company so that the share price increases and the company value also increases (Amelia & Sembiring, 2023).

PT Bukit Asam, Tbk (PTBA) is one of the leading coal mining companies listed in the LQ45 index on the Indonesia Stock Exchange. As a State-Owned Enterprise (SOE), PTBA has a strategic role in the national energy industry and has demonstrated consistent performance in creating value for stakeholders. In an effort to maximise company value, PTBA always pays attention to aspects of profitability and dividend policy as factors that can affect investors' perceptions of the company (Saragih et al., 2023).

Profitability is one of the important indicators in assessing the performance of a company. Profitability not only affects dividend policy but also has an impact on firm value. The higher the profit earned by the company, the greater the dividends that can be distributed to investors, which in turn increases the value of the company. Profitability ratios are an important source of information for companies and investors to evaluate company performance. Good financial performance reflects the manager's ability to manage funds and resources efficiently, providing a positive signal to investors, because it shows the profit generated by the company. (Putri & Wahyudi, 2023). If the company's condition shows promising profit potential in the future, more investors will be interested in investing, which in turn will encourage an increase in stock prices. Dinar et al. (2020), also asserts that one of the important indicators for investors in evaluating the company's prospects in the future is by looking at the company's profitability growth.

Dividend policy refers to the company's decision regarding the use of profits, whether to distribute them to shareholders in the form of dividends or keep them as retained earnings to fund future investments (Stevanus & Rahadi, 2020). Dividends have an important role in reflecting the stability of the company and its future prospects to external parties, especially potential investors considering investing in the company. In addition, dividends also reflect the company's financial performance. Dividend distribution is one of the strategies to increase stock prices, where an increase in dividends is usually followed by an increase in stock prices. Conversely, a reduction in dividends may give a negative signal about the company's condition, potentially lowering the stock price. (Khairunisa & Nazir, 2022). Firm value, which reflects an assessment of the company's performance and future growth, is a very important aspect. For investors, firm value provides an overview of the company's development before making an investment. On the other hand, company management needs to analyse financial reports carefully to ensure the expected return can be achieved.

Based on the description above, this study aims to analyse the effect of company profitability and dividend policy on firm value at PT Bukit Asam, Tbk. Specifically, this study will examine how profitability as an indicator of the

company's financial performance and dividend policy as a profit distribution strategy can affect the company's value as reflected in the stock price (Mitton, 2004; Gugler, 2003; Booth & Zhou, 2017; Yanti & Dwirandra, 2019). The results of this study are expected to make a significant contribution to company management in optimising company value through effective profitability management and determining the right dividend policy, as well as a reference for investors in making investment decisions at PT Bukit Asam, Tbk.

## Method

The study used *secondary* data from the company's *annual* financial statements at PT Bukit Asam on the Indonesia Stock Exchange. The research method used is a descriptive method with a quantitative approach using multiple regression analysis. Meanwhile, the population and sample (Object) in this study are the company PT Bukit Asam Tbk which is listed on the Indonesia Stock Exchange in 2012-2022. Secondary data obtained from the company's Annual Report 2018-2022 released on the official PTBA *website* and the Ministry of Energy and Mineral Resources *website* to obtain coal price provisions Classical assumption tests are carried out before hypothesis testing so that the test results meet BLUE (Best Linear Unbiased Estimated) criteria. After that, hypothesis testing is carried out with the t statistical test, F test, and coefficient of determination analysis.

## Result and Discussion

### Normality Test

The normality test in this study was carried out using the *Kolmogorov-Smirnov Test* approach. Data can be said to be normally distributed if the *Asymp.Sig (2-tailed)* value is  $> 0.05$  and vice versa, if the data is abnormal, the *Asymp.Sig (2-tailed)* value  $< 0.05$ . With a total sample of 44 samples in the study, the results of the research sample of 44 samples obtained the results of the Kolmogorov-Smirnov test as follows:

Table 1  
The Kolmogorov-Smirnov test

N		44
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	643.96069161
Most Extreme Differences	Absolute	.112
	Positive	.112
	Negative	-.069
Test Statistic		.112
Asymp. Sig. (2-tailed)		.199 <sup>c</sup>

a. Test distribution is Normal.

b. Calculated from data. Source:

SPSS 25.0 Output

Based on the table above, it is known that the result of the *Asymp.Sig (2-tailed)* value is 0.199 which means that the *Asymp.Sig (2-tailed)* value  $> 0.05$ , this result indicates that the distribution of sample values is normal or does not experience normality problems.

