

The Effect of Cash Dividends and Revenue Growth on Company Value in PT Indofood Period 2015-2024

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Abstract

This study aims to analyze the effect of cash dividends and revenue growth on the company's value in PT Indofood Tbk during the period 2015–2024. The method used is a descriptive quantitative approach with multiple linear regression analysis using SPSS software version 27. The data used is secondary data obtained from the company's annual financial statements. The results of the classical assumption test showed that the regression model met the criteria of normality, did not occur multicollinearity, and was free from heteroscedasticity, making it suitable for further analysis. However, the results of the t-test show that partially, cash dividends have a significant effect on the company's value with a significance value of $0.002 < 0.05$. Meanwhile, revenue growth did not have a significant effect on the company's value with a significance value of $0.296 > 0.05$. However, the results of the simultaneous F-test showed that cash dividends and revenue growth together had a significant effect on the company's value, with a significance value of $0.007 < 0.05$. A determination coefficient value (Adjusted R^2) of 0.692 indicates that 69.2% of the variation in the company's value can be explained by these two independent variables, while the remaining 30.8% is influenced by factors other than the model. These findings show that cash dividend policy has a stronger influence on the company's value because it is a positive signal to investors regarding the stability and financial prospects of the company, while revenue growth has not had a significant impact on market perception.

Keywords: Cash Dividends, Revenue Growth, Company Value

Introduction

In the modern business era, the value of a company has become one of the key indicators used by investors to assess the company's overall performance and future prospects. A company's value reflects the market's perception of the company's success in managing its resources to generate profits and sustainable growth. A variety of internal and external factors can affect a company's value, including the company's dividend policy and revenue growth.

One of the main determinants that affect a company's value is the company's dividend policy. Cash dividends, as a direct return to shareholders, play an important signal role in the capital markets. According to signaling theory, companies that consistently

pay dividends are considered financially sound and capable of generating stable cash flow. Consistency in such dividend payments can increase investor confidence, attract new investors, and ultimately improve the company's market valuation. Conversely, a decline or deviation in dividend payments can be interpreted as a negative signal, potentially leading to a decline in investor confidence and lower company values.

Another internal factor that can significantly affect a company's value is revenue growth. Sustainable and sustainable revenue growth is an indicator of the company's operational efficiency and market competitiveness. This reflects the company's ability to expand its business activities, penetrate new markets, and adapt to changing consumer demands. High revenue growth often translates into increased profitability and potential for future investments, which positively influences investors' perception of the company's value.

PT Indofood Tbk, as one of the largest and most established food manufacturing companies in Indonesia, is an ideal case for analyzing the interaction between dividend policy, revenue growth, and company value. Indofood's consistent presence in the Indonesian capital market and its diversified business operations make it a significant contributor to the national economy. During the period 2015–2024, Indofood has experienced various financial and market dynamics, including fluctuations in sales growth, dividend distribution, and stock price movements, which provide valuable insights into the relationship between these financial variables.

***Table 1 Cash Share Value, Company Growth, and Company Value
 from PT Indofood Tbk***

PT Indofood Tbk			
Year	Dividen Tunai	Revenue Growth	Company Values
2024	4358671000000,00	0,081062874	0,62
2023	3934360000000,00	0,034110428	0,56
2022	4201345000000,00	0,006005407	0,63
2021	4126638000000,00	0,099423951	0,64
2020	3371943000000,00	0,695831182	0,76
2019	1974386000000,00	-0,003514033	1,28
2018	3484931000000,00	2,053108153	1,31
2017	2734794000000,00	-0,615215082	1,42
2016	1964713000000,00	-0,105160084	1,58
2015	2508522000000,00	0,066850125	1,05

Source: 1 PT. Indofood Tbk

This study aims to examine the effect of cash dividends and revenue growth on the company value of PT Indofood Tbk during the period 2015–2024. By analyzing this relationship, this study seeks to provide empirical evidence on how dividend policies and company performance affect market valuations in the consumer goods sector. The

findings of this study are expected to enrich the existing literature in the field of corporate finance, especially in understanding the determinants of corporate value in developing countries. In addition, the results will offer practical implications for investors in making informed investment decisions, for corporate managers in formulating financial strategies, and for policymakers in developing regulations that promote transparency and investor protection in capital markets.

Formulation of Research Problems

Based on the background presented in the introduction, several research problems can be formulated to guide the direction of this research. Fluctuations in the company's value of PT Indofood Tbk during the 2015–2024 period show the influence of various internal financial factors, especially the distribution of cash dividends and revenue growth. These variables are crucial in understanding how the company's policies and performance are perceived by investors in the capital market.

