

Research Article

The Effect of Earnings Quality and Dividend Policy on Firm Value

Evidence from PT Alkindo Naratama Tbk (2014–2024)

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Abstract: This study examines the influence of earnings quality and dividend policy on firm value at PT Alkindo Naratama Tbk during the period 2014–2024. Firm value is measured using the Price to Book Value (PBV), earnings quality is proxied by the ratio of operating cash flow to net income (QOE), and dividend policy is measured using the Dividend Payout Ratio (DPR). This research adopts a quantitative approach with an associative causal design using secondary data obtained from the company's quarterly financial reports over eleven years, resulting in 44 observations. The analysis method applied is multiple linear regression. The findings reveal that earnings quality has a positive and significant impact on firm value. Dividend policy also shows a positive and significant effect on firm value. Simultaneously, earnings quality and dividend policy significantly influence firm value. The coefficient of determination indicates that a large proportion of firm value variation can be explained by these two variables. These results support signaling theory, which suggests that high earnings quality and stable dividend distribution provide positive signals to investors and increase market confidence in the company. The study contributes to financial management literature by highlighting the importance of financial performance indicators in determining firm value.

Keywords: Dividend Policy; Earnings Quality; Firm Value; PBV; PT Alkindo Naratama Tbk

1. Introduction

Firm value is an important indicator used to evaluate a company's financial performance and long-term sustainability. A high firm value reflects strong investor confidence and financial stability, while a decline in firm value may reduce investor interest and increase financial risk (Belinda & Parameswari, 2024). In a competitive economic environment, companies are required to maintain transparent financial reporting and generate reliable earnings to attract investors and creditors (Rotinsulu et al., 2024). PT Alkindo Naratama Tbk is a manufacturing company listed on the Indonesia Stock Exchange that produces environmentally friendly paper packaging products. Over the period 2014–2024, the company experienced fluctuations in firm value as measured by the Price to Book Value (PBV). The PBV ratio declined during the early years of observation, indicating a relatively weak market valuation compared to the company's book value. However, the ratio gradually increased after 2020, suggesting improved investor perception and market confidence toward the company's performance.

Earnings quality is one of the key factors influencing firm value. Earnings represent the result of a company's operational activities and serve as a primary indicator for evaluating financial performance (Fauzi et al., 2024). High earnings quality indicates reliable financial information and helps investors assess the company's actual performance. The net income of PT Alkindo Naratama Tbk showed significant fluctuations during the research period,

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reaching its highest level in 2021 before declining sharply and eventually recording a loss in 2024. These changes indicate variations in the company's financial performance over time.

Dividend policy is another factor that may influence firm value. Dividend distribution reflects management decisions regarding the allocation of profits between shareholders and retained earnings. According to signaling theory, dividend payments can provide signals to investors about a company's financial condition and future prospects (Supantiningrum, 2025). The Dividend Payout Ratio (DPR) of PT Alkindo Naratama Tbk also fluctuated during the observation period, indicating changes in the company's dividend distribution strategy.

Previous studies show mixed results regarding the relationship between earnings quality, dividend policy, and firm value. Some studies find that earnings quality significantly influences firm value, while others suggest that dividend policy can positively affect investor perception. However, several studies report inconsistent findings, indicating the need for further investigation.

Therefore, this study aims to analyze the effect of earnings quality and dividend policy on firm value at PT Alkindo Naratama Tbk during the period 2014–2024. The findings are expected to contribute to the understanding of financial factors influencing firm value and provide useful insights for investors and corporate management.

2. Literature Review

Signaling Theory

Signaling theory explains how one party conveys information to another in order to reduce information asymmetry. In corporate finance, managers often possess more information about a firm's financial condition and future prospects than external stakeholders. Therefore, companies may use certain financial decisions as signals to the market to communicate their performance and outlook. The concept of signaling theory was initially introduced by Spence (1973) in the labor market context, where individuals use education or qualifications as signals of competence. Later, Ross (1977) extended this theory to corporate finance, arguing that managerial decisions such as capital structure and dividend policy can signal a firm's future prospects to investors. When companies distribute dividends or report strong financial performance, investors may interpret these actions as positive signals regarding the firm's stability and profitability. In the context of financial reporting, earnings quality and dividend policy can function as signals to reduce information asymmetry between management and investors. High-quality earnings indicate reliable financial performance and transparency, which can strengthen investor confidence. Likewise, a stable dividend policy may signal that the company has sufficient cash flow and favorable long-term prospects. As a result, these signals may influence investor perception and ultimately affect firm value.

