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What Strategy will Telkom Indonesia (TLKM) use to Increase the Price Per Share?

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ABSTRACT: This study analyzes what strategies will be carried out by PT Telkom Indonesia (TLKM) Tbk in increasing the price per share focusing on NPM and DPR. The population and sample in this study are the financial statements of PT Telkom Indonesia (TLKM) Tbk for the period 2014-2023. The method used in the study is mix method research (MMR). The results show that NPM has a negative but significant effect on DPR with an Adjusted R-square value (determination coefficient) of 0.5132 or 51.32% indicating that the effect of NPM on DPR is 51.32%, the remaining 48.68% is influenced by other factors. Focus on NPM and DPR strategies that can be carried out by PT Telkom Indonesia (TLKM); Short Term: Focus on operational efficiency and optimization of dividend policy to increase investor attractiveness Medium Term: Expand the digital service portfolio and take advantage of national digital transformation opportunities, Long Term: Diversify markets and products to face global competition and reduce dependence on the domestic market.

KEYWORDS: NPM, DPR, SWOT Analysis

INTRODUCTION

PT Telkom Indonesia (Persero) Tbk, as one of the largest telecommunications companies in Indonesia, has a strategic role in driving the growth of the digital economy in Indonesia. As a public company, PT Telkom's stock performance is often of interest to investors because it reflects the success of the company's strategy in facing the challenges of the ever-growing telecommunications industry. PT Telkom Indonesia Tbk (TLKM) posted mixed financial performance until September 2024. Telkom Indonesia's revenue increased slightly, but profits declined until the third quarter of 2024. Along with this financial performance, the Company recorded earnings per share decreased to IDR 178.42 until the third quarter of 2024 from the same period the previous year of IDR 196.84. Total equity was recorded to have decreased to IDR 154.35 trillion until September 2024 from December 2023 of IDR 156.56 trillion. The Company's liabilities increased slightly to IDR 130.78 trillion until the third quarter of 2024 from the December 2023 period of IDR 140.48 trillion. The Company's assets decreased to IDR 285.13 trillion until the third quarter of 2024 from December 2023 of IDR 287.04 trillion. The company pocketed cash and cash equivalents reaching IDR 24.54 trillion until September 2024 from December 2023 of IDR 29 trillion (www.liputan6.com).

Each company's dividend policy has a different level of distribution, and is considered one of the most important financial decisions with implications for stock prices, and therefore for profitability or for financing investment projects that can increase the company's value. The company can determine how much percentage of dividends are distributed to shareholders. The increase in dividends distributed to shareholders is a signal to the market and investors about the condition or ability of the company. According to Ikechukwu (2015), the issue of dividend payout ratio is one that is very important in today's business environment and more specifically in evaluating company performance.

Telkom's strategy to increase the price per share through sales can be analyzed using financial indicators such as Net Profit Margin (NPM) and Dividend Payout Ratio (DPR). Both provide insight into the company's operational efficiency and profit distribution policy to shareholders, which can directly affect investor interest and stock prices. Investors will later see a stable Net Profit Margin (NPM) and Dividend Payout Ratio (DPR) as a signal that Telkom has a healthy financial strategy and is able to provide long-term benefits.

Net Profit Margin (NPM) affects investor perception of Telkom's operational efficiency. The higher the Net Profit Margin (NPM), the more attractive Telkom shares are to investors. Dividend Payout Ratio (DPR) determines the attractiveness of Telkom shares for investors who prioritize dividends. A moderate Dividend Payout Ratio (DPR) policy increases the attractiveness of shares without sacrificing long-term growth. Telkom's strategy to increase sales through digital innovation and new services can support an increase in Net Profit Margin (NPM) and Dividend Payout Ratio (DPR), which ultimately boosts stock prices.

Telkom faces challenges to continue to increase its share price per share amidst tight competition in the telecommunications and

digital industries. Some issues that can be identified:
1. Operational efficiency is not optimal (leading to low NPM).
2. Dividend policy that may not be fully attractive to investors (low or inconsistent DPR).
3. Dependence on traditional sources of income (such as telephone and SMS) is starting to decline.