The formulation of the research problem is as follows:

1. How does the cash dividend policy affect the value of PT Indofood Tbk's company during the 2015–2024 period?
2. How does revenue growth affect the value of PT Indofood Tbk's company during the 2015–2024 period?
3. How will cash dividends and revenue growth simultaneously affect the value of PT Indofood Tbk's company during the 2015–2024 period?

The formulation of this study is intended to identify the extent to which financial decisions and business growth indicators contribute to a company's market valuation, providing a comprehensive view of how internal performance variables interact in determining the value of the company.

Research Objectives

In line with the research problems formulated above, the main purpose of this study is to study and analyze the influence of cash dividends and revenue growth on the company's value of PT Indofood Tbk during the period 2015–2024.

The specific objectives of this study are as follows:

1. Analyzing the effect of cash dividend policy on the company's value of PT Indofood Tbk during the period 2015–2024.
2. Examining the effect of revenue growth on the company's value in PT Indofood Tbk during the period 2015–2024.
3. Determine the simultaneous effect of cash dividends and revenue growth on the value of PT Indofood Tbk's company during the period 2015–2024.

Through these objectives, this study aims to provide empirical evidence that strengthens understanding of how dividend policies and business performance affect a company's valuation. The results are expected to offer theoretical and practical

contributions theoretically, by enriching the academic literature on corporate finance, and practically, by becoming a reference for investors, financial managers, and policymakers in decision-making related to financial strategies and investment evaluation.

Theoretical Framework

According to corporate financial theory, a company's value represents the overall market perception of the company's future profitability and risk. Dividend policy and revenue growth are two key factors that can affect a company's value. Dividend policy refers to the company's decision regarding the proportion of profits to be distributed as cash dividends to shareholders. Based on signaling theory, dividends serve as a credible signal of management's confidence in future income stability. Companies that consistently pay dividends tend to be perceived as less risky and more profitable, which can lead to higher company values. Similarly, theories (Lintner, 1956; Gordon, 1959) shows that investors prefer certain dividends to uncertain future capital gains, thereby increasing the value of the company through stable dividend payments.

Revenue growth reflects the company's ability to expand operations and generate higher revenue over time. High and consistent revenue growth indicates strong market demand, managerial efficiency, and competitiveness, all of which contribute to increased investor confidence. According to growth theory, companies with higher sales growth are expected to have better future cash flow, leading to higher company value. However, the effect of revenue growth on a company's value depends on profitability and capital structure. If sales growth is not followed by efficient cost management, it may not significantly increase the value of the company.

Several studies in Indonesia, especially in the food and beverage sector, have shown that sales or revenue growth has a positive and significant effect on company value (Fajriah, 2022; Wijaya, 2019). These findings support the idea that investors respond positively to revenue growth as an indicator of business sustainability.

Empirical evidence from the Indonesian study supports the theoretical relationship between dividend policy, revenue growth, and company value.

Anindya (2023) researched manufacturing companies listed on the Indonesia Stock Exchange and found that dividend policies have a significant positive impact on company value, especially when profitability and liquidity are controlled.

Similarly, Fajriah (2022) revealed that sales growth contributes positively to the company's value in food and beverage companies.

A case study conducted on PT Indofood CBP Sukses Makmur Tbk by researchers from Garuda and the Indonesian Muslim University (2023) shows that profitability and dividend distribution significantly affect the company's value.

However, most previous research has tended to focus on dividend policies or income growth separately and limited in time frames (typically less than five years).

Although extensive research has been conducted on dividend policy and corporate value, limited research examined the combined effects of cash dividends and revenue growth in a single model especially for a single large-scale company such as PT Indofood Tbk. Previous studies also tended to focus on shorter time periods, whereas analyzing 2015–2024 allowed observations across multiple economic cycles, including pre- and post-COVID-19 conditions. Therefore, this study aims to fill the gap by investigating how cash dividends and revenue growth together affect the company's value in PT Indofood Tbk over a ten-year period.

Based on the theoretical review and empirical evidence above, the hypothesis for this study is formulated as follows:

1. H1: Cash dividends have a positive and significant effect on the company's value of PT Indofood Tbk during the period 2015–2024.
2. H2: Revenue growth has a positive and significant effect on the company's value of PT Indofood Tbk during the period 2015–2024.
3. H3: Cash dividends and revenue growth simultaneously have a positive and significant effect on the company's value of PT Indofood Tbk during the 2015–2024 period.