Firm Value

Firm value represents the market's perception of a company's overall performance and future prospects. It reflects how investors evaluate the firm's ability to generate profits and sustain growth over time. According to Brigham and Houston (2019), firm value is often associated with the market price of a company's shares, as stock prices incorporate investor expectations about future earnings and risks. A higher firm value generally indicates strong investor confidence and effective corporate management. Conversely, a lower firm value may reflect concerns regarding financial performance, operational efficiency, or strategic decisions. Firm value can be measured using several indicators, such as Price Earnings Ratio (PER), Tobin's Q, and Price to Book Value (PBV). Among these indicators, PBV is widely used because it compares a company's market price with its book value and reflects how the market evaluates the firm relative to its recorded assets.

A PBV greater than one indicates that the market values the company higher than its book value, suggesting positive investor expectations. Therefore, PBV is commonly used as a proxy for firm value in financial research.

Earnings Quality

Earnings are one of the most important indicators used to evaluate a company's financial performance. However, not all reported earnings reflect the true economic condition of a firm. The concept of earnings quality refers to the extent to which reported earnings accurately represent a company's actual financial performance. High earnings quality indicates that reported profits are reliable, sustainable, and supported by real operational cash flows. According to several studies, earnings quality is closely related to the persistence of earnings, transparency of financial reporting, and the absence of earnings management practices. When earnings information is considered credible and relevant, investors are more likely to rely on it in making investment decisions. One commonly used approach to measure earnings quality is the Quality of Earnings (QOE) ratio, which compares operating cash flow with net income. A higher ratio indicates that earnings are supported by cash flow, suggesting better earnings

quality. High-quality earnings are expected to enhance investor confidence and contribute positively to firm value.

Dividend Policy

Dividend policy refers to a company's decision regarding how much of its profits will be distributed to shareholders and how much will be retained for future investment. This decision is an important aspect of corporate financial management because it affects shareholder returns, investment opportunities, and overall firm valuation. According to Brigham and Houston (2019), dividend policy reflects the balance between distributing profits to shareholders and retaining earnings to support future growth. Companies with stable financial performance often maintain consistent dividend payments, which may increase investor confidence. From the perspective of signaling theory, dividend payments can serve as a signal about a firm's financial health. A stable or increasing dividend may indicate that management expects strong future cash flows, while dividend reductions may signal financial difficulties. Therefore, dividend policy can influence investor perception and affect firm value. One of the most widely used indicators of dividend policy is the Dividend Payout Ratio (DPR), which measures the proportion of net income distributed to shareholders as dividends. A higher DPR indicates that the company distributes a larger portion of its profits to investors.

Previous Studies

Numerous studies have examined the relationship between earnings quality, dividend policy, and firm value. Several empirical findings indicate that earnings quality has a significant influence on firm value, as reliable financial information improves investor confidence and market valuation. Other studies also suggest that dividend policy can affect firm value because dividend payments provide signals regarding financial stability and future prospects.

However, previous research has produced mixed results. Some studies find that dividend policy positively influences firm value, while others report insignificant relationships. These inconsistencies indicate that the relationship between financial policies and firm value may vary depending on company characteristics, industry conditions, and economic environments.

Therefore, further research is necessary to analyze how earnings quality and dividend policy influence firm value within specific corporate contexts.

3. Research Method

Research Design

This study applies a quantitative research approach to examine the relationship between earnings quality, dividend policy, and firm value. Quantitative methods are widely used in financial research because they allow objective measurement and statistical analysis of financial data in order to test predetermined hypotheses.

The research adopts a causal-associative design, which aims to analyze the influence of independent variables on a dependent variable. In this study, earnings quality and dividend policy are treated as independent variables, while firm value is the dependent variable. This design enables the study to evaluate whether changes in earnings quality and dividend policy are associated with variations in firm value.

In this section, you need to describe the proposed method step by step. Explanations accompanied by equations and flow diagrams as illustrations will make it easier for readers to understand your research.

