

Investment Decisions, Financing Decisions, Dividend Policy, And Firm Value: Evidence From Pt Telekomunikasi Indonesia Tbk, 2016–2025

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Abstract

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This study examines the relationships between investment decisions (proxied by the price-to-earnings ratio, PER), financing decisions (debt-to-equity ratio, DER), dividend policy (dividend payout ratio, DPR), and firm value (Tobin's Q) at PT Telekomunikasi Indonesia (Persero) Tbk during 2016–2025. The study uses a quantitative, single-firm longitudinal design and ten annual observations drawn from the financial and market indicators reported in the source manuscript. Ordinary least squares regression is proposed to examine partial associations and joint model fit. The source coefficient table reports non-significant partial associations for PER ($p = .303$), DER ($p = .610$), and DPR ($p = .110$). However, the source ANOVA table is internally inconsistent: its reported sums of squares and degrees of freedom do not reproduce its F statistic, and the reported significance values disagree. Accordingly, no defensible conclusion about the joint model significance can be stated pending verification against the original statistical output. The descriptive series shows a decline in Tobin's Q from 2.226 in 2017 to 1.281 in 2025, alongside variation in the three financial indicators. These findings are exploratory given the ten-observation sample and overlapping market-based measures.

Keywords:

investment decisions; financing decisions; dividend policy; Tobin's Q; telecommunications;

INTRODUCTION

Telecommunications firms face capital-allocation choices as broadband infrastructure, digital services, and network upgrades require continuing investment. These choices involve not only investment spending but also the financing mix and the distribution of earnings to shareholders. Their relationship with market valuation is of particular interest for PT Telekomunikasi Indonesia (Persero) Tbk, a listed telecommunications company operating in Indonesia.

The source series for 2016–2025 shows that Tobin’s Q varied from 2.226 in 2017 to 1.281 in 2025. The reported DPR reached 0.895 in 2025. This coincidence is descriptive: it does not establish that dividend payments caused the change in valuation. Likewise, PER reflects a market price relative to earnings rather than investment expenditure itself. These measurement distinctions matter when interpreting any regression coefficients.

Prior work cited in the original manuscript reports differing associations between financial policies and firm value (e.g., Myers & Majluf, 1984; Bhattacharya, 1979; Connelly et al., 2011). The present article provides a focused description and exploratory statistical assessment of the three indicators in one telecommunications company. It asks whether PER, DER, and DPR are individually associated with Tobin’s Q and whether the specified regression model provides evidence of joint explanatory power. Given the small sample, the analysis is not presented as a causal test.

LITERATURE REVIEW AND HYPOTHESES

Financial decisions and valuation

Signaling theory explains how observable corporate actions may convey information to investors when managers possess information not available to outsiders (Spence, 1973; Connelly et al., 2011). Dividend announcements may convey information about expected cash flows (Bhattacharya, 1979). Pecking-order theory emphasizes financing preferences under asymmetric information, with internal funds generally preferred to external finance (Myers & Majluf, 1984). Neither framework implies that the valuation association of a particular accounting ratio must be positive in every period.

PER is a valuation multiple and is used here only as an indirect proxy for investment-related market expectations; it is not a direct measure of capital expenditure or investment decisions. DER measures book leverage, while DPR measures the share of earnings distributed as dividends. Tobin’s Q is operationalized using the approximation specified in the source, which differs from a direct estimate of replacement cost.

Operational definitions and hypotheses

Construct	Source operationalization	Interpretive caution
Firm value (Y)	(Market value of equity + book liabilities) / total assets	Approximation of Tobin’s Q
PER (X1)	Stock price / earnings per share	Market valuation proxy, not direct capital expenditure
DER (X2)	Total liabilities / total equity	Book leverage proxy

DPR (X3)	Cash dividends / net income	Recorded as proportions (e.g., 0.895 = 89.5%)
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H1: PER is associated with Tobin's Q. H2: DER is associated with Tobin's Q. H3: DPR is associated with Tobin's Q. H4: The three predictors jointly explain variation in Tobin's Q within the specified model. These are nondirectional hypotheses because the original theoretical discussion permits competing mechanisms.

METHOD

This exploratory quantitative study examines annual observations for PT Telekomunikasi Indonesia (Persero) Tbk from 2016 to 2025 (N = 10). The financial and market indicators are transcribed from the supplied manuscript, which identifies company disclosures and Indonesia Stock Exchange materials as its data sources. The underlying financial statements and original SPSS file were not supplied for independent validation. The observational unit is the company-year; the results cannot be generalized to all telecommunications firms.

The specified ordinary least squares model is $Tobin's Q_t = \alpha + \beta_1 PER_t + \beta_2 DER_t + \beta_3 DPR_t + \epsilon_t$. Partial coefficient tests and an overall F test were described in the source. The original manuscript also reports a normality test, VIF values, scatterplot inspection, Durbin–Watson, and a runs test. Diagnostic statements are reported only as claims from the original manuscript where underlying output is unavailable. With three predictors and ten observations, the residual degrees of freedom are six, making estimates and conventional significance tests sensitive to individual years and model assumptions.

PER and Tobin's Q both incorporate share-market prices. Their statistical association may therefore partly reflect mechanical overlap, rather than a distinct effect of investment policy. No temporal controls, lagged terms, or external macroeconomic covariates are included in the source model.

