



Journal of Marketing Management and Innovative Business Review, Vol. 3, No. 2, December 2025. pp: 17-23
DOI: <https://doi.org/10.63416/mrb.v3i2.373>

The Effects of Dividend and Debt Policies on Share Value in Basic Chemical Manufacturing Companies: A Case Study of PT Semen Indonesia

Michael Aloys Septio Patu ^{1*}, Andryanus Paridy ², Benyamin Mongan ³

^{1,2,3)} Management Department, Paul Christian University of Indonesia, Makassar, Indonesia

E-mail: michaelpatu19@gmail.com

* Corresponding author

Submitted: 10-07-2025	Review: 15-07-2025	Revision: 29-07-2025	Accepted: 10-08-2025
-----------------------	--------------------	----------------------	----------------------

Abstrak: Penelitian ini bertujuan untuk menganalisis pengaruh kebijakan dividen dan kebijakan hutang terhadap nilai perusahaan pada PT Semen Indonesia Tbk selama periode 2015–2024. Kebijakan dividen diukur menggunakan Dividend Payout Ratio (DPR), kebijakan hutang menggunakan Debt to Equity Ratio (DER), dan nilai perusahaan diukur melalui Price to Book Value (PBV). Data diperoleh dari laporan keuangan tahunan yang dipublikasikan di Bursa Efek Indonesia dan dianalisis menggunakan regresi linear berganda. Hasil penelitian menunjukkan bahwa kebijakan dividen dan kebijakan hutang memiliki pengaruh negatif dan tidak signifikan terhadap nilai perusahaan. Hal ini mengindikasikan bahwa dalam konteks PT Semen Indonesia, perubahan kebijakan dividen dan hutang tidak cukup kuat untuk mempengaruhi persepsi investor terhadap nilai pasar perusahaan. Penelitian ini memberikan wawasan bagi manajemen dan investor dalam mempertimbangkan keputusan keuangan jangka panjang, serta membuka ruang bagi penelitian lanjutan dengan melibatkan variabel lain seperti profitabilitas dan pertumbuhan perusahaan.

Kata kunci: Dividend Payout Ratio, Debt to Equity Ratio, Price to Book Value, Nilai Perusahaan, Manufaktur Semen

Abstract: This study aims to examine the effect of dividend policy and debt policy on firm value, focusing on PT Semen Indonesia Tbk during the period 2015–2024. Dividend policy is measured by the Dividend Payout Ratio (DPR), debt policy by the Debt to Equity Ratio (DER), and firm value by the Price to Book Value (PBV). Secondary data were obtained from the company's annual financial statements listed on the Indonesia Stock Exchange and analyzed using multiple linear regression. The results indicate that both dividend policy and debt policy have a negative and statistically insignificant effect on firm value. These findings suggest that changes in dividend and debt strategies do not substantially influence investor perceptions of the company's market value in this context. The study provides managerial insights for financial decision-making and offers implications for investors when evaluating long-term financial strategies. Future research is encouraged to explore other variables such as profitability, firm size, or market conditions to better understand the determinants of firm value.

Keywords: Dividend Payout Ratio, Debt to Equity Ratio, Firm Value, Financial Policy, Manufacturing Industry

INTRODUCTION

The value of a company plays a crucial role in reflecting the perceptions of investors and stakeholders regarding the firm's future prospects and financial health. In the context of capital markets, firm value is frequently associated with share price performance, which is influenced by various internal and external factors, including financial policies such as dividend distribution and debt utilization. Dividend policy reflects a firm's strategy in distributing profits to shareholders, which can serve as a signal to the market regarding the company's stability and profitability (Fairchild, 2010). Likewise, debt policy represents management's approach to financing operations and investment through external funding, which carries both potential benefits in terms of tax shields and risks related to financial distress (H. Qi et al., 2012).

PT Semen Indonesia Tbk, a leading state-owned enterprise in the Indonesian cement industry, has experienced significant fluctuations in its dividend payout ratio (DPR), debt to equity ratio (DER), and firm value (measured by price to book value/PBV) over the last decade. For instance, in 2020, the company reported a steep drop in dividend distribution to just 8.56%, coupled with a sharp increase in its DER to 110.13%, amid the economic disruptions caused by the COVID-19 pandemic (IDX, 2024). These financial shifts were accompanied by notable volatility in the firm's PBV, which declined to 0.46 in 2024, signaling a diminished market perception of company value. Such patterns raise essential questions regarding the impact of financial policies on firm valuation, particularly in industries characterized by capital intensity and high leverage.