Research Object and Data Source

The object of this research is PT Alkindo Naratama Tbk, a manufacturing company engaged in paper-based packaging products and listed on the Indonesia Stock Exchange (IDX).

The study uses secondary data obtained from publicly available financial reports. The data consist of quarterly financial statements of PT Alkindo Naratama Tbk for the period 2014–2024, which were collected from the official IDX website (www.idx.co.id) and the company's official publications.

Secondary data are considered appropriate for this research because financial statements provide reliable and standardized information required for measuring earnings quality, dividend policy, and firm value.

Population and Sample

The population of this study includes all quarterly financial reports of PT Alkindo Naratama Tbk during the period 2014–2024. From this population, the study obtained 44 observations, representing quarterly financial data across eleven years.

The sample was selected using a purposive sampling technique, which involves choosing data that meet specific research criteria. The selected observations contain complete financial information required to calculate earnings quality, dividend policy, and firm value.

Variables and Measurement

This research involves three main variables: earnings quality, dividend policy, and firm value.

- a. Earnings Quality (QOE) is measured using the Quality of Earnings ratio, which compares operating cash flow to net income. This ratio indicates the extent to which reported earnings are supported by actual cash flows.

$$QOE = \frac{\text{Operating Cash Flow}}{\text{Net Income}}$$

- b. Dividend Policy is proxied by the Dividend Payout Ratio (DPR), which reflects the proportion of earnings distributed to shareholders as dividends.

$$DPR = \frac{\text{Dividend per Share}}{\text{Earnings per Share}}$$

- c. Firm Value is measured using Price to Book Value (PBV), which compares the market price of a company's shares with its book value.

$$PBV = \frac{\text{Market Price per Share}}{\text{Book Value per Share}}$$

Data Analysis Technique

The collected data were analyzed using SPSS statistical software. The analysis consists of several stages.

- a. Descriptive statistics are used to summarize the characteristics of the data, including the mean, minimum, maximum, and standard deviation values of each variable.
- b. Classical assumption tests are conducted to ensure that the regression model meets statistical requirements. These tests include normality testing, multicollinearity testing, heteroscedasticity testing, and autocorrelation testing.
- c. Multiple linear regression analysis is employed to examine the relationship between the independent variables and the dependent variable. The regression model used in this study is expressed as follows:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + e$$

where:

- Y = Firm Value (PBV)
 X1 = Earnings Quality (QOE)
 X2 = Dividend Policy (DPR)
 α = constant
 β1, β2 = regression coefficients
 e = error term

- d. hypothesis testing is performed using the t-test to evaluate the partial effect of each independent variable and the F-test to assess the simultaneous effect of all independent variables on firm value.
- e. The coefficient of determination (R²) is also calculated to determine how much variation in firm value can be explained by the independent variables.

Algorithm/Pseudocode

Algorithm 1. Algorithm Title

Algorithm: Analysis of Earnings Quality and Dividend Policy on Firm Value

Input:

Quarterly financial statements of PT Alkindo Naratama Tbk (2014–2024)

Output:

Relationship between earnings quality, dividend policy, and firm value

Begin

1. Collect financial statement data from IDX and company reports
2. Extract required financial variables:
 - Operating Cash Flow
 - Net Income

- Dividend per Share
 - Earnings per Share
 - Market Price per Share
 - Book Value per Share
3. Calculate research variables:
 - a. Earnings Quality (QOE) = Operating Cash Flow / Net Income
 - b. Dividend Policy (DPR) = Dividend per Share / Earnings per Share
 - c. Firm Value (PBV) = Market Price per Share / Book Value per Share
 4. Construct dataset for all quarterly observations (2014–2024)
 5. Perform descriptive statistical analysis:
 - Mean
 - Minimum
 - Maximum
 - Standard deviation
 6. Conduct classical assumption tests:
 - a. Normality test
 - b. Multicollinearity test
 - c. Heteroscedasticity test
 - d. Autocorrelation test
 7. Apply multiple linear regression model:

$$PBV = a + \beta_1(QOE) + \beta_2(DPR) + e$$
 8. Perform hypothesis testing:
 - a. t-test for partial effect of each independent variable
 - b. F-test for simultaneous effect
 - c. Calculate coefficient of determination (R^2)
 9. Interpret statistical results to determine:
 - Effect of earnings quality on firm value
 - Effect of dividend policy on firm value
 - Joint effect of both variables on firm value

4. Results and Discussion

Overview of the Research Object

PT Alkindo Naratama Tbk is a manufacturing company operating in the paper-based packaging industry. The company was established in 1989 in Bandung, Indonesia, and initially focused on producing paper tubes used in the textile industry. Over time, the company expanded its product portfolio to include paper cores, honeycomb boards, tissue cores, and other recycled paper-based packaging products.

