

## The Effect of Company Size and Dividend Policy on Company Value

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### Abstract

This study aims to analyze the influence of firm size and dividend policy on firm value at PT Bukit Asam Tbk during the period 2013–2023. The research uses a quantitative approach with an associative method. The data used are secondary data obtained from the company's annual financial reports published through the Indonesia Stock Exchange (IDX) and the official website of PT Bukit Asam Tbk. The independent variables in this study are firm size (measured by the natural logarithm of total assets) and dividend policy (measured by the Dividend Payout Ratio), while the dependent variable is firm value (measured by Price to Book Value). Data analysis techniques include descriptive statistical tests, classical assumption tests (normality, multicollinearity, heteroscedasticity, autocorrelation), as well as multiple regression analysis, t-test, and F-test. The results show that partially, firm size has no significant effect on firm value ( $t_{count} = -2.015 < 2.228$   $t_{table}$ ;  $sig. 0.079 > 0.05$ ). Similarly, dividend policy has no significant effect on firm value ( $t_{count} = 0.486 < 2.228$   $t_{table}$ ;  $sig. 0.640 > 0.05$ ). Simultaneously, firm size and dividend policy also have no significant effect on firm value ( $F_{count} = 3.078 < 5.12$   $F_{table}$ ;  $sig. 0.102 > 0.05$ ). With an Adjusted R Square value of 0.294, it indicates that the independent variables only explain 29.4% of the variation in firm value, while the remaining 70.6% is influenced by other factors outside the model.

Keywords: Firm Size, Dividend Policy, Firm Value

## INTRODUCTION

Global industrial mining has become one of the main employment sectors worldwide, providing energy and metal or mineral needs for various industrial sectors, governments, and consumers. Increasing energy and metal or mineral consumption as a solution for global economic growth has created a situation prone to conflict among stakeholders. Coupled with the global economic situation, it will be increasingly difficult to recover in the coming years. Although growth is predicted, this increase will not be sufficient to overcome global economic problems.

PT. Bukit Asam Tbk is a corporation engaged in the coal mining sector. Currently, there are many competitors that make it difficult to generate profits, therefore innovation and consistency are needed from all sectors that can maintain and develop the corporation. Maximizing company value is one of the company's goals. A company that has *gone public* aims to increase shareholder prosperity through company improvement (Fajriah Alifatul Laili et al., 2022).

The size of PT. Bukit Asam Tbk changes every year. During the period of 2013-2023, there were changes in the percentage of the company's size that could have an impact on the stability and financial planning of the company. Company size is considered to influence company value because the larger the company size, the easier it is to obtain funds to achieve company objectives. One of the factors considered when determining the value of a company is company size. Company size is a representation of all assets owned by a company.

**Table 1. Total Assets of PT Bukit Asam Tbk for the Period 2013-2023**

Year	Total Assets (In Millions of Rupiah)
2013	11,677,155
2014	14,812,023
2015	16,894,043
2016	18,576,774
2017	21,987,482
2018	24,172,933
2019	26,098,052
2020	24,056,755
2021	36,123,703
2022	45,359,207
2023	38,765,189

*Source: PT Bukit Asam Tbk Financial Report, 2025*

Based on Table 1.1, it can be seen that the Total Assets of PT Bukit Asam Tbk during the period from 2013 to 2023 fluctuated. The lowest Total Assets were in 2013 at 11,677,155 and the highest were in 2022 at 45,359,207.

Rapid economic growth requires companies and industries to maintain quality in order to remain competitive and move forward. Company management must always be considered for the sake of the company's short- and long-term future. Corporate value is one of the strengths of a company in attracting investors, thereby providing capital for the company to continue operating and growing. Dividend policy is one of the core functions of finance. Companies can establish a dividend policy to determine the amount of profits to be paid to investors based on their share ownership. Although companies can provide investors with a guarantee of value by paying dividends, they must also consider the amount of funds needed for growth. If the dividends paid are high, the company's share price tends to increase, thereby increasing the company's value.

**Table 2. Dividend per Share and Earnings per Share of PT Bukit Asam Tbk for the Period 2013-2023**

Year	Dividend per Share (Rupiah)	Earnings per Share (Rupiah)
2013	462	822
2014	335	927
2015	290	941
2016	286	952
2017	318	425
2018	340	477
2019	326	371
2020	75	213
2021	689	702
2022	1,094	1,094
2023	398	532

Source: *PT Bukit Asam Tbk Financial Report, 2025*

The data in the table above shows that PT. Bukit Asam Tbk's dividend per share and earnings per share fluctuated between 2013 and 2023. Dividend value reached 462 in 2013. Then, from 2014 to 2016, it declined significantly to 286. Then, in 2017 and 2018, the dividend value increased again to 340. Then, in 2019, the dividend value experienced a significant decline to 75 in 2020 due to the Covid-19 pandemic, causing the dividend value to decline drastically in that year. In 2021, the dividend value rose again to 1,094 in 2022. Then in 2023, the dividend value decreased again to 398.