Method

The research methodology in this study uses a quantitative approach with descriptive and associative methods. The quantitative approach was chosen because all the data used are in the form of numbers, obtained from the annual financial statements of PT Indofood Tbk for the period 2015 to 2024. Descriptive research aims to provide a systematic overview of the company's condition during the period. Meanwhile, an associative approach is used to analyze the relationship between independent variables, namely Cash Dividend and Revenue Growth, and the Company Value variable. The data source used in this study is secondary data, obtained indirectly from other people, in the form of reports accessed from the official website of the Indonesia Stock Exchange (<https://www.idx.co.id>) and the official website of the company (<https://www.indofoodcbp.com>). The main tools used in data processing and analysis are Microsoft Excel and SPSS software version 27.

At the data analysis stage, several techniques were used, starting from the Multicollinearity Test, which were carried out to find out whether there was a high relationship or correlation between independent variables in the regression model. The Normality Test is used to test whether the residual data in the regression model is distributed normally. The Heteroscedasticity test is used to determine whether there is residual variance in various predictor values in a regression model. The F test (Simultaneous Test) is used to test the effect of all independent variables together on the dependent variables. The T test (Partial Test) is used to determine the extent of the influence of each independent variable individually on the dependent variable. Multiple Linear Regression tests are also performed to determine the effect of more

than one independent variable on dependent variables. Finally, the Determination Coefficient (R^2) test was performed to measure the extent to which the regression model was able to explain the variation of dependent variables.

Result

Classic Assumption Test

In this study, we conducted an analysis of PT. Indofood Tbk with a focus on the application of the Classical Assumption Test to ensure the regression model used. The tests carried out include:

Table 2. Multicollinearity Test

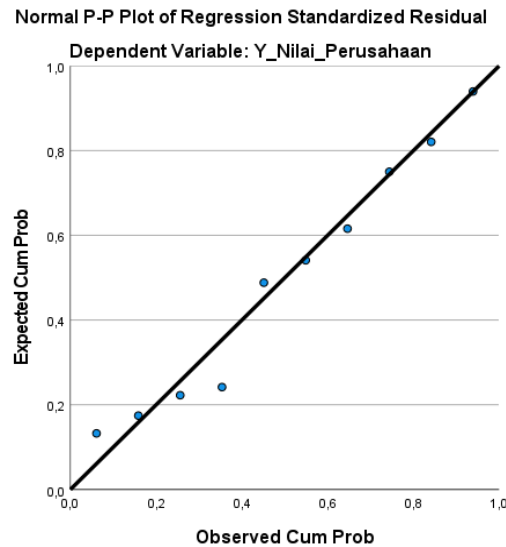
Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2,186	,266		8,222	<,001		
	X1_Dividend_Tunai	-3,760	,000	-,888	-4,712	,002	,962	1,040
	X2_Pertumbuhan_Pendapatan	,116	,102	,213	1,128	,296	,962	1,040

a. Dependent Variable: Y_Nilai_Perusahaan

1. Tes Multicollineartiy

From the results of the Multicollinearity Test in Table 1, it can be seen that:

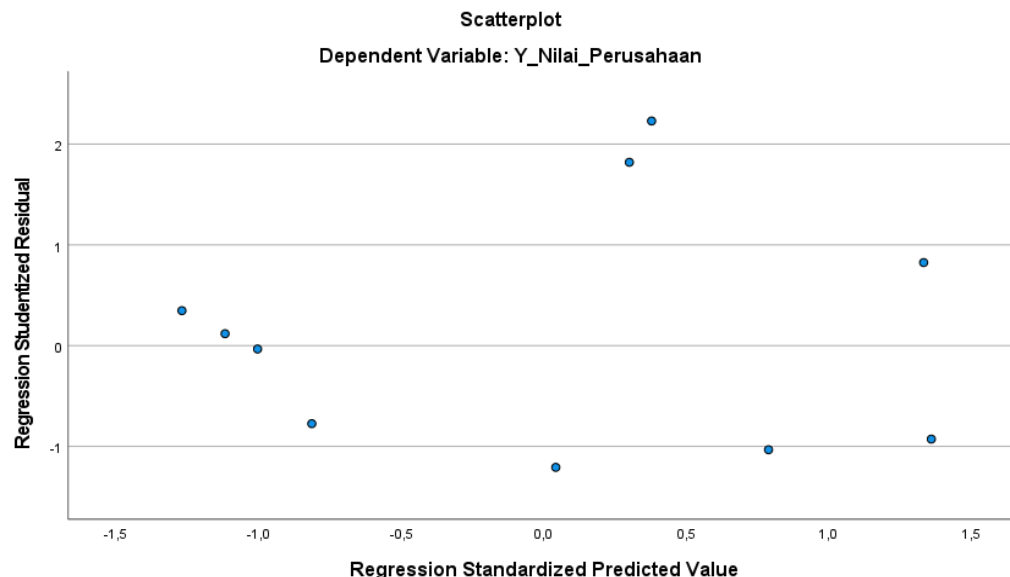
- The Cash Dividend variable has a Tolerance value (0.962) greater than (>0.100) and a VIF (1.040) that is less than (<10.00), so it can be concluded that multicollinearity does not occur.
- The Income Growth variable has a Tolerance value (0.962) greater than (>0.100) and VIF (1.040) less than (<10.00), so it can be concluded that the assumption of multicollinearity indicates that multicollinearity does not occur.