Numerous empirical studies have investigated the relationship between dividend policy, capital structure, and firm value, yet findings remain inconclusive and context-dependent. Some suggest that consistent dividend payments enhance investor confidence and positively influence firm value (Q. Qi et al., 2022; Pristiana & Murtadho, 2025), while others argue that the signaling effect of dividends is weakened in highly leveraged firms (Choi & Park, 2024) (Njoku & Lee, 2025). Within Indonesia's developing capital market and the manufacturing sector's unique dynamics, especially in the cement industry, the interaction between dividend and debt policies warrants further empirical examination.

The urgency of this research lies in the observed inconsistency and declining trend of PT Semen Indonesia's firm value despite ongoing changes in dividend and debt strategies. As a major publicly listed company and sector leader, understanding whether these financial decisions contribute significantly to firm valuation is essential for both academic and practical perspectives. This study aims to fill the research gap by providing empirical evidence on how dividend and debt policies influence firm value in a key Indonesian industrial sector, using a decade of data and robust statistical analysis. Dividend income and debt levels have fluctuated annually, with a particularly notable shift in 2020, when dividends distributed to investors declined significantly by 8.56%, while debt rose to 110.13%. These changes have undoubtedly impacted the company's firm value growth. The following table presents the dividend, debt, and stock value data of PT Semen Indonesia over the past ten years, which will serve as the basis for this research:

Table 1. Table of Phenomena

Company Name	Years	Devidend Pay Out Ratio (DPR)	Debt to Equity Ration (DER)	Present Book Value (PBV)
PT. Semen Indonesia	2015	49,25%	39,03%	245,71%
	2016	40,01%	44,65%	177,50%
	2017	89,68%	63,31%	194,89%
	2018	26,17%	55,70%	208,54%
	2019	51,52%	129,57%	209,42%
	2020	8,56%	110,13%	189,68%
	2021	54,73%	86,55%	100,36%
	2022	43,48%	70,42%	82,96%
	2023	76,38%	66,46%	90,39%
	2024	79,18%	55,13%	45,97%

Source: Indonesia Stock Exchange, Investing.com, and sig.id, processed by the author (2025)

PT Semen Indonesia has made several adjustments to its dividend policy, both in terms of the amount distributed and the frequency, and has also restructured its debt to support expansion and operational activities. A conservative approach to dividend distribution, combined with an aggressive debt utilization strategy, is believed to influence investor perceptions of the company's future outlook, ultimately affecting its firm value. This phenomenon is worth

investigating to determine the extent to which dividend and debt policies contribute to the development of PT Semen Indonesia's company value.

LITERATURE REVIEW

Grand Theory: Agency Theory

Agency theory explores the dynamics between shareholders, acting as principals, and company management, serving as agents. This theoretical framework is particularly relevant to dividend policy, as dividend decisions may serve to mitigate potential agency conflicts by aligning the interests of both parties ([Fadah, 2010](#)). Under this perspective, principals delegate financial control and decision-making authority to agents, entrusting them to manage company resources on their behalf ([Kambuno S et al., 2025](#)). Scott emphasizes that the core function of agency theory lies in structuring contracts that ensure goal congruence between principals and agents, especially in the presence of conflicting interests. The theory further positions shareholders as delegators of operational authority to professional managers, who are presumed to possess the expertise required to optimize organizational outcomes ([Nuansari & Ratri, 2022](#)).

Dividend Policy

Managerial choices about whether to pay company profits to shareholders or save them for future investment objectives are referred to as dividend policy. When formulating such a policy, the firm must take into account its long-term viability, ensuring that earnings serve not only for dividend distribution but also for strategic uses such as capital investment or debt reduction. Companies that seek to remain competitive and sustainable are proactive in deploying available capital to foster business growth ([Sejati et al., 2020](#)).

Debt Policy

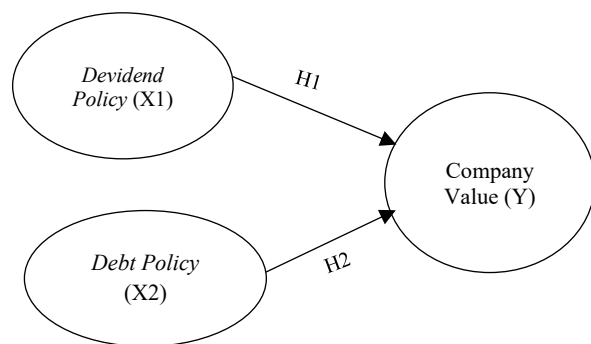
Debt policy is one of the factors that influence a firm's value. It refers to the strategy adopted by a company to finance its operations through financial debt, commonly known as financial leverage ([Pammai et al., 2025](#)).