### Multicollinearity Test

The multicollinearity test is intended to see the existence of a linear relationship, both perfect and near-perfect independent variables in a regression model and determine the presence of multicollinearity in the regression model by looking at the tolerance value and variance inflation value factor (VIF). If the tolerance value  $> 0.10$  and the VIF value  $< 10$ , then there is no multicollinearity. The multicollinearity test results are presented in table 2 as follows:

Multicollinearity Test Table Coefficients

Table 2  
Multicollinearity test coefficients

Unstandardised Coefficients			Standardised Coefficients	Collinearity Statistics	
Model	B	Std. Error	Beta	Tolerance	VIF
1	(Constant)	1208.981			
	X2	2957.151	.240	.472	2.117
	X3	910.420	.284	.528	1.893

a. Dependent Variable: Y Source: SPSS 25.0 Output

The table shows that the Tolerance value on the Coal Price variable is 0.488 and the VIF is 2.048. Tolerance value on the Profitability variable is 0.472 and VIF is 2.117. The tolerance value on the Dividend Policy variable is 0.528 and VIF is 1.893. The tolerance value of each variable has a Tolerance value > 0.1 and has a VIF value < 10, so it can be concluded that there are no symptoms of multicollinearity for each variable in the model.

#### *Heteroscedasticity Test*

The heteroscedasticity test is used to test whether in the regression model there is an inequality of variance from the residuals for all observations in the regression model. The White test is the test used in this study to see if there is a heteroscedasticity problem in this study. The following are the results of the heteroscedasticity test in this study which are available in the table:

Table 3  
Multicollinearity Test Table Coefficients

Unstandardised Coefficients			Standardised Coefficients	t	Sig.
Model	B	Std. Error	Beta		
	(Constant)	9.288		7.136	.000
	X2	16.247	.407	1.878	.068
	X3	.627	.060	.295	.770

a. Dependent Variable: Ln\_Res\_2 Source: SPSS 25.0 Output

Based on the table, it can be concluded that the significance value of each independent variable in this study is greater than (0.05) by 0.077, Profitability by 0.068, Dividend Policy by 0.770. So, it can be concluded that the research data does not occur heteroscedasticity.

#### *Model Fit Test (F Test)*

The F test is conducted to determine whether the independent variables collected in the research regression model have a joint influence on the dependent variable. This test is seen through the criteria by looking at the value of the probability (sig), if the value of sig < 0.05, then the equation of the regression model has suitability and is suitable for use in testing. Conversely, if the sig value > 0.05, then the regression model equation does not have suitability or is not suitable for use as a regression model. The results of the F-value test are presented in the table as follows:

Table 4  
F-value test results ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.370	3	.123	3.908	.016b
	Residuals	1.231	39	.032		
	Total	1.601	42			

Dependent Variable: LnY@2

Predictors: (Constant). LnX3@2, LnX1@2, LnX2@2 Source: SPSS 25.0 Output

The table shows the results of the f-test with an f-value of 3,908 and a sig value of 0.016 > 0.05, it can be concluded that the model with the variables of Profitability, and Dividend Policy on Firm Value is feasible to use and has a significant effect.

#### *Discussion of Research Results*

##### *The Effect of Profitability on Firm Value*

Based on the T test results in table 2, the results show that Profitability has no significant effect on Firm Value at PT Bukit Asam, Tbk. which is listed on the Indonesia Stock Exchange for the period 2012-2022. This can be seen from the test results where the regression coefficient value is -0.216 with a significance value of 0.211 ( $0.211 > \alpha 0.05$ ), so the first hypothesis ( $H_1$ ) which states that Profitability has no significant effect on Firm Value ( $H_1$  rejected).

This result contradicts *the Signalling theory* found by Spence (1978), is the interaction of the sender (owner of information) who is trying to provide relevant information that can be utilised by the receiver. The receiving party will then adjust its behaviour according to its understanding of the signal. Signaling theory explains that the higher *Net Profit Margin* value illustrates that the level of profit generated by the company is also high, this will provide a positive signal to investors and encourage a positive response from investors to invest in the company so that the share price increases and the company's value also increases (Amelia & Sembiring, 2023).

High profitability reflects the company's ability to generate high profits for shareholders. The greater the profit earned, the greater the company's ability to pay dividends, this will have an impact on increasing the value of the company (Kharisma & Priyadi, 2023).

##### *The Effect of Dividend Policy on Firm Value*

Based on the T test results in table 4.8, it is found that the Dividend Policy has no significant effect on Firm Value at PT Bukit Asam, Tbk. which is listed on the Indonesia Stock Exchange for the period 2012-2022. This can be seen from the test results where the regression coefficient value is 0.043 with a significance value of 0.727 ( $0.727 > \alpha 0.05$ ), so that the third hypothesis ( $H_2$ ) which states that Dividend Policy has no significant effect on Financial Performance proxied by *Return on Asset* ( $H_2$  rejected) (Kim et al., 2021; Benlemlih, 2019; Aydoğmuş et al., 2022; Sudarma & Sari, 2020).