RESULTS AND DISCUSSION

Annual financial indicators

Year	PER	DER	DPR	Tobin's Q
2016	13.5153	0.7018	0.0658	2.1950
2017	13.5108	0.7701	0.4938	2.2260
2018	14.0998	0.7578	0.4010	1.8450
2019	16.1561	0.8866	0.5531	2.0150
2020	13.5041	1.0427	0.5630	1.6170
2021	12.4017	0.9064	0.4376	1.5190
2022	17.3574	0.8437	0.5998	1.7460
2023	13.8407	0.8334	0.5490	1.5530
2024	13.6624	0.8443	0.5752	1.4020
2025	15.0658	0.9115	0.8950	1.2810

Source: Table 1 of the supplied manuscript; values have not been independently verified. DPR is presented as a proportion.

Tobin's Q was highest in 2017 (2.2260) and lowest in 2025 (1.2810). PER and DER fluctuated rather than following a uniform trend. DPR reached 0.8950 in 2025. The descriptive co-movement of DPR and Tobin's Q does not establish a dividend-driven valuation effect.

Reported regression coefficients

Predictor	B	SE	t	p
Constant	1.780	1.340	1.328	.232
PER	0.073	0.065	1.126	.303
DER	−0.622	1.156	−0.538	.610
DPR	−1.095	0.584	−1.875	.110

Source: original manuscript, Table 4. Values reproduced without re-estimation. The coefficient-to-t ratios agree approximately, allowing for rounding. At $\alpha = .05$, none of the three partial tests is statistically significant according to this table. The conflicting p-values in the source's accompanying prose (.399, .125, and .225) are not retained as verified results.

The source's reported regression equation is $\text{Tobin's } Q = 1.780 + 0.073 \text{ PER} - 0.622 \text{ DER} - 1.095 \text{ DPR}$. These coefficients describe conditional associations in the reported specification; they do not identify causal effects.

Model fit and unresolved ANOVA discrepancy

Source entry	Reported value	Editorial assessment
Regression SS / df	0.565 / 3	Mean square ≈ 0.1883
Residual SS / df	0.390 / 6	Mean square = 0.0650
Reported F	4.896	Not reproducible from the displayed sums of squares
Reported F p-value	0.024 (table); 0.048 (text)	Conflicting values; neither independently verified
R^2 / adjusted R^2	0.591 / 0.387	Approximately compatible with $N = 10$ and 3 predictors
Reported R	0.769	Approximately compatible with $R^2 = 0.591$

The displayed sums of squares imply $F \approx (0.565/3)/(0.390/6) = 2.897$, not 4.896. Thus, the original claim of a statistically significant simultaneous effect cannot be retained without the original ANOVA output or a reproducible reanalysis. The original table also implies an explained proportion of approximately 59.1%, not the conflicting 68.7% and 40.9% claims elsewhere in the text. The numerical consistency check does not substitute for re-estimation.

The source reports tolerance/VIF pairs of .783/1.277 (PER), .589/1.698 (DER), and .499/2.003 (DPR). It also reports a Kolmogorov–Smirnov p-value of .200, Durbin–Watson of 1.842, and runs-test p-value of .688. These diagnostics require confirmation from the original output, especially with only ten observations. Visual scatterplot descriptions alone do not establish homoscedasticity.

The reported coefficient table provides no statistically significant partial association for PER, DER, or DPR at the five-percent threshold. This should be described as insufficient evidence of a partial association in the specified small-sample model, rather than proof that investment, financing, or dividend decisions are irrelevant to firm value. The findings are compatible with the possibility that valuation reflects a wider set of factors not modeled here.

The PER result requires particular caution: the ratio uses share price in its numerator, while the Tobin's Q approximation also includes market capitalization. PER cannot be treated as a direct indicator of capital expenditure. The DER coefficient is negative in the source table, but its wide uncertainty and non-significance preclude a strong claim about the valuation consequences of leverage. The DPR coefficient is likewise negative and non-significant. The 2025 combination of a high payout ratio and a lower Tobin's Q is an observation, not evidence of investor motives or a dividend-induced loss of investment capacity.

Signaling and pecking-order perspectives provide interpretive possibilities rather than empirically demonstrated mechanisms in this dataset. To test whether dividend announcements, financing changes, or capital expenditures transmit valuation signals, subsequent research would require direct decision measures, event timing, richer company-level information, and a larger sample. The original manuscript's assertion of a jointly significant model must remain unresolved until the inconsistent ANOVA results are checked.

CONCLUSION

The supplied annual series documents variation in PER, DER, DPR, and Tobin's Q at PT Telekomunikasi Indonesia (Persero) Tbk during 2016–2025. In the reported coefficient table, no predictor has a statistically significant partial association with Tobin's Q at $\alpha = .05$. The joint significance of the model cannot be established from the internally inconsistent ANOVA table. Accordingly, the article offers a descriptive and exploratory account rather than a confirmed causal or jointly significant explanation of firm value. The analysis is limited to one company and ten annual observations, uses PER as an indirect market-based proxy for investment decisions, and omits macroeconomic and industry factors. Future studies should verify source financial ratios, use direct investment indicators, expand the firm-year sample, and apply appropriate longitudinal diagnostics.

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