LITERATURE REVIEW

Kasmir (2012: 197) said that Net profit margin (NPM) is the relationship between net profit after tax and sales, showing management's ability to run the company until it is successful enough in recovering or controlling the cost of goods or services, operating expenses, depreciation, loan interest and taxes.

Rahayuningtyas (2014), said that Dividend payout ratio (DPR) is the percentage of profit paid in the form of dividends. Consideration of the amount of a Dividend Payout Ratio (DPR) is thought to be closely related to management performance because the financial performance of a company is quite good and of course can be expected to determine the amount of DPR that is also in accordance with the expectations of shareholders who have invested in the company.

Laim (2015), said that Dividend Policy is a company's decision to distribute the profits obtained by the company to shareholders as expected. Dividend Policy determines the placement of Profit, namely between paying to shareholders, and reinvesting in the company.

Effendi et al. (2020) in the Management Science Letters journal stated that Net profit margin (NPM) plays an important role in increasing the attractiveness of shares because it reflects the company's operational efficiency. The higher the Net profit margin (NPM), the higher the company's ability to generate profits from sales, thereby increasing stock prices in the capital market. The implication is that investors tend to choose companies with high Net Profit Margin (NPM) because it shows good operational efficiency.

Kurniawati and Puspitasari (2021) in the Journal of Finance and Banking showed that the Dividend payout ratio (DPR) has a positive relationship with stock prices in the telecommunications sector. A consistent dividend policy gives investors confidence that the company has a stable cash flow and is able to pay dividends sustainably. GAP Research companies with a moderate Dividend payout ratio (DPR) (40–60%) are usually attractive to investors because they balance dividend distribution and reinvestment for growth.

Ardiansyah et al. (2023) examined Telkom's financial performance and its impact on stock prices. This study shows that Telkom's strategy to increase revenue from digital services (IndiHome and Data Center) has succeeded in increasing the Net Profit Margin (NPM) to one of the highest in the telecommunications sector. This has driven a 12% increase in stock prices in 2022.

The results of research conducted by Parera, D. (2016) Net Profit Margin (NPM), Return On Asset (ROA), Debt to Equity Ratio (DER) affect the Dividend payout ratio (DPR). Partially only Debt to equity ratio affects the Dividend payout ratio (DPR). For investors who want to invest, it is advisable to consider information on financial ratios because this information is needed to predict the amount of dividends that will be distributed to investors.

Based on existing literature, Net profit margin (NPM) and Dividend payout ratio (DPR) are important indicators that affect Telkom's stock price. Telkom's strategy that focuses on increasing profit margins through digital services and a balanced dividend policy can drive up stock prices. The combination of the two creates investor confidence in the company's long-term stability and growth.

SWOT analysis is an overall assessment of a company's strengths, weaknesses, opportunities and threats. (Kotler, 2009). The function of SWOT Analysis is to assess the internal and external conditions of a company. SWOT can be used as a tool that can reveal research on increasing the capacity of related institutions, institutional development , operational models of policy design analysis, implementation and evaluation.

Understanding the IFAS (Internal Factors Analysis Summary) & EFAS (External Strategic Factor Analysis Summary) Matrix

a. IFAS (Internal Factors Analysis Summary) Matrix is a form of strategic analysis of the internal factors of an organization/company. This analysis needs to be done to obtain a portrait of the strengths and weaknesses of the organization/company.

b. The EFAS (External Strategic Factor Analysis Summary) matrix is created to assess an organization's response to external conditions. The EFAS matrix allows strategists to summarize and assess economic, social, cultural, demographic, environmental, political, governmental, legal, and competitive information.

RESEARCH METHOD

This study uses a mix method research (MMR) type of research. Bryman and Hanson, Creswell and Clark (2007: 5) define MMR as a research design that departs from the philosophical assumptions of the inquiry method. As a methodology, MMR provides guidance when collecting and analyzing data and mixing between the two approaches is carried out during the research process, which involves hypothesis testing. The data used comes from financial reports and annual reports of industrial sector companies listed on the Indonesia Stock Exchange (IDX). Secondary data sources can also be found by reading literature on research issues in print and online media. In this study there are two variables, namely the dependent variable and the independent variable. The dependent variable used is the Dividend payout ratio (DPR). While the independent variable is Net profit margin (NPM).