Dividend policy is the most important factor in measuring a company's value, which will later become an important reason for investors to invest in the corporation. Aning and Hanny(2021) state that dividend policy is very important in corporate financing decisions, as it can affect the company's investment opportunities. If investors want to invest, they will definitely want to know how much profit they will get from their investment. These returns can take the form of *capital gains* and dividends, which are part of the profits distributed to shareholders.

Thus, the right dividend policy can increase the value of the company. A bad policy can decrease the value of the company because it reduces capital for future investments. Therefore, management needs to consider the balance between dividend payments and investments when determining dividend policy.

**Table 3. Data on the Development of Share Prices, Total Equity, Number of Shares Outstanding, and NBVS of PT Bukit Asam Tbk for the Period 2013-2023**

Year	Stock Price (Rp)	Total Equity (Rp)	Number of Shares Outstanding (Shares)	NBVS
2013	10,200	7,551,569,000	2,174,134,350	3.47
2014	12,500	8,670,842,000	2,174,134,350	3.99
2015	4,525	9,287,547,000	2,108,075,150	4.41
2016	12,500	10,552,405,000	2,108,075,150	5.01
2017	2,460	13,799,985,000	10,540,375,745	1.31
2018	4,300	16,269,696,000	10,540,375,745	1.54
2019	2,660	18,422,826,000	11,190,363,250	1.65
2020	2,810	16,939,196,000	11,184,061,250	1.51
2021	2,710	24,253,724,000	11,487,209,350	2.11
2022	3,690	28,916,046,000	11,487,209,350	2.52
2023	2,440	21,563,196,000	11,487,209,350	1.88

Source: *Processed Data, PT Bukit Asam Tbk Financial Report, 2025*

Based on the financial data of PT Bukit Asam Tbk for the period 2013-2023, it can be seen that the share price fluctuated annually, with the highest share price in 2014 and 2016 at IDR 12,500, and the lowest price in 2023 at IDR 2,440. In 2019, the share price fell by Rp2,660, which was likely due to the Covid-19 pandemic. The share price affects the company's value, which is calculated using *the Price to Book Value (PBV)*. *The Price to Book Value (PBV)* is influenced by the book value per share and the share price. The higher the book value per share and the higher the share price, the greater the PBV value.

## RESEARCH METHODS

This study uses an associative quantitative approach to analyze the relationship between company size and dividend policy on the value of PT Bukit Asam Tbk during the period 2013-2023. Secondary data were obtained from the company's annual financial reports published on the IDX and the official website of PTBA. There are two independent variables, namely Company Size ( $X_1$ ) measured by the natural logarithm of total assets, and Dividend Policy ( $X_2$ ) measured by the Dividend Payout Ratio (DPR), while the dependent variable is Company Value ( $Y$ ) measured by Price to Book Value (PBV). The research population consists of all financial data for the 2013-2023 period, and because the number is limited (11 observations), the sampling technique used is saturated sampling (census). The data collection technique was carried out through a documentary study of financial reports. The data were analyzed using SPSS version 29 software with stages including descriptive statistical tests, classical assumption tests (normality, multicollinearity, heteroscedasticity, and autocorrelation), multiple linear regression analysis, and hypothesis testing (partial t-test and simultaneous F-test) to determine the effect of independent variables on dependent variables.

## RESULTS AND DISCUSSION

Based on the results of hypothesis testing, it can be concluded that both partially and simultaneously, company size and dividend policy do not have a significant effect on the value of PT Bukit Asam Tbk. This is indicated by a significance value greater than alpha 0.05 in all tests. The following table summarizes the results of the hypothesis test:

**Table 1.** Hypothesis Results

Hypothesis	Variable	T-value / F-value	T Table / F Table	Significance	Result
Partial (T-test)	Company Size ( $X_1$ )	-2.015	2.228	0.079	Not significant
	Dividend Policy ( $X_2$ )	0.486	2.228	0.640	No effect
Simultaneous (F-test)	$X_1$ and $X_2$	3.078	5.12	0.102	Not significant

Discussion:

### 1. The Effect of Company Size

Based on Table 1, the T-test results show that the company size variable ( $X_1$ ) has a t-statistic value of  $-2.015 < T_{table} 2.228$  with a probability value (significance) of  $0.079 > 0.05$ . Therefore, it can be concluded that the company size variable has no effect and is not significant on company value ( $Y$ ). These research results are in line with previous research conducted by Indriyani (2017) entitled "The Effect of Company Size and Profitability on Company Value in Food & Beverage Manufacturing Companies Listed on the IDX," which shows that company size does not have a significant effect on company value. These research results contradict the findings of Pratama and Wiksuana (2016), who stated that company size has a positive effect on company value, indicating that the larger the company size, the higher the company value.