Dividend policy is a decision regarding whether the company's profit will be distributed as dividends or will be reinvested. Dividend policy shows the profit that will be paid to the company's shareholders in the form of dividends. The existence of the effect of dividend policy on firm value shows that the dividend policy distributed to shareholders increases, the value of the company will increase but not significantly, this is because the higher the level of dividends distributed, the less profit can be reinvested so that it cannot have a major effect on the growth of firm value (Rahma & Arifin, 2022).

Dividend policy relates to policies regarding how much profit earned by the company will be distributed to shareholders. The greater the dividends distributed to shareholders, the better the company's performance will be considered, and in the end, companies that have good performance are considered profitable and of course the assessment of the company will be even better, which is usually reflected through the level of the company's share price (Sihotang & Saragih, 2017).

## Conclusion

The average company value at PT Bukit Asam for the period 2012-2022 fluctuates. Along with the independent variables in the study such as Coal Price, Profitability, Dividend Policy experienced changes in average value from year to year. The research results can be concluded as follows: 1) Partially proves that Profitability has no effect on Firm Value. 2) Partially proves that the Dividend Policy variable has no effect on Firm Value. This study aims to examine the independent variables consisting of Profitability and Dividend Policy on Firm Value. The coefficient of determination of this study shows a figure of 17.2%, which means that the independent variable is only able to explain the dependent variable by 17.2% while the remaining 82.8% is influenced by other factors outside this model.

## Acknowledgments

Thanks to those who have helped so that this manuscript is suitable for publication in international journals

## References

- Agustina, L., Nurmalasari, E., & Astuty, W. (2023). Corporate Social Responsibility Dan Risiko Investasi Terhadap Reputasi Perusahaan Dengan Profitabilitas Sebagai Variabel Intervening. *Owner: Riset Dan Jurnal Akuntansi*, 7(1), 687-699.
- Amelia, R., & Sembiring, F. M. (2023). Analisis Current Ratio, Return on Assets, dan Ukuran Perusahaan, serta Pengaruhnya terhadap Nilai Perusahaan yang Dimediasi oleh Struktur Modal.
- Aydoğmuş, M., Gülay, G., & Ergun, K. (2022). Impact of ESG performance on firm value and profitability. *Borsa Istanbul Review*, 22, S119-S127. <https://doi.org/10.1016/j.bir.2022.11.006>
- Belo, F., Gala, V. D., Salomao, J., & Vitorino, M. A. (2022). Decomposing firm value. *Journal of Financial Economics*, 143(2), 619-639. <https://doi.org/10.1016/j.jfineco.2021.08.007>
- Benlemlih, M. (2019). Corporate social responsibility and dividend policy. *Research in International Business and Finance*, 47, 114-138. <https://doi.org/10.1016/j.ribaf.2018.07.005>
- Booth, L., & Zhou, J. (2017). Dividend policy: A selective review of results from around the world. *Global Finance Journal*, 34, 1-15. <https://doi.org/10.1016/j.gfj.2017.07.002>
- Brown, L. D., & Caylor, M. L. (2006). Corporate governance and firm valuation. *Journal of accounting and public policy*, 25(4), 409-434. <https://doi.org/10.1016/j.jaccpubpol.2006.05.005>
- Dewi, G. A. M. S., & Abundanti, N. (2020). Effect Of Profitability On Firm Value With Dividend Policy As A Mediation Variables In Manufacturing Companies. *American Journal of Humanities and Social Sciences Research (AJHSSR)*, 4(11), 330-335.
- Dinar, M., Yuesti, A., & Dewi, N. P. S. (2020). The Effect of Profitability, Liquidity and Leverage on Tax Aggressiveness in Manufacturing Companies Listed on the Stock Exchange. *Journal of Charisma*, 2(1), 66-73.
- Gugler, K. (2003). Corporate governance, dividend payout policy, and the interrelation between dividends, R&D, and capital investment. *Journal of Banking & Finance*, 27(7), 1297-1321. [https://doi.org/10.1016/S0378-4266\(02\)00258-3](https://doi.org/10.1016/S0378-4266(02)00258-3)
- He, W., Ng, L., Zaiats, N., & Zhang, B. (2017). Dividend policy and earnings management across countries. *Journal of Corporate Finance*, 42, 267-286. <https://doi.org/10.1016/j.jcorpfin.2016.11.014>
- Jamil, P.C. & Hayati, R. (2020). 'Foreign Investment in Indonesia', *KIAT Economic Journal*, 31(2).
- Khairunisa, N., & Nazir, N. (2022). Pengaruh Leverage, Kebijakan Dividen Dan Ukuran Perusahaan Terhadap Volatilitas Harga Saham. *Jurnal Ekonomi Trisakti*, 2(2), 833-844.
- Kharisma, P., & Priyadi, M. P. (2023). Pengaruh Profitabilitas Dan Ukuran Perusahaan Terhadap Nilai Perusahaan Dengan Corporate Social Responsibility Sebagai Variabel Moderasi. *Jurnal Ilmiah Akuntansi dan Keuangan (JIAKu)*, 2(3), 258-274.
- Kim, J., Yang, I., Yang, T., & Koveos, P. (2021). The impact of R&D intensity, financial constraints, and dividend payout policy on firm value. *Finance Research Letters*, 40, 101802. <https://doi.org/10.1016/j.frl.2020.101802>
- Ministry of Finance of the Republic of Indonesia (2022) Ministry of *Finance Performance Report, Ministry of Finance of the Republic of Indonesia*.
- Mitton, T. (2004). Corporate governance and dividend policy in emerging markets. *Emerging markets review*, 5(4), 409-426. <https://doi.org/10.1016/j.ememar.2004.05.003>
- Nesta, K. A., & Amir, A. (2023). The Effect of Capital Structure, Profitability, Leverage and Company Size on Company Value. *Ratio: Reviu Akuntansi Kontemporer Indonesia*, 4(2), 139-148.