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The Net Profit Margin (NPM) ratio is calculated by dividing net profit by net sales. Net profit itself is calculated as the result of subtracting profit before income tax with income tax expense (Hery, 2015: 235). The formula for calculating Net Profit Margin:

$$\frac{\textbf{Laba Setelah Pajak}}{\textbf{Penjualan Bersih}} \times \textbf{100}\%$$

DPR Dividend payout ratio (DPR) is a certain percentage of the company's profit paid as cash dividends to shareholders. Dividend payout ratio (DPR) is a decision regarding dividend policy, whether the profit is distributed in the form of dividends or some is reinvested. DPR shows the amount of profit that will be paid to shareholders in the form of dividends. The greater the profit obtained, the greater the dividend paid, and vice versa if the profit is small, the dividend paid is also small (Sutrisno, 2009:269). The following is the calculation formula for the Dividend payout ratio (DPR) according to Baridwan (2004:444):

$$\frac{\text{Dividen per Lembar Saham}}{\text{Laba per Lembar Saham}} \text{x}100\%$$

An in-depth SWOT analysis approach to understanding the relationship between Telkom's strategy and profit growth, with a focus on Net Profit Margin (NPM) and Dividend Payout Ratio (DPR), includes the following steps:

Table I. SWOT Analysis Approach

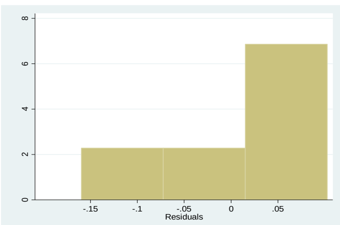
Linking Internal Power with NPM and DPR	**Strength**	**Approach**
	Revenue stability from data services and Telkom's business diversification can increase net profit margin (NPM). This stability also allows the company to maintain a competitive DPR to attract investors.	Analyze cost efficiency and contribution of the most profitable business lines to optimize NPM without sacrificing dividends.
Identifying Weaknesses that Reduce NPM and DPR	**Weakness**	**Approach**
	High costs of infrastructure investment (e.g., 5G) and operations can put pressure on NPM. Reliance on traditional revenues also limits the company's ability to maintain high DPR.	Focus on operational efficiencies, such as process automation and reducing non-essential expenses, to improve net profit margins.
Leveraging External Opportunities to Increase Profits and Dividends	**Opportunity**	**Approach**
	The growth of digital services (cloud computing, IoT) and market expansion provide potential for increasing net income.	Drive product innovation and expand markets to strengthen cash flow and ensure dividend sustainability.
Addressing Threats That Can Disrupt NPM and DPR	**Threat**	**Approach**
	Fierce competition and tight regulation can reduce profit margins. Economic fluctuations also affect cash flow and dividend payment capacity.	**Mitigating risk through income diversification and maintaining financial flexibility to remain competitive and consistent in dividend payments.**

Source: Expert & User Research Management PT Telekomunikasi Indonesia, Tbk

RESULTS

The company PT Telkom Indonesia (TLKM) listed on the Indonesia Stock Exchange for the period 2014-2023 was included in this research field with data obtained through the official website of the Indonesia Stock Exchange, especially www.idx.co.id and the official website of each company. So that the number of samples used in this study for 10 years so that the data used was 10 data.

Table II. Normality Test



Source: Stata output 12, 2024

Based on the table above, these results show that the probability is above the significance level ($\alpha = 0.05$ or 5%), which means that the data has a normal distribution.

Table III. Heteroscedasticity Test

chi2(1)	=	0.33
Prob > chi2	=	0.5640

Source: Stata output 12, 2024

Based on the table above, these results indicate that the probability is above the significance level ($\alpha = 0.05$ or 5%), the conclusion is that the regression model used in this study does not show signs of heteroscedasticity. There is no heteroscedasticity between independent variables.

Table IV. Multicollinearity Test

Variable	VIF	1/VIF
X	1.00	1.000000
Mean VIF	1.00	

Source: Stata output 12, 2024

Based on the table above, these results show that the Variance Inflation Factor (VIF) value is 1.0000 <10.00. As a result, it can be said that there is no correlation found between the independent variables in this study. In other words, this regression model does not experience multicollinearity, so this regression model is suitable for use in this study.