Picture 1. Plot PP

2. Normality Test

From the P-P Plot of Figure 1, it can be seen that the distribution of the data spreads out and follows the diagonal line, leading to the conclusion that the data is distributed normally, since the distribution of data or points follows and spreads around the diagonal line between Zero and the intersection of the Y axis (Expected Prob) with the X axis (Observed Prob). It can be concluded that the regression model in this study meets the assumption of normality.



Picture 2. Scatter plots

3. Heteroskedasticity Test

From the results of the Scatterplot in Figure 2, it can be seen that the dots are randomly scattered and scattered both above and below the zero point on the

Y-axis (Studentized Residual Regression), are not grouped and do not occupy one place, and do not show a specific pattern. It can be concluded that there is no heteroscedasticity in the regression model, so the regression model is valid and can be used to see the influence of independent variables on the dependent variables of the study.

Uji Hypothesis

Table 3. T-test

Coefficients ^a							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1							
(Constant)	2,186	,266		8,222	<,001		
X1_Dividenden_Tunai	-3,760	,000	-,888	-4,712	,002	,962	1,040
X2_Pertumbuhan_Pendapatan	,116	,102	,213	1,128	,296	,962	1,040

a. Dependent Variable: Y_Nilai_Perusahaan

1. T-test

Table 3 shows that the effect of cash dividends and revenue growth on the value of the company is as follows:

- Hypothesis testing on cash dividend variables on company value. From the results of the hypothesis test (t-test) that has been carried out, a significance value of (0.002) was obtained. Since the significance value is $0.002 < 0.05$, this means that hypothesis one is accepted because there is a partial influence between the Cash Dividend variable and the Revenue Growth variable.
- Hypothesis testing on the variable Revenue Growth on Company Value. From the results of the hypothesis test (t-test) conducted for the second variable, a significance value (0.296) was obtained. The significance value ($0.296 > 0.005$) means that the second hypothesis is rejected because it shows that there is no significant influence of the Revenue Growth variable on the Company Value in PT Indofood Tbk.

Table 4. F-Test.

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1,027	2	,513	11,122	,007 ^b
	Residual	,323	7	,046		
	Total	1,350	9			

a. Dependent Variable: Y_Nilai_Perusahaan

b. Predictors: (Constant), X2_Pertumbuhan_Pendapatan, X1_Dividenden_Tunai

2. F-Test.

From the results in table 4 It shows that the calculated value of F is (11.122) with a significance value (0.007), which means that the significance value (0.007 < 0.05). Therefore, it can be concluded that the variables of Cash Dividend (X1) and Revenue Growth (X2) have a simultaneous effect (together) on the variable of Company Value (Y) in PT. Indofood Tbk.

Table 5. Return Linier Ganda

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2,186	,266		8,222	<,001		
	X1_Dividen_Tunai	-3,760	,000	-,888	-4,712	,002	,962	1,040
	X2_Pertumbuhan_Pendapatan	,116	,102	,213	1,128	,296	,962	1,040

a. Dependent Variable: Y_Nilai_Perusahaan

Return Linier Ganda

The results of the regression equation test can be explained as follows:

Company Value (Y): 2.186 – 3.760 (Cash Dividend) + 0.116 (Revenue Growth)

Based on the regression results, it can be explained as follows:

- The constant value obtained is (2.186), which means that if the variables of cash dividend (X1) and revenue growth (X2) have a constant value of 0, then the value of the company is (2.186).
- The regression coefficient of Cash Dividend (X1) is (-3.760), indicating a negative or inverse relationship between Cash Dividend and Company Value. A negative sign indicates that the Cash Dividend has a non-directional effect on the Company's Value. In other words, if the value of the Cash Dividend variable is one unit, the Company Value variable will decrease by (-3.760), assuming that the other variables in this study are zero or constant.
- The regression coefficient for revenue growth (X2) is (0.116), indicating a positive (direct) relationship between revenue growth and company value.