In 2011, PT Alkindo Naratama Tbk officially became a public company and was listed on the Indonesia Stock Exchange (IDX) under the ticker symbol ALDO. Since becoming a listed company, the firm has implemented more transparent financial reporting and strengthened its corporate governance practices. The company also expanded its market reach, serving both domestic and international markets.

The company emphasizes environmentally friendly production processes by utilizing recycled materials and promoting sustainable packaging solutions. This strategy aligns with the global trend toward reducing plastic packaging and increasing the use of environmentally sustainable materials.

Descriptive Statistics

Table 1. Descriptive Statistical Analysis

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Earnings Quality (X1)	44	0.2	2.1	1.168	0.43163
Dividend Policy (X2)	44	0.01	0.2	0.046	0.04282
Price to Book Value (PBV) (Y)	44	0.78	1.72	1.163	0.19286
Valid N (listwise)	44				

Descriptive statistical analysis was conducted to provide an overview of the characteristics of the research variables. The study used 44 quarterly observations covering the period from 2014 to 2024.

The results indicate that earnings quality has an average value of 1.1648, with a standard deviation of 0.43163, indicating moderate variation across the observation period. The dividend policy, measured using the dividend payout ratio, shows an average value of 0.0461, suggesting that the proportion of earnings distributed as dividends tends to be relatively small but fluctuates over time. Meanwhile, firm value, proxied by Price to Book Value (PBV), has an average value of 1.1632, indicating that the market generally values the company slightly above its book value.

These results suggest that although the company experiences fluctuations in financial performance, the market perception of the firm's value remains relatively stable throughout the observation period.

Classical Assumption Tests

Normality Test

One-Sample Kolmogorov-Smirnov Test			Unstandardized Residual
N			44
Normal Parameters ^{a,b}	Mean		.0000000
	Std. Deviation		.0511148
Most Extreme Differences	Absolute		.090
	Positive		.090
	Negative		-.090
Test Statistic			.090
Asymp. Sig. (2-tailed) ^c			.200 ^d
Monte Carlo Sig. (2-tailed) ^e	Sig.		.487
	99% Confidence Interval	Lower Bound	.474
		Upper Bound	.500
a. Test distribution is Normal.			
b. Calculated from data.			
c. Lilliefors Significance Correction.			
d. This is a lower bound of the true significance.			
e. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 1314643744.			

Figure 1. Kolmogorov–Smirnov

The normality test was conducted using the Kolmogorov–Smirnov method. The results show that the Asymp. Sig. (2-tailed) value is 0.200, which is higher than the significance level of 0.05. This indicates that the residuals in the regression model are normally distributed. In addition, the normality assumption can also be confirmed through visual analysis using the Normal P–P Plot.

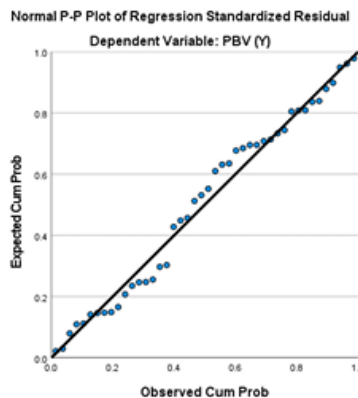


Figure 2. Normal P-P Plot

The normality test using the Normal P–P Plot of Regression Standardized Residual shows that the data points are distributed around and follow the diagonal line. This pattern indicates that the residuals are normally distributed.

Multicollinearity Test

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.619	.027		23.104	.000		
	Kualitas Laba (X1)	.408	.020	.913	20.447	.000	.998	1.002
	Kebijakan Dividen (X2)	1.495	.201	.332	7.430	.000	.998	1.002

a. Dependent Variable: PBV (Y)

Figure 3. Normal P-P Plot

The multicollinearity test results show that the earnings quality variable (X1) and dividend policy (X2) have tolerance values of 0.998 and VIF values of 1.002. Since the tolerance values are above 0.10 and the VIF values are below 10, it can be concluded that there is no multicollinearity among the independent variables in the regression model.