Table V. Autocorrelation Test

(obs=10)

	X	Y
X	1.0000	
Y	-0.7532	1.0000

Source: Stata output 12, 2024

Based on the table above, these results show that there is no positive or negative autocorrelation, so this regression model can be considered suitable for use.

Table VI. Linear Regression Test

Source	SS	df	MS			
				Number of obs	=	10
				F(1, 8)	=	10.49
Model	.081164265	1	.081164265	Prob > F	=	0.0119
Residual	.061913312	8	.007739164	R-squared	=	0.5673
				Adj R-squared	=	0.5132
Total	.143077577	9	.015897509	Root MSE	=	.08797

Y	Coef.	Std. Err.	t	P>|t|	[95% Conf.	Interval]
X	-6.907391	2.13294	-3.24	0.012	-11.82596	-1.988822
_cons	1.770773	.3334464	5.31	0.001	1.001844	2.539701

Source: Stata output 12, 2024

Based on the table above, the data regression equation is obtained as follows:
Y=-6.907391+1.770773
As a result of the regression equation mentioned above, it can be interpreted as follows:
a. In the equation, the constant value is -6.907391, which means that
DPR will be =-6.907391.
b. The NPM variable has a value of 1.770773. This means that every 1 point change in NPM, assuming other variables remain constant, will cause a change of 1.770773. In other words, if the value of the NPM variable is higher, the DPR value will also be higher.
tall.

Partial test (t-test) a statistical test, determines the extent to which an independent variable can individually or partially affect the variation in the dependent variable. As explained by Sihombing (2022). Based on table V, it is also known that the Prob value of NPM is 0.012 <0.05 indicating that NPM has a significant positive effect on DPR. This is reinforced by the results of the t-statistic value of NPM of -3.24> 1.812, meaning that the calculated t is greater than the t table, it can be concluded that NPM has a negative but significant effect on DPR.

According to Ghozali (2018) regarding the determination coefficient test, the determination coefficient (KD) basically measures the extent to which the model's ability to explain variations in the dependent variable. KD or known as R2 , is used to evaluate the joint contribution of independent variables to the dependent variable. Based on table V, it is also known that the Adjusted R-square value (determination coefficient) of 0.5132 or 51.32% indicates that the influence of NPM on DPR is 51.32%, the remaining 48.68% is influenced by other factors.

Based on the results of the study using the quantitative approach above, the results show that the Net Profit Margin (NPM) at PT Telkom Indonesia (TLKM) has a negative but significant effect on the DPR (Dividend Payout Ratio). This is in line with research conducted by Melani, A (2022). The results of this study indicate that Net Profit Margin, Return On Assets, Return On Equity have a simultaneous effect on the Dividend Payout Ratio.

SWOT Analysis of PT Telkom Indonesia (TLKM) Based on Research Results with a quantitative approach on the Relationship between NPM and DPR:

Table VII. SWOT Matrix

Strengths (Strengths)	**Weaknesses**	**Opportunities**	**Threats (Threats)**
Stable Revenue and Market Share TLKM is one of the largest telecommunications companies in Indonesia, with strong market share and consistent revenue from various service segments, including internet, cellular, and digital services.	Negative Impact of NPM on DPR The finding that high NPM has a negative impact on DPR indicates the challenge in maintaining a balance between profitability and dividend policy that is attractive to investors.	Digital Service Expansion With the growing need for digital services, TLKM has a great opportunity to expand its portfolio in the information technology, data center, and cloud computing sectors.	Tight Competition The telecommunications industry in Indonesia is increasingly competitive with the presence of new players and innovation from aggressive competitors.
Product and Service Diversification TLKM has a diversified product portfolio, including digital services and infrastructure, which helps the company maintain competitiveness in the industry.	Dependence on Domestic Market TLKM is still highly dependent on the domestic market, making it vulnerable to changes in local economy or policies.	National Digital Transformation The Indonesian government continues to drive digitalization in various sectors, providing opportunities for the development of new technology infrastructure and services.	Rapid Technological Changes Inability to keep up with technological developments could cause TLKM to lag behind in product innovation.
Large Customer Base With millions of customers across Indonesia, TLKM has a stable source of income and a loyal user base.	Operational Efficiency A large cost structure and less than optimal operational efficiency can be a challenge to increasing net profit margin (NPM).	Strategic Partnerships Potential collaboration with global technology companies can open access to the latest technologies and international markets.	Macroeconomic Conditions Economic slowdown or currency exchange rate fluctuations can affect a company's revenue and profitability.

