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The Effect of Dividend Pershare on Stock Prices at State-Owned Banks

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Abstract– ***The purpose of this study was to determine empirical evidence about the effect of dividend per share on stock prices. The data used in the study is based on State-Owned Banks listed on the Indonesia Stock Exchange in the 2019-2024 period. The data analysis technique uses multiple regression analysis. Sampling was carried out using purposive sampling method which then obtained 5 sample companies. The analysis technique used in this research is Statistical Package for the Social Sciences (SPSS). The results in this study indicate that dividend per share shows a significant positive effect on stock prices. So the greater the dividend distributed to shareholders, the greater the effect on the share price. Dividend payments often depend on the company's share price. However, dividend payments are one of the most challenging topics in modern financial economics. Years of research have not been able to resolve it. Research on dividend payments has shown that, not only the general theory of dividend payments remains elusive, but also corporate dividend practices vary over time between companies and between countries.***
Keywords: dividend per share, stock price, state-owned banks.

I. INTRODUCTION

The banking industry is one of the factors in the success of the Indonesian economy. The banking industry is a source of financing for the domestic industry. This is in accordance with the theory put forward by [1] which states that banks are financial institutions and their main function is to raise funds from the public and provide services in the form of bank services.

In a country's economy, the banking industry plays a very important role in the lives of people today, most of whom have depended on the services of the banking industry. Likewise, the Indonesian stock exchange, in the Indonesia Stock Exchange (IDX) there is one group of stocks that need to be considered in the group of state-owned companies or issuers of State-Owned Enterprises (BUMN) [2]. Investors' decisions in the capital market depend on assessing the health of a company. Many investors are interested in investing their capital in the banking industry [3]. However, the share prices of banking companies often rise and fall.

The history of the stock market shows that stock prices are not always stable. Price fluctuations are influenced by a variety of factors, ranging from company financial performance, macroeconomic conditions (such as inflation, interest rates, and economic growth), market sentiment (investor optimism or pessimism), to geopolitical events and government regulations [4]. Global economic crises, such as the Asian financial crisis of 1997-1998 and the subprime crisis of 2008, have shown how volatile stock prices can be and how it can have a significant impact on the global economy.

Stock prices are at the core of the capital market and can reflect the intrinsic value of a company traded on the stock exchange. The background to stock prices stems from the basic economic concept of supply and demand for companies. According to the Indonesian Stock Exchange (IDX) a company issues shares that are used to raise capital, and investors buy the shares with the aim of earning future profits through dividends or an increase in the value of the shares (capital gains) [5]. The interaction between supply (the number of shares available) and demand (investors' interest in buying shares) determines the price of shares at any point in time. Understanding the background of stock prices is very important for investors, both individuals and institutions [6]. The ability to analyze the factors that affect stock prices and predict their movements is key to making good investment decisions and minimizing risks [7]. However, keep in mind that the stock market remains full of uncertainties, and there is no guarantee of profits.

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State-Owned Banks (BUMN) are a form of state business whose capital is wholly or partly owned by the state or government and is separate from state assets. State-Owned Banks (SOEs) have morcer financial reports of a number of State-Owned Issuers (SOEs) throughout 2021, which also spread to the performance of their share prices, which are dominated by State-Owned Issuers (SOEs) successfully soaring above the performance of the Composite Stock Price Index (CSPI) and the State-Owned Joint Stock Price Index (IDXBUMN20) since the beginning of the year (ytd) so that data from the Indonesia Stock Exchange (IDX) Composite Stock Price Index (CSPI) has missed 8.31% ytd. Meanwhile, the State-Owned Enterprises Composite Stock Price Index (IDXBUMN20) surged 10.25% throughout 2022 source IDX (2023) [8].

While dividend payouts are often contingent upon a company's share price, the subject remains one of the most challenging and unresolved issues in contemporary financial economics, despite years of extensive research. Studies reveal not only a persistent lack of a comprehensive theory of dividend payments, but also significant temporal and geographical variations in corporate dividend practices. According [9] propose agency theory as a potential framework for addressing organizational leadership, dividend payout, and employee job satisfaction challenges.

According [10] highlight the importance of dividend payments, particularly within the context of globalization, which has fostered greater access to investment opportunities offering strong returns and consistent dividend streams. of company performance, attracting investors and influencing share prices. In a dynamic capital market, management teams unable to generate sufficient profits may be unable to distribute dividends. Consequently, to ensure adequate profitability, companies have implemented various strategies, including robust corporate governance structures, cost reduction measures, strengthened internal controls, market share expansion, and the cultivation of positive industrial relations.

Dividend policy refers to a company's decision on how much of its net income to distribute to shareholders as dividends. According to [11], this policy affects shareholder confidence and the value of the company's shares. Appropriate dividend payments not only reflect the company's performance, but also relate to the company's strategy in dealing with agency conflicts.

Previous research stating that dividend pershare has an effect on stock prices was raised by [12], [13], [14]. Meanwhile, according to [15]expressed a different opinion, they argued that dividend had no effect on stock prices. Because of the differences in opinion from several previous studies, this research is interesting to do.

