

The Effect of Company Growth and Net Profit on Dividend Policy in Coal Mining Subsector Companies Listed on the IDX for the 2022-2024 Period

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Abstract

The coal mining subsector in Indonesia experienced fluctuations in financial performance during the 2022–2024 period, which affected company profits and dividend policies. This raises questions regarding the influence of company growth and net income on the Dividend Payout Ratio (DPR). This study aims to analyze the effect of company growth and net income on dividend policy in coal mining subsector companies listed on the Indonesia Stock Exchange during 2022–2024. The research employs a quantitative approach using multiple linear regression analysis. Samples were determined through purposive sampling, with secondary data obtained from annual financial reports. The results show that company growth has a significant effect on dividend policy. Similarly, net income also has a significant effect on dividend policy. This study contributes to corporate finance literature by identifying factors influencing dividend policy and provides insights for investors in evaluating dividend sustainability in the coal sector. The research is limited to the coal subsector during the 2022–2024 period and focuses on two main variables. Future research is suggested to include other variables such as liquidity, leverage, and market conditions.

Keywords: *Company Growth, Net Income, Dividend Policy, Coal Mining*

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INTRODUCTION

The coal industry is a strategic sector that plays a crucial role in the Indonesian economy, contributing significantly to state revenues each year. Currently, 34 coal companies are listed on the Indonesia Stock Exchange (IDX) and are still actively operating. However, this industry faces serious challenges, including fluctuations in the rupiah exchange rate against the US dollar, which impacts revenue, net profit, and the company's ability to pay dividends. Economic instability due to external pressure can disrupt business continuity and reduce the company's capacity to invest and distribute profits. (Khoerunnisa, et al., 2024).

Recent trends have shown a decline in net profits at several coal companies. PT Adaro Energy Indonesia Tbk. recorded a 34.16% profit decline, PT Indo Tambangraya Megah Tbk. saw a 58.3% decline, PT Bukit Asam Tbk. saw a 51.42% decline, and PT Bumi Resources Tbk. saw a 97.92% drop in 2024. Interestingly, despite the significant net profit decline, some companies continued to distribute dividends. This demonstrates the complex dynamics of dividend policy in the coal subsector.

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Based on this description, this study aims to analyze the effect of company growth and net profit on dividend policy, as proxied by the Dividend Payout Ratio (DPR), in coal mining subsector companies listed on the IDX for the 2022–2024 period.

METODOLOGY

This research uses a quantitative approach with a causal-comparative research design. This approach was chosen because it can test the relationship between independent and dependent variables through statistical analysis.

The population in this study was all coal mining subsector companies listed on the Indonesia Stock Exchange (IDX) for the 2022–2024 period, totaling 34 companies. Using a purposive sampling technique, 27 companies were selected as research samples based on the following criteria: (1) the company published a complete financial report for 2022–2024, and (2) the report included data on net profit, assets, and dividends.

The research object focuses on dividend policy, proxied by the Dividend Payout Ratio (DPR) as the dependent variable (Y). The independent variables (X) consist of company growth (X1), measured by total asset growth, and net profit (X2), measured by Net Profit Margin (NPM).

The type of data used is secondary data in the form of annual financial reports obtained from the official IDX website (www.idx.co.id) and related company reports. Additional data was obtained from scientific journals and academic literature to support the theoretical basis of the research.

The data analysis method uses SPSS version 25 software. The analysis stages include classical assumption tests (normality, multicollinearity, autocorrelation, and heteroscedasticity) and multiple linear regression analysis. Hypothesis testing is carried out through partial tests (t-tests) to see the effect of each independent variable on the dependent variable, as well as the coefficient of determination (R^2) to measure the ability of the independent variable to explain the dependent variable. The research hypotheses can be formulated as follows:

- H1: Company growth significantly influences dividend policy in coal mining subsector companies listed on the IDX during the 2022–2024 period.
- H2: Net profit significantly influences dividend policy in coal mining subsector companies listed on the IDX during the 2022–2024 period.

RESULT AND DISCUSSION

The population of this study was all 34 coal mining subsector companies listed on the Indonesia Stock Exchange (IDX) for the 2022–2024 period. Based on purposive sampling criteria, only 27 companies met the criteria, namely publishing complete financial reports containing data on asset growth, net profit, and dividend distribution during the three-year observation period.

The normality test with Kolmogorov-Smirnov produced an Asymp.Sig (2-tailed) value of $0.200 > 0.05$, so the data is normally distributed.

The autocorrelation test showed a Durbin-Watson (DW) value of 1.934, falling within the range $DU < DW < 4 - DU$ ($1.6898 < 1.934 < 2.3102$), indicating no autocorrelation.

The multicollinearity test showed a VIF value of 1.002 (< 10) for the company growth (X1) and net profit (X2) variables, with a tolerance of 0.998 (> 0.1). This demonstrates the absence of multicollinearity.