Heteroscedasticity Test

Coefficients ^a							
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	.039	.014		2.790	.008		
Kualitas Laba (X1)	.001	.010	.009	.059	.954	.998	1.002
Kebijakan Dividen (X2)	.144	.105	.210	1.374	.177	.998	1.002

a. Dependent Variable: ABSRES

Figure 4. Heteroscedasticity Test

The heteroscedasticity test results indicate that the significance value for earnings quality (X1) is 0.954, while dividend policy (X2) has a significance value of 0.177. Since both values are greater than 0.05, it can be concluded that the regression model does not exhibit heteroscedasticity. In addition, this condition can also be observed visually through the scatter plot.

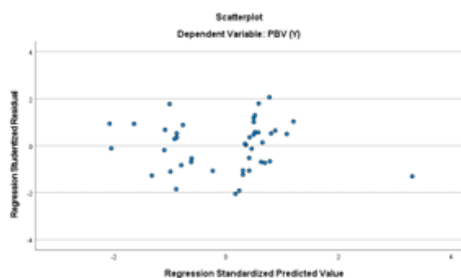


Figure 5. Heteroscedasticity Test

Based on Figure 5, the scatter plot shows that the data points are randomly distributed above and below the zero line without forming a specific pattern. This indicates that the residual variance is homogeneous, meaning that the regression model does not suffer from heteroscedasticity and is appropriate for further analysis.

Autocorrelation Test

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.958 ^a	.918	.914	.05644	1.633

a. Predictors: (Constant), Kebijakan Dividen (X2), Kualitas Laba (X1)
 b. Dependent Variable: PBV (Y)

Figure 6. Autocorrelation Test

Based on Figure 6, the Durbin–Watson value is 1.633, which is close to 2, indicating that there is no autocorrelation in the regression model. This result suggests that the residuals are independent and the model is suitable for further analysis.

Multiple Linear Regression Analysis

Coefficients ^a							
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	.619	.027		23.104	.000		
Kualitas Laba (X1)	.408	.020	.913	20.447	.000	.998	1.002
Kebijakan Dividen (X2)	1.495	.201	.332	7.430	.000	.998	1.002

a. Dependent Variable: PBV (Y)

Figure 7. Multiple Linear Regression Analysis

The relationship between earnings quality, dividend policy, and firm value was examined using multiple linear regression analysis. The regression equation obtained in this study is as follows:

$$PBV = 0.619 + 0.408X_1 + 1.495X_2 + e$$

where:

- a. PBV represents firm value
- b. X₁ represents earnings quality
- c. X₂ represents dividend policy

The regression equation can be interpreted as follows.

- a. The constant value of 0.619 indicates that when earnings quality (X1) and dividend policy (X2) are assumed to be constant, the firm value (PBV) is estimated at 0.619.
- b. The coefficient of earnings quality (0.408) implies that a one-unit increase in earnings quality will increase firm value by 0.408, assuming other variables remain constant.
- c. The dividend policy coefficient (1.495) indicates that a one-unit increase in dividend policy will increase firm value by 1.495, assuming earnings quality remains unchanged.

Hypothesis Testing
Partial Effect (t-test)

Coefficients ^a							
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	.619	.027		23.104	.000		
Kualitas Laba (X1)	.408	.020	.913	20.447	.000	.998	1.002
Kebijakan Dividen (X2)	1.495	.201	.332	7.430	.000	.998	1.002

a. Dependent Variable: PBV (Y)

Figure 8. Partial Effect (t-test)

Based on the t-test results in Figure 8, earnings quality (X1) has a t-value of 20.447 with a significance level of 0.000, which is below 0.05, indicating a significant effect on firm value (PBV). Similarly, dividend policy (X2) shows a t-value of 7.430 with a significance value of 0.000, also below 0.05, indicating a significant partial effect on firm value. Thus, both earnings quality and dividend policy significantly influence firm value.