Firm Value

Market value or stock value reflects the market's perception formed by investors, creditors, and other stakeholders regarding the condition of a company. This perception is

represented by the company's market price of shares and is often utilized as a sign of firm value. Firm value is determined by comparing a company's stock price to its book value using the Price to Book Value (PBV) ratio. Generally, well-performing companies have a PBV ratio greater than one, indicating that the market value of their shares exceeds their book value ([Rapang et al., 2024](#)).

Hypothesis and Conceptual Model



Source: Author's perception (2025)

Figure 1. Conceptual Framework

Based on this conceptual framework, we formulate the following hypothesis:

H1: Dividend policy is hypothesized to have an influence on firm value.

H2: Debt policy is hypothesized to affect the value of the company.

METHODS

This study adopts a quantitative approach with an explanatory design to examine the influence of dividend policy and debt policy on firm value. The methodology is structured to test predetermined hypotheses using numerical data derived from financial reports. This design is suitable for identifying causal relationships between variables by applying statistical analysis tools.

The population in this research includes all financial reports published by PT Semen Indonesia Tbk., a publicly listed company operating in the basic chemical manufacturing sector. The research focuses on annual financial data from the period 2015 to 2024, as recorded in the Indonesia Stock Exchange (IDX). The sample was determined through purposive sampling, a non-probability technique that selects data based

on specific criteria relevant to the research objectives. In this case, the selected reports must be complete, audited, and consistently published across the ten-year period. This approach ensures the validity and comparability of the data analyzed.

The research was conducted in Makassar, Indonesia, using secondary data collected from the official IDX website (www.idx.co.id), the company's website (sig.id), and other verified financial platforms such as investing.com. The data collection process was carried out during November 2024, following a comprehensive review of PT Semen Indonesia's financial disclosures.

For the analysis stage, this study utilizes multiple linear regression to test the relationship between the independent variables—dividend policy (measured by Dividend Payout Ratio) and debt policy (measured by Debt to Equity Ratio)—and the dependent variable, firm value (measured by Price to Book Value). The regression model was applied using SPSS software, which enabled statistical testing including descriptive statistics, classical assumption testing (normality, multicollinearity, heteroskedasticity, and autocorrelation), and hypothesis testing through t-test and F-test (Ghozali, 2021; Riadi, 2016). This technique was selected to quantify the direct impact of each predictor on firm value while ensuring the reliability and robustness of the model.

RESULTS AND DISCUSSION

Hypothesis Testing

Table 2. Results of t-Test (Partial Test)
Effect of Dividend Policy and Debt Policy on Firm Value

Variable	Unstandardized Coefficients (B)	Std. Error	t-Statistic	Sig. (p-value)
Constant	1.867	0.749	2.492	0.045
Dividend Policy	-0.801	1.280	-0.626	0.555
Debt Policy	-0.337	0.905	-0.372	0.721

Source: Primary processed data (2025)

The results of the t-test provide insight into the partial influence of each independent variable—dividend policy and debt policy—on the firm value of PT Semen Indonesia during the 2015–2024 period. Based on the regression output, the dividend policy variable shows a

coefficient of -0.801 with a t-value of -0.626 and a significance level (p-value) of 0.555. Since the p-value exceeds the conventional alpha level of 0.05, it indicates that dividend policy does not have a statistically significant effect on firm value. This suggests that changes in the proportion of earnings distributed as dividends do not influence investors' valuation of the company in a meaningful way during the observed period.

Similarly, the debt policy variable yields a coefficient of -0.337, a t-value of -0.372, and a p-value of 0.721, which is also above the 0.05 threshold. This result implies that debt policy also lacks a significant impact on the firm's value. In other words, the proportion of debt in the company's capital structure, as measured by the Debt to Equity Ratio (DER), did not significantly affect market perception or valuation of the company's equity.

Together, these findings indicate that neither dividend policy nor debt policy, when considered individually, exerts a statistically meaningful influence on the firm value of PT Semen Indonesia. It may reflect that investors prioritize other factors—such as profitability, macroeconomic conditions, or future growth prospects—over these two financial indicators when assessing firm value.

Table 3. Internal Model (Structural Model) and Testing Hypotheses

Hypothesis	Path	B	t-Value	t-Table	Result
		Coefficient			
H1	Dividend policy >	0,050	-1.11	2.30600	denied
H2	Debt Policy >	0,100	-0,97	2.30600	denied

Source: Primary processed data (2025)

The hypothesis testing in this study was conducted using the t-test, with a significance threshold determined by the t-table value of 2.306 at the 5% significance level ($\alpha = 0.05$) for a two-tailed test. Two hypotheses were tested to examine the partial effect of dividend policy and debt policy on firm value.