## 2. The Impact of Dividend Policy

Based on Figure 4.11, the T-test results show that the Dividend Policy variable (X2) has a t-statistic value of  $0.486 < T_{table} 2.228$  with a probability value of (significance) of  $0.640 > 0.05$ , it can be concluded that the Dividend Policy variable has no effect and is not significant on company value (Y). These research results are in line with previous research conducted by Anita and Yulianto (2016) entitled "The Effect of Managerial Ownership and Dividend Policy on Company Value in Manufacturing Companies Listed on the IDX in 2010-2013," which shows that dividend policy has no effect on company value. These results indicate that the level of dividends distributed to shareholders is not related to the level of company value. The results of this study contradict the findings of Senata (2016), which show that dividend policy has an effect on company value.

## 3. Simultaneous Influence

Based on Table 4.12, the results of the F test based on the  $F_{table}$  value obtained show that  $F_{count} < F_{table}$ , namely  $3.078 < 5.12$  and a sig value of  $0.102 > 0.05$ . Therefore, it can be concluded that the alternative hypothesis ( $H_a$ ) is accepted and the null hypothesis ( $H_0$ ) is rejected, or in other words, Company Size and Dividend Policy have no effect and are not significant on Company Value. These research results are in line with previous research conducted by Anisa et al. (2020), which stated that company size and dividend policy have no significant effect on company value. These research results contradict the findings of Muhammad et al. (2020), which stated that company size and dividend policy have a positive and significant effect on company value.

## CONCLUSION

Based on the results of research at PT Bukit Asam Tbk for the period 2013–2023, it was concluded that both partially and simultaneously, company size and dividend policy were proven to have no significant effect on company value. Partially, company size (with t-count  $2.015 < t\text{-table} 2.228$  and significance  $0.079 > 0.05$ ) and dividend policy (calculated t-value  $0.486 < 2.228$  and significance  $0.640 > 0.05$ ) did not have a direct impact on investor assessment, indicating that investors did not only focus on asset size or dividends, but rather emphasized fundamental aspects such as efficiency, profitability, and the company's growth prospects. Simultaneously, both variables also do not significantly affect company value ( $F\text{-count} 3.078 < F\text{-table} 5.12$  and significance  $0.102 > 0.05$ ), with a coefficient of determination (Adjusted R Square) of 29.4%, indicating that the majority of the variation in company value namely 70.6% is determined by factors outside the scope of this study.

This study has several limitations that may be considered for future research, including the use of variables that still follow previous studies without in-depth exploration, secondary data sources that were only taken from the IDX online financial reports and official company websites without field verification, the scope of analysis that was limited to one company without comparison with competitors in similar sectors to determine its relative position, and a methodological approach that was only quantitative without involving qualitative factors such as marketing strategies, product innovation, or management leadership that also influence company value. Based on these limitations and findings, several suggestions are proposed. For the university, the research results are expected to serve as a reference and comparison for future research. For PT Bukit Asam Tbk, it is recommended to evaluate the efficiency of asset expansion and maintain consistency in dividend policy to build investor confidence. while for future researchers, it is highly recommended to expand the independent variables (such as profitability, leverage, or corporate governance), conduct comparative studies with similar companies, and combine qualitative approaches to obtain a more comprehensive picture of the factors that determine company value.

## ACKNOWLEDGMENT

The author would like to express his deepest gratitude and appreciation to all those who have provided support, guidance, and assistance so that this thesis entitled "The Effect of Company Size and Dividend Policy on Company Value at PT Bukit Asam Tbk for the Period 2013-2023" could be completed successfully. The author would like to express sincere gratitude to Mrs. Esti Suntari, S.H., M.Pd. as the Thesis Advisor who has devoted her time, thoughts, and energy to provide valuable guidance, direction, and motivation during the process of writing this thesis. The author would also like to thank Mrs. Jeni Irnawati, S.E., M.M. and Mr. Hasanudin, S.E., M.M. as the Examining Lecturers who have provided constructive input, suggestions, and corrections to improve this research. Last but not least, the author would like to express gratitude and thanks to his beloved parents who have always provided prayers, moral support, and material support without fail. Finally, the author would like to thank all those who cannot be mentioned one by one, who have contributed directly or indirectly to the writing of this thesis.

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