- Otoritas Jasa Keuangan (2024) *Celebration of 47 Years of the Reactivation of the Indonesian Capital Market*, OJK.
- Putri, A. P. J., & Wahyudi, I. (2023). Pengaruh Risiko Kredit, Risiko Likuiditas, Modal Bank Dan Efisiensi Operasional Terhadap Profitabilitas Bank. *Jurnal Ilmiah Manajemen, Ekonomi, & Akuntansi (MEA)*, 7(3), 79-94.
- Rahma, S. S., & Arifin, A. (2022, April). Pengaruh Kebijakan Dividen, Kebijakan Hutang, Keputusan Investasi, Dan Profitabilitas Terhadap Nilai Perusahaan (Studi Empiris Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia Periode 2016-2020). In *Seminar Nasional Pariwisata Dan Kewirausahaan (SNPK)* (Vol. 1, pp. 330-341).
- Santoso, P. W., Aprilia, O., & Tambunan, M. E. (2020). The intervening effect of the dividend policy on financial performance and firm value in large Indonesian firms. *International Journal of Financial Research*, 11(4), 408-420.
- Saragih, R., Ashadi, D., Sembiring, M. O., & Nurlinda, N. (2023). Analisis Boston Consulting Group (BCG) pada PT Bukit Asam Tbk. *Jurnal Akuntansi, Keuangan dan Perpajakan*, 6(1), 53-61.
- Sihotang, D. R., & Saragih, J. L. (2017). Pengaruh Kebijakan Dividen, Kebijakan Hutang Dan Profitabilitas Terhadap Nilai Perusahaan Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia. *Jurnal Riset Akuntansi & Keuangan*, 25-46.
- Spence, M. (1978). Job market signaling. In *Uncertainty in economics* (pp. 281-306). Academic Press. <https://doi.org/10.1016/B978-0-12-214850-7.50025-5>
- Stevanus, Y., & Rahadi, D. R. (2020). Persepsi dan pengambilan keputusan milenial terhadap instrumen investasi masa depan. *Jurnal Riset Bisnis dan Investasi*, 6(3), 107-119.
- Sudarma, I. P., & Sari, M. M. R. (2020). Financial distress, growth opportunities, and dividend policy on firm value through company hedging policies: Empirical study on property and real estate companies listed on Indonesian stock exchange. *International Research Journal of Management, IT and Social Sciences*, 8(1), 47-59.
- Wahyuni, S., Arliansyah, A., Khaddafi, M., & Zulkifli, Z. (2024). Pengaruh Corporate Governance Terhadap Tax Avoidance Pada Perusahaan Bumn Yang Terdaftar Di Bursa Efek Indonesia Periode 2019-2021. *Jurnal Akuntansi Malikussaleh (JAM)*, 2(4), 565-576.
- Yanti, N. M. Y. W. A., & Dwirandra, A. A. N. B. (2019). The effect of profitability in income smoothing practice with good corporate governance and dividend of payout ratio as a moderation variable. *International research journal of management, IT and social sciences*, 6(2), 12-21.