Simultaneous Effect (F-test)

ANOVA ^a					
Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	1.469	2	.734	230.542	.000 ^b
Residual	.131	41	.003		
Total	1.599	43			

a. Dependent Variable: PBV (Y)
b. Predictors: (Constant), Kebijakan Dividen (X2), Kualitas Laba (X1)

Figure 9. Simultaneous Effect (F-test)

Based on Figure 9, the F-test results show that the calculated F-value is 230.542 with a significance level of 0.000, which is lower than 0.05. This indicates that earnings quality (X1) and dividend policy (X2) simultaneously have a significant effect on firm value (PBV). Therefore, the regression model is considered appropriate for explaining the relationship between the independent and dependent variables.

Correlation Coefficient Test

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.958 ^a	.918	.914	.05644	1.633

a. Predictors: (Constant), Kebijakan Dividen (X2), Kualitas Laba (X1)
b. Dependent Variable: PBV (Y)

Figure 10. Correlation Coefficient Test

Based on Figure 10, the correlation coefficient (R) is 0.958, which falls within the range of 0.80–1.00, indicating a very strong relationship between the independent variables—earnings quality (X1) and dividend policy (X2)—and firm value (PBV). This result suggests that changes in earnings quality and dividend policy are closely associated with changes in firm value.

Coefficient of Determination Analysis

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.958 ^a	.918	.914	.05644	1.633

a. Predictors: (Constant), Kebijakan Dividen (X2), Kualitas Laba (X1)
b. Dependent Variable: PBV (Y)

Figure 11. Coefficient of Determination Analysis

Based on Figure 11, the R Square value is 0.918 or 91.8%, indicating that earnings quality (X1) and dividend policy (X2) explain 91.8% of the variation in firm value (PBV). The remaining 8.2% is influenced by other factors outside the research model. This result suggests that the regression model has strong explanatory power.

Discussion

Effect of Earnings Quality on Firm Value

The empirical results indicate that earnings quality has a positive and significant effect on firm value at PT Alkindo Naratama Tbk during the 2014–2024 period. This finding suggests that higher earnings quality contributes to increasing firm value as perceived by investors and shareholders. In other words, reliable and sustainable earnings information enhances market confidence in the company's financial performance and future prospects.

Earnings quality plays an important role in investment decision-making because it reflects the reliability of financial information presented in corporate reports. High-quality earnings indicate that reported profits accurately represent the company's economic performance and are supported by strong operating cash flows. Conversely, low-quality earnings may reduce investor confidence because they may be influenced by earnings management practices or accounting manipulation.

This finding can be explained through signaling theory, which suggests that companies convey information to investors in order to reduce information asymmetry between management and external stakeholders. In this context, high earnings quality serves as a positive signal indicating that the company has strong financial performance and sustainable operational capabilities. Investors tend to interpret such signals as an indication of lower investment risk and better future prospects, which ultimately leads to an increase in the company's market value.

The results of this study are consistent with several previous studies that highlight the importance of earnings quality in determining firm value. Reliable earnings information enables investors to evaluate company performance more accurately and predict future returns. Companies with high-quality earnings are generally perceived as more transparent and trustworthy, which increases investor interest in their shares.

However, some studies have reported different findings, suggesting that the effect of earnings quality on firm value may vary depending on industry characteristics, macroeconomic conditions, or investor preferences. In certain cases, investors may focus more on external factors such as market growth opportunities rather than financial reporting quality.

Overall, the findings of this study confirm that earnings quality is a crucial factor influencing firm value. Therefore, companies should maintain transparent and consistent financial reporting practices in order to strengthen investor confidence and sustain long-term firm value.

Effect of Dividend Policy on Firm Value

The results of this study also reveal that dividend policy has a positive and significant effect on firm value at PT Alkindo Naratama Tbk during the observation period. This finding indicates that dividend distribution plays an important role in shaping investor perceptions regarding company performance.

Dividend payments are often interpreted by investors as an indication of financial stability and profitability. Companies that consistently distribute dividends signal that they are able to generate sufficient earnings and cash flows to reward shareholders without disrupting operational activities. As a result, investors tend to perceive such companies as financially sound and attractive investment opportunities.