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Reputation and Public Trust As a national telecommunications company, TLKM has a strong reputation and public trust, which are assets in maintaining its market position.	Government Regulation The company is heavily influenced by regulatory policies in the telecommunications sector which can limit strategic flexibility.	Increasing Penetration in Underdeveloped Areas Investment in underdeveloped areas is still an opportunity to increase customer base and revenue.	Investor Expectations Investors may expect a higher DPR as compensation for their investment, so the pressure to maintain a balance between retained earnings and dividend payments is greater.

Table VIII. IFAS Matrix

Internal Factors	**Weight**	**Rating**	**Score**	**Information**
Strengths				
Revenue and market share are stable	0.15	4	0.6	Consistent performance across segments.
Diversification of products and services	0.1	4	0.4	Maintaining competitiveness with a diverse portfolio.
Large customer base	0.1	4	0.4	Stable source of income.
Reputation and public trust	0.1	4	0.4	Increase customer loyalty.
Total Strength Score			1.8	
Weaknesses				
The negative influence of NPM on the DPR	0.1	2	0.2	The challenge of maintaining the balance between profitability and dividends.
Dependence on domestic market	0.15	2	0.3	Vulnerable to local economic changes.
Low operational efficiency	0.15	2	0.3	Large cost structures are a challenge.
Total Weakness Score			**0.8**	
Total Internal Factor Score	1		**2.6**	

Source: Data processing, 2024

IFAS Total Score: 2.60

TLKM's internal factors are quite strong, but it still faces weaknesses that need to be addressed, especially in operational efficiency and dependence on the domestic market.

Table IX. EFAS Matrix

External Factors	**Weight**	**Rating**	**Score**	**Information**
Opportunities				
Expansion of digital services	0.2	4	0.8	Huge opportunities in the technology sector.
National digital transformation	0.15	4	0.6	Supported by government policy.
Strategic partnership	0.15	4	0.6	Opening access to new technologies.
Increased penetration of underdeveloped areas	0.1	3	0.3	Potential new customer base.
Total Score Opportunities			**2.3**	
Threats				
High competition	0.15	3	0.45	Aggressive competitor.
Rapid technological	0.1	3	0.3	The risk of being left behind in

change				innovation.
Macroeconomic conditions	0.1	2	0.2	Vulnerable to economic fluctuations.
Government regulations	0.1	2	0.2	Limitations of strategy flexibility.
Total Threat Score			**1.15**	
Total External Factors	1.00		**3.45**	

Source: Data processing, 2024

EFAS Total Score: 3.45

External factors provide significant opportunities, particularly through the expansion of digital services and national digital transformation, although threats from intense competition and technological change remain significant.

From this analysis, TLKM should prioritize SO and WO strategies to take advantage of strengths and opportunities, while addressing weaknesses that hinder the company's performance.

Based on the SWOT matrix table as well as the IFAS and EFAS matrix tables that have been prepared, the following are the strategic priorities that can be implemented by TLKM to maintain its dominant position in the Indonesian telecommunications market:

1. Short Term: Focus on operational efficiency and dividend policy optimization to increase investor attractiveness.
2. Medium Term: Expanding digital service portfolio and taking advantage of national digital transformation opportunities.
3. Long Term: Diversify markets and products to face global competition and reduce dependence on domestic markets.

CONCLUSION

A series of studies show that NPM has a negative but significant effect on DPR with an Adjusted R-square value (determination coefficient) of 0.5132 or 51.32% indicating that the effect of NPM on DPR is 51.32%, the remaining 48.68% is influenced by other factors. Strategies that can be carried out by PT Telkom Indonesia (TLKM); Short Term: Focus on operational efficiency and optimize dividend policy to increase investor attractiveness Medium Term: Expand the digital service portfolio and take advantage of national digital transformation opportunities, Long Term: Diversify markets and products to face global competition and reduce dependence on the domestic market.

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