The heteroscedasticity test using the Glejser method yielded a significance value of 0.053 for the company growth variable (X1) and 0.070 for net profit (X2) (>0.05). Thus, the regression model does not experience heteroscedasticity.

a. Multiple Linear Regression Analysis

The regression equation obtained is:

$$Y = 16.225 + 0.433X_1 + 0.123X_2 + e$$

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Interpretation of the regression equation:

1. The constant of 16.225 indicates that if the company's growth (X1) and net profit (X2) are zero, then the dividend policy (Y) has a base value of 16.225.
2. The company growth regression coefficient (X1) of 0.433 indicates that every one unit increase in X1 will increase DPR by 0.433, assuming other variables are constant.
3. The net profit regression coefficient (X2) of 0.123 indicates that every one unit increase in X2 will increase DPR by 0.123, assuming other variables remain constant.

b. Partial Test (T Test)

1. The company growth variable (X1) obtained a significance value of 0.000 (<0.05) with a calculated t-value of 6.334 > t-table value of 1.664. This indicates that X1 has a significant effect on dividend policy (Y).
2. The net profit variable (X2) obtained a significance value of 0.000 (<0.05) with a calculated t-value of 4.031 > t-table value of 1.664. This indicates that X2 has a significant effect on dividend policy (Y).

c. Coefficient of Determination (R²)

The R² value of 0.409 indicates that the company growth (X1) and net profit (X2) variables are able to explain 40.9% of the variation in dividend policy (DPR). The remaining 59.1% is influenced by other variables outside this research model.

Table 1
Multiple Linear Regression Analysis Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	16.225	772.805		1.859	.067
	Net Profit	.123	.031	.351	4.031	.000
	Growth	.433	.068	.553	6.344	.000

a. Dependent Variable: DPR

Source: Results of SPSS v.25 data processing in 2025

Table 2
Partial Test (T-Test)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	16.225	772.805		1.859	.067
	Net Profit	.123	.031	.351	4.031	.000
	Growth	.433	.068	.553	6.344	.000

a. Dependent Variable: DPR

Source: Results of SPSS v.25 data processing in 2025

Tabel 3
Coefficient of Determination (R²)

Model Summary

Model	R	R Square ^a	Adjusted R Square ^a	Std. Error of the Estimate ^a
1	.640 ^a	.409	.394	6752.239

a. Predictors : (Constant), Growth , Net Profit

Source: Results of SPSS v.25 data processing in 2025

The results of the study indicate that company growth and net profit both significantly influence dividend policy in coal mining subsector companies listed on the Indonesia Stock Exchange (IDX) for the 2022–2024 period. This is demonstrated through partial tests, where both independent variables were found to significantly impact the Dividend Payout Ratio (DPR). The coefficient of determination (R^2) of 0.409 also indicates that 40.9% of the variation in dividend policy can be explained by company growth and net profit, while the remainder is influenced by factors outside this research model.

Empirically, companies with stable asset growth tend to be able to maintain dividend distributions, as seen in GEMS, GTBO, and PSSI, which showed positive growth during the study period. However, high growth does not always guarantee large dividends, as some companies choose to retain profits for expansion. Conversely, companies with low growth can still distribute dividends by utilizing profit reserves or strategies to maintain investor confidence.

On the other hand, net profit has been shown to be a key factor in determining dividend policy. Companies with high profits, such as BYAN, tend to have a greater ability to distribute dividends than companies with low profits, such as SMMT or AIMS. However, high profits do not always translate into high dividends, as the final dividend distribution decision is influenced by internal financial strategies, such as reinvestment needs, debt repayment, or reserve formation.

These findings reinforce the findings of previous studies, including those by Devi et al. (2020), Ginting et al. (2024), and Ramma et al. (2023), which stated that company growth and net profit significantly influence dividend policy. The implication of these research findings is that investors need to consider not only a company's growth rate and net profit, but also its financial strategy and management decisions, as these factors contribute to the sustainability of dividend distribution.

CONCLUSION

This study concludes that company growth plays a significant role in influencing dividend policy in coal mining subsector companies listed on the IDX for the 2022–2024 period. Companies with better asset growth tend to have a greater opportunity to distribute dividends. However, dividend distribution decisions are not solely determined by the company's growth rate but also depend on management strategy, the availability of profit reserves, and expansion financing needs. Therefore, company growth can be an important signal for investors, but it must still be viewed within the context of the company's overall financial strategy.

Furthermore, this study also demonstrates that net profit has a significant influence on dividend policy. Companies with high net profits are generally more able to distribute dividends because profit is the primary basis for calculating profit distribution to shareholders. However, high profits are not always allocated entirely as dividends, as some can be retained for strategic purposes such as business expansion, investment, or debt repayment. Therefore, while a high net profit does increase the likelihood of dividend

distribution, the final decision is still determined by management policy and the needs of business sustainability.

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