For **Hypothesis 1 (H1)**, which posits that dividend policy has a positive effect on firm value, the calculated t-value is -1.11, which is less than the t-table value of 2.306, and the p-value is greater than 0.05. This indicates that the influence of dividend policy on firm value is not statistically significant. As a result, **H1 is rejected**. This finding suggests that variations in dividend

payout ratios do not meaningfully influence how investors assess or value the company in the capital market during the study period.

For **Hypothesis 2 (H2)**, which assumes that debt policy positively affects firm value, the t-value is -0.97, also below the critical value of 2.306, and the p-value exceeds 0.05. Therefore, **H2 is also rejected**. This means that the company's leverage, measured through the Debt to Equity Ratio, does not show a significant impact on firm value. The negative t-value further suggests an inverse (though insignificant) relationship between debt levels and firm valuation.

Overall, both independent variables—dividend policy and debt policy—failed to demonstrate statistically significant effects on firm value. This indicates that investors may not heavily weigh these factors when evaluating the worth of PT Semen Indonesia, possibly due to stronger influences from other financial or macroeconomic variables not captured in this model.

Tabel 3. Determinant test

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.392 ^a	.154	-.088	708.88014	.768

a. Predictors: (Constant), DEBT, DEVUDEND

b. Dependent Variable: COMPANY VALUE

Source: Processed primary data (2025)

Referring to 15.4%, or 0.154, is the Adjusted R Square value found in the above table. This shows that debt and dividend policies account for 15.4% of the firm value, with other factors not included in this study influencing the remaining 84.6%.

Tabel 4. F Test

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	640277.015	2	320138.507	.637	.557 ^b
	Residual	3517577.385	7	502511.055		
	Total	4157854.400	9			

a. Dependent Variable: COMPANY VALUE

b. Predictors: (Constant), DEBT, DIVIDEN

Source: Data processed with SPSS (2025)

The computed F value, as shown in the above table, is 6.485, whereas the critical F value, with $df_1 = 3$ ($k = 2$) and $df_2 = n - k = 10 - 2 = 8$, is 4.46 at the 0.05 significant level. Nonetheless, the critical F value ($0.637 < 4.46$) is greater than the computed F value of 0.637, and has a significance level of 0.557, which exceeds 0.05. Accordingly, it can be concluded that, taken jointly, between 2015 and 2024, PT Semen Indonesia Tbk's company valuation listed on the Indonesia Stock Exchange was not significantly impacted by either the dividend policy or the debt policy.

CONCLUSION

This study aimed to analyze the effect of dividend policy and debt policy on firm value using a case study of PT Semen Indonesia Tbk over the period of 2015 to 2024. The empirical investigation employed a quantitative approach using multiple linear regression to assess the relationship between the Dividend Payout Ratio (DPR), Debt to Equity Ratio (DER), and firm value as measured by the Price to Book Value (PBV). The findings contribute to a better understanding of how financial decision-making may or may not influence investor perceptions in a large, state-owned enterprise operating within Indonesia's manufacturing sector.

The results revealed that neither dividend policy nor debt policy had a statistically significant effect on firm value. This was evidenced by t-test values for both independent variables that failed to meet the threshold of significance. Consequently, both hypotheses proposed in the study—H1 and H2—were rejected, indicating that these financial policies do not play a decisive role in shaping market valuation for the firm during the observed timeframe.

These findings suggest that other variables may have a more substantial impact on firm value in the context of PT Semen Indonesia. Factors such as profitability, operational efficiency, market sentiment, and macroeconomic indicators might hold greater explanatory power than capital structure and dividend decisions. Thus, the lack of significance in the tested variables could reflect a shift in investor focus away from traditional financial indicators toward broader, strategic or external considerations.

In line with the objectives of the research, it can be concluded that financial policies such as dividend and debt strategies, although important from a managerial perspective, are not necessarily

determinants of firm value in all contexts. The case of PT Semen Indonesia demonstrates that firms operating in stable and capital-intensive industries might be evaluated by investors based on longer-term growth potential or sector-specific dynamics rather than short-term financial policy changes.

The limitations of this study include its focus on a single company, which may constrain the generalizability of the findings to other firms or industries. The limited number of observations (ten years of data) may also affect the statistical robustness of the results. Future research is recommended to incorporate comparative studies across multiple firms within the same or related sectors, include additional variables such as profitability, firm size, and macroeconomic indicators, and apply panel data techniques to improve the validity and depth of analysis.