II. LITERATURE REVIEW

Stable dividends and the company's ability to increase the ratio will convince investors that management is announcing positive changes in the company's expected profits. Management and the board of directors must signal and fully convince that financial conditions are better than those reflected in stock prices. According to [16] dividend per share is a ratio that measures how much dividends are distributed compared to the number of shares outstanding in a given year. To calculate Dividend Per Share (DPS) can use the formula:

$$DPS = \frac{Total\ Dividends\ distributed}{Number\ of\ shares\ outstanding}$$

According to [17] market price is the real market price, and is the easiest price to determine because it is the share price in the ongoing market, or if the market is closed, the market price is the closing price.

III. RESEARCH METHODS

This research uses secondary data. Secondary data is data collected by data collection agencies and published using publicly available data. The secondary data used in this study comes from annual reports published by state-owned banks listed on the Indonesian stock exchange for the 2019-2024 period.

This study aims to test whether there is an influence between Dividend per share variables on stock price variables. There are 5 banks included in the category of state-owned banks listed on the Indonesia Stock Exchange, namely Bank Mandiri, Bank BNI, Bank BRI, Bank BTN and Bank BSI.

This study employs a quantitative approach with an explanatory design. A purposive sampling technique was used to select data for time series analysis, utilizing secondary data sources. Statistical

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analysis involved simple linear regression, preceded by a classical assumption test.

IV. RESULT AND DISCUSSION

This study uses dividends per share and stock prices as key variables. Further analysis will utilize data that has been carefully collected and processed to explain, illustrate, and empirically test the relationship between these variables.

Table 1. Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Harga Saham	30	330.00	9925.00	4198.8333	2589.11571
Dividend PerShare	30	.00	6.83	1.4643	1.97890
Valid N (listwise)	30				

Source: Processed Secondary Data 2025

Dividend per share shows a range of values between 330 (minimum) and 9925 (maximum), with an average of 4198.83 and a standard deviation of 1.4696. The comparison of the average and standard deviation (4198.83 > 1.47) indicates the distribution of data concentrated around the average, although the wide range of values indicates significant variation. The classical assumption tests used in supporting this research include the normality test.

Table 2. Normality Test - Kolmogorov-Smirnov

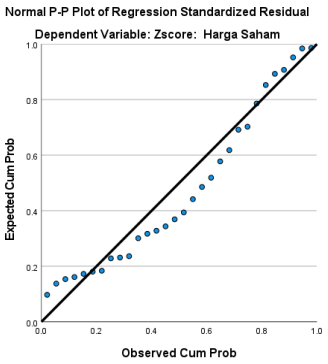
One-Sample Kolmogorov-Smirnov Test

			Unstandardized Residual
N			30
Normal Parameters[a,b]	Mean		.0000000
	Std. Deviation		.93927275
Most Extreme Differences	Absolute		.141
	Positive		.141
	Negative		-.100
Test Statistic			.141
Asymp. Sig. (2-tailed)[c]			.130
Monte Carlo Sig. (2-tailed)[d]	Sig.		.127
	99% Confidence Interval	Lower Bound	.119
		Upper Bound	.136

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 2000000

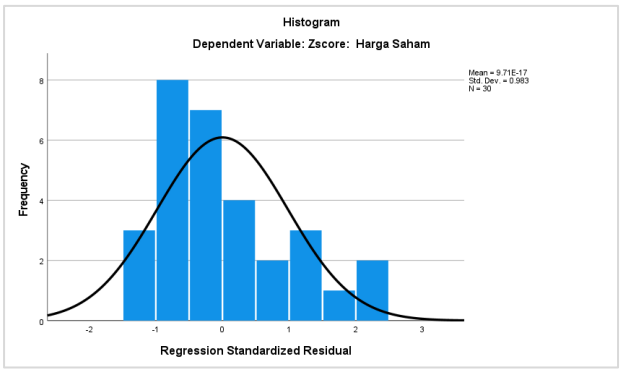
Source: Processed Secondary Data 2025

Based on the Kolmogorov-Smirnov test results, a p-value of 0.127 was obtained, which indicates that there is not strong enough empirical evidence to reject the null hypothesis that the data is normally distributed, given that the p-value is greater than the predetermined significance level of α = 0.05.



Source: Processed Secondary Data 2025
Figure 1. P Plot Normality Test

Observations on the P Plot (Figure 1) show the spread of data points relatively close to the diagonal line. This indicates that the residual distribution of the regression model is close to normal distribution.