Table 6. Determination Coefficient (R^2)

Model Summary^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,872 ^a	,761	,692	,21482	1,365

a. Predictors: (Constant), X2_Pertumbuhan_Pendapatan, X1_Dividen_Tunai

b. Dependent Variable: Y_Nilai_Perusahaan

Termination Test Coefficient (R^2)

From Table 6 above, it can be seen that the determination coefficient located in the Adjusted R Square column is (0.692). This shows that the dependent variable, in this case the Company Value, is influenced by the independent variable consisting of the Dividend Value and Company Growth of (69.2%). A positive value close to 1 on the Adjusted R Square indicates that the model used is able to explain the data variation well.

In other words, 69.2% of the variation in Company Value can be explained by Dividend Value and Earnings Growth, while the remaining 30.8% is influenced by other factors that are not included in this model.

Discussion

This study aims to analyze the effect of cash dividends and revenue growth on the company's value in PT Indofood Tbk during the period 2015–2024. By applying quantitative methods and multiple linear regression analysis, which was processed using SPSS software version 27.

From the results of the normality test, the P-P Plot diagram shows that the residue points are scattered around the diagonal line and form a pattern that resembles a straight line. This shows that the data in the regression model is normally distributed. The multicollinearity test was performed to see the relationship between independent variables, where the tolerance value for the cash dividend and income growth variables of 0.962 was greater than 0.10 and the VIF value of 1.040 was less than 10.00, so that it can be concluded that there is no multicollinearity in the regression model.

The heteroscedasticity test showed that the data points were randomly scattered above and below the horizontal line without forming a specific pattern, indicating that the regression model was free of heteroscedasticity. Furthermore, the autocorrelation test with the Durbin-Watson method yielded a value of 1.921 that was between the upper limit (d_U) and $4-d_U$, so it can be concluded that there is no autocorrelation in this regression model. Thus, the entire classical assumption is fulfilled and the model can be used for further analysis.

Partial T-test, the cash dividend variable has a significance value of 0.002 which is smaller than 0.05, thus having a significant effect on the value perusahaan. ini shows that the distribution of cash dividends is a positive signal for investors to the company's financial stability and future profit prospects, which ultimately increases the company's value. On the other hand, the revenue growth variable has a significance value of 0.296 which is greater than 0.05, so it does not have a significant effect on the company's value. This suggests that Indofood's increased revenue during the research period did not directly affect the company's value, likely because the growth has not been fully followed by increased efficiency and profitability.

The simultaneous F-test showed that the two independent variables, namely cash dividends and revenue growth, together had a significant effect on the value of the company with a significance value of 0.007 which was smaller than 0.05. The value of the determination coefficient (Adjusted R^2) of 0.692 indicates that 69.2% of the variation in the company's value can be explained by these two variables, while the rest is influenced by other factors such as profitability, capital structure, and macroeconomic conditions.

Conclusion

Based on the results of the study on the effect of cash dividends and revenue growth on the company value of PT Indofood Tbk for the period 2015–2024, it can be concluded that the test results have met all classical assumptions, so that the regression model is suitable for use in statistical analysis. The results of the t-test showed that partially the cash dividend variable had a significant effect on the

company's value with a significance value of $0.002 < 0.05$, while revenue growth had no significant effect on the company's value with a significance value of $0.296 > 0.05$. The results of the simultaneous F test showed that the two independent variables together had a significant effect on the company's value with a significance value of $0.007 < 0.05$.

A determination coefficient value (Adjusted R^2) of 0.692 indicates that 69.2% of the variation in the company's value can be explained by cash dividends and revenue growth, while the remaining 30.8% is influenced by other factors outside the model. These findings show that dividend policy has a more dominant influence on company value, while revenue growth has not had a significant influence.

This research contributes to enriching the literature on corporate finance, especially in the food and beverage industry sector. The limitation of this study lies in the amount of data that is limited to just one company for ten years. Therefore, further research is expected to add other variables such as profitability, capital structure, or investment policy, as well as expand the research object so that the results can be generalized more widely.

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