From a theoretical standpoint, this study challenges the assumption in agency theory that dividend and debt policies serve as effective mechanisms for aligning managerial behavior with shareholder interests. The findings suggest that such mechanisms may not always yield a significant impact on firm valuation, especially in markets where investors prioritize other performance indicators. Practically, these results imply that corporate decision-makers should not rely solely on dividend and debt adjustments to influence investor perceptions or stock performance. Instead, they may need to adopt a more holistic approach that integrates strategic growth, innovation, and transparency to drive long-term value creation.

BIBLIOGRAPHY

- Choi, Y. M., & Park, K. (2024). Economic policy uncertainty and dividend policy: Insight from private firms. *International Review of Financial Analysis*, 96, 103692. <https://doi.org/https://doi.org/10.1016/j.irfa.2024.103692>
- Fadah, I. (2010). OWNERSHIP STRUCTURE , DIVIDEND PAYMENT , AGENCY COST (SUATU PENGUJIAN MODEL STRUKTURAL). *EKUITAS: Jurnal Ekonomi Dan Keuangan*, 14(1), 39–56. <https://doi.org/10.24034/j25485024.y2010.v14.i1.199>
- Fairchild, R. (2010). Dividend policy, signalling and free cash flow: an integrated approach. *Managerial Finance*, 36(5), 394–413.
- Ghozali, I. (2021). *Aplikasi Analisis Multivariate Dengan Program IBM SPSS 26 Edisi 10* (Cetakan X). Badan Penerbit Universitas Diponegoro.
- Kambuno S, R., Jaya, A., & Halik, J. B. (2025). The Effect of Dividend Policy , Profitability and Liquidity on Company Value at PT . Gudang Garam Tbk on The Indonesia Stock Exchange. *Journal of Marketing Management and Innovative Business Review (MARIOBRE)*, 3(1), 44–49. <https://doi.org/10.63416/mrb.v3i1.305>
- Njoku, O. E., & Lee, Y. (2025). Debt Capital and Dividend Policy as Complementary Indicators of Firm Valuation. In *International Journal of Financial Studies* (Vol. 13, Issue 1). <https://doi.org/10.3390/ijfs13010018>
- Nuansari, S. D., & Ratri, I. N. (2022). Pemetaan riset teori agensi: Bibliometrik analisis berbasis data Scopus. *Implementasi Manajemen & Kewirausahaan*, 2(1), 1–22. <https://doi.org/10.38156/imka.v2i1.105>
- Pammai, A., Paridy, A., & Todingbua, M. A. (2025). Financial Sustainability of Culinary SMEs : Examining the Role of Working Capital and Liquidity in Makassar. *Journal of Marketing Management and Innovative Business Review (MARIOBRE)*, 3(1), 29–36. <https://doi.org/10.63416/mrb.v3i1.303>
- Pristiana, U., & Murtadho, M. (2025). Improving Firm Value to Dividend Policy Evidence of Indonesia Public Company in Emerging Market 2521. *Jurnal Ilmiah Manajemen Kesatuan*, 13(4), 2521–2532. <https://doi.org/10.37641/jimkes.v13i4.3515>
- Qi, H., Liu, S., & Johnson, D. (2012). A model for risky cash flows and tax shields. *Journal of Economics and Finance*, 36(4), 868–881. <https://doi.org/10.1007/s12197-010-9162-7>
- Qi, Q., Li, W., Liu, C., Huang, Y., & Hu, C. (2022). Continuous cash dividends, ownership structure and firm value: Evidence from Chinese A-share market. *PloS One*, 17(3), e0265177. <https://doi.org/10.1371/journal.pone.0265177>
- Rapang, D., Mongan, B., & Halik, J. B. (2024). Analisis Resiko Pasar Saham Berdasarkan Value at Risk Pada Perusahaan

- Telekomunikasi yang Tercatat di BEI. *YOS SOEDARSO ECONOMICS JOURNAL (YEJ)*, 6(2), 78–85.
<https://ejurnal.yossoedarso.ac.id/index.php/ysej-server/article/view/yej6207>
- Riadi, E. (2016). *Statistika Penelitian (Analisis Manual dan IBM SPSS)* (1st ed.). CV. Andi Offset.
- Sejati, F. R., Ponto, S., Prasetyaningrum, S., Sumartono, S., & Sumbari, N. N. (2020). Faktor-Faktor Yang Mempengaruhi Kebijakan Dividen. *Berkala Akuntansi Dan Keuangan Indonesia*, 5(2), 110.
<https://doi.org/10.20473/baki.v5i2.21480>