Source: Processed Secondary Data 2025
Figure 2. Histogram - Normality Test

The linearity test can be done by looking at the scatter diagram. If the data points form a certain pattern, the relationship is not linear; if the points are randomly scattered, the relationship is linear. The results of the analysis using SPSS 27.0 show :

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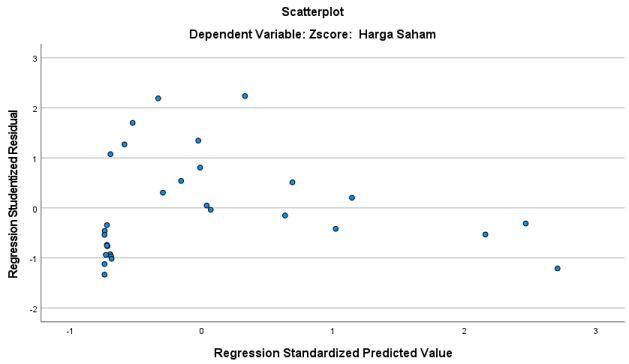

Source: Processed Secondary Data 2025
Figure 3. Scatterplot - Linearity Test

Table 3. Mackinnon-White Davidson (MWD) analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	-2.923			.000	1.000		
	Zscore: Dividend PerShare	.343	.178	.343	1.933	.043	1.000	1.000

a. Dependent Variable: Zscore: Harga Saham

Source: Processed Secondary Data 2025

The scatterplot graph shows linearity is met as the plot of standardized residuals against standardized predicted values is randomly scattered. The Mackinnon-White-Davidson (MDW) test results also support this conclusion, with a significance value of Z1 > 0.05 indicating the linearity of the data. The following are the results of simple linear regression analysis using SPSS 27.0:

Table 4. Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	-2.923			.000	1.000		
	Zscore: Dividend PerShare	.343	.178	.343	1.933	.043	1.000	1.000

a. Dependent Variable: Zscore: Harga Saham

Source: Processed Secondary Data 2025

Based on the calculation results in the coefficients table above, it can be arranged in the form of a regression model as follows:

Y = -2.923 + 0.343X
Where:
Y = dividend per share
X = Share Price

The regression analysis shows that when dividend per share (X) is zero, the stock price (Y) is estimated at -2.923. The constant of -1.867 represents the cut-off point, while the coefficient of dividend per share of 0.343 indicates a positive relationship between the two; each one-unit increase in dividend per share is predicted to increase stock price by 0.343 units, assuming other independent variables are constant. Conversely, a one-unit decrease in dividend per share will decrease stock price by 0.343 units. Based on these regression results, it can be concluded that there is a positive correlation between dividends per share and stock price, where an increase in dividends per share is consistently associated with an increase in stock price. That one of the main motivations for investors in buying stocks is to obtain substantial and consistently increasing dividends over time.

A high Dividend Per Share (DPS) indicates that the company has strong financial performance and promising business prospects, thus attracting investors who are oriented towards dividend income to meet their consumption needs. A periodic increase in DPS will further increase the attractiveness of investing in the company's shares, as this demonstrates the company's commitment to providing returns to shareholders. The consequence of increased investor interest, which is shown by the purchase of a large number of shares, is an increase in the company's share price in the capital market. In other words, the company's success in generating and distributing high and stable dividends directly contributes to the increase in the value of its shares in the market, as it reflects investors' confidence in the company's future performance and profitability.

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Table 5. Model Summary

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.343[a]	.118	.086	.95589834	.118	3.738	1	28	.063	.540

a. Predictors: (Constant), Zscore: Dividend PerShare

b. Dependent Variable: Zscore: Harga Saham

Source: Processed Secondary Data 2025

The correlation analysis between dividends per share (DPS) and stock prices of state-owned banks listed on the Indonesia Stock Exchange for the 2019-2024 period shows a very weak relationship. The correlation coefficient (r) of 0.343 indicates a very low positive correlation between the two variables [18]. This means that an increase in DPS is only slightly correlated with an increase in stock prices. This relationship is far from perfect, indicating that other factors play a much more dominant role in determining stock prices. Furthermore, the coefficient of determination (R-squared) of 11.8% indicates that only around 11.8% of stock price fluctuations can be explained by changes in DPS. In other words, DPS only explains a small portion of the total stock price variation during the observation period. 88.2% of stock price variations are influenced by other factors not examined in this study.

These factors likely include various fundamental aspects and complex markets. Several factors that are suspected of having a significant influence include: bank profitability, working capital efficiency, company policies, asset turnover, macroeconomics, markets [19]. The first hypothesis test is to test how dividend per share has a positive effect on Stock Price [20], [19]. The test results show a coefficient of 1.933 with a positive direction and a significance value of 0.043 which is less than 0.05. Thus H1 is accepted, which means that dividend per share has an effect on Stock Price.

V. CONCLUSION AND SUGGESTION

The analysis conducted shows that the dividend per share variable only explains 11.8% (R-squared = 0.118) of the total variation in stock prices at State-Owned Enterprises (BUMN) banks listed on the Indonesia Stock Exchange during the 2019-2024 period. The remaining 88.2% is influenced by other factors not included in this study, such as macroeconomic conditions, government policies, market sentiment, company operational performance, interest rates, and various other complex internal and external factors that influence stock price movements. Nevertheless, there is a significant positive correlation between dividends per share and stock prices in state-owned banks listed on the Indonesia Stock Exchange during the period, as evidenced by the results of the hypothesis test which shows a significant effect of dividends per share on stock prices. For further research, other variables that have not been studied in this study can be added.

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