From the perspective of signaling theory, dividend payments function as a signal regarding the company's financial condition and future prospects. A stable or increasing dividend policy sends a positive message to the market that the company has strong financial performance and sustainable earnings capacity. Consequently, investor confidence increases, leading to higher demand for the company's shares and an increase in firm value.

These findings are consistent with previous studies that emphasize the importance of dividend policy in influencing firm value. Investors often prefer companies that provide regular dividend payments because dividends represent a direct return on investment and reduce uncertainty regarding future cash flows.

Nevertheless, several studies have reported different conclusions, suggesting that dividend policy may not always significantly influence firm value. In some cases, investors prioritize long-term growth opportunities over dividend payments, particularly in companies that reinvest their profits to support business expansion.

Despite these differing perspectives, the results of this study demonstrate that dividend policy remains an important determinant of firm value in PT Alkindo Naratama Tbk.

Maintaining a consistent dividend policy can strengthen investor confidence and enhance the company's reputation in the capital market.

Simultaneous Effect of Earnings Quality and Dividend Policy on Firm Value

The simultaneous analysis shows that earnings quality and dividend policy jointly have a significant effect on firm value. The coefficient of determination indicates that a large proportion of the variation in firm value can be explained by these two variables.

Earnings quality reflects the reliability of financial information provided to investors, while dividend policy represents the company's commitment to sharing profits with shareholders. When both factors are present, they reinforce positive perceptions regarding the company's financial strength and management performance.

In the context of signaling theory, earnings quality and dividend policy serve as complementary signals that reduce information asymmetry between management and investors. High-quality earnings signal transparency and strong operational performance, whereas dividend payments signal the company's ability to generate sustainable profits and maintain stable cash flows. The combination of these signals strengthens investor confidence and increases the company's attractiveness in the capital market.

The findings of this study support previous research that suggests that financial reporting quality and dividend distribution jointly influence firm value. Companies that provide reliable financial information while maintaining consistent dividend policies are more likely to attract investors and achieve higher market valuations.

Therefore, management should pay close attention to both earnings quality and dividend policy as strategic factors in enhancing firm value. By maintaining transparent financial reporting practices and implementing stable dividend policies, companies can strengthen investor trust and support sustainable corporate growth.

5. Comparison

The findings of this study indicate that earnings quality and dividend policy have a significant effect on firm value. These results are consistent with several previous studies that highlight the importance of financial performance and dividend distribution in influencing market valuation.

The positive relationship between earnings quality and firm value supports prior research which suggests that reliable and transparent earnings information increases investor confidence. High earnings quality reflects the company's ability to generate sustainable profits and reduces information asymmetry between management and investors. As a result, investors are more willing to invest in companies that present credible financial information, leading to an increase in firm value.

Similarly, the significant effect of dividend policy on firm value aligns with earlier studies stating that dividend payments act as a positive signal to investors regarding the company's financial stability. Companies that distribute dividends consistently are generally perceived as having strong financial performance and stable cash flows, which enhances investor trust and contributes to higher firm value.

However, several previous studies report different findings, suggesting that dividend policy does not always significantly affect firm value. In some cases, investors may prioritize growth opportunities and long-term investment potential rather than dividend payments. These differences indicate that the relationship between dividend policy and firm value may vary depending on company characteristics, industry conditions, and investor preferences.

Overall, the results of this study strengthen the empirical evidence that earnings quality and dividend policy are important determinants of firm value, particularly in companies operating in the manufacturing sector.

6. Conclusion

This study examined the effect of earnings quality and dividend policy on firm value at PT Alkindo Naratama Tbk during the 2014–2024 period. The empirical results show that earnings quality has a positive and significant effect on firm value. This finding indicates that higher earnings quality enhances investor confidence in the company's financial performance and future prospects, which ultimately increases the firm's market value.

The results also reveal that dividend policy has a positive and significant influence on firm value. Companies that consistently distribute dividends tend to attract greater investor interest because dividend payments are perceived as a signal of financial stability and profitability. Consequently, dividend distribution contributes to strengthening investor trust and improving the company's market valuation.

Furthermore, the simultaneous analysis confirms that earnings quality and dividend policy jointly have a significant effect on firm value. The coefficient of determination indicates that these two variables explain a substantial proportion of the variation in firm value. This

result highlights the importance of maintaining reliable financial reporting and consistent dividend distribution as key strategies for enhancing firm value.

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