

THE INFLUENCE OF PROFIT GROWTH, LEVERAGE, AND PROFITABILITY ON DIVIDEND POLICY IN STATE-OWNED ENTERPRISES LISTED ON THE INDONESIA STOCK EXCHANGE

by Arief Nurdiannova Qurochman

Submission date: 14-Feb-2022 02:37PM (UTC+0700)

Submission ID: 1761994022

File name: ENTERPRISES_LISTED_ON_THE_INDONESIA_STOCK_EXCHANGE_Bpk_Arief.doc (918.5K)

Word count: 3481

Character count: 18711



THE INFLUENCE OF PROFIT GROWTH, LEVERAGE, AND PROFITABILITY ON DIVIDEND POLICY IN STATE-OWNED ENTERPRISES LISTED ON THE INDONESIA STOCK EXCHANGE

Arief Nurdiannova Qurochman

Management Study Program, STIE YAPAN, Surabaya, 60295, Indonesia

(one blank single space line, 10 point font)

ARTICLE INFO

Keywords:

Keywords: Profit Growth, Leverage, Profitability, and Dividend Policy

ABSTRACT (9 pt, bold, at most 200 words) (one blank single space line, 9 point font)

Dividend policy is part of management activities in paying rights to shareholders or investors. Determining the dividend policy is influenced by several things. This research is limited to several things or factors that are intended to determine their effect on dividend policy. Some of these factors include profit growth, leverage, and profitability.

This study aims to determine the effect of profit growth, leverage, and profitability on dividend policy in State-Owned Enterprises (BUMN) listed on the Indonesia Stock Exchange for the period 2018 to 2020. The population in this study is State-Owned Enterprises listed in one Indonesian Stock Exchange. Meanwhile, the sample selection used the purposive sampling method. The number of samples of companies used is 33 samples with 11 companies. The analysis technique used is multiple linear regression analysis to determine the relationship and influence between one dependent variable and several independent variables.

Based on the results of research through t-test, it can be concluded that the company's profit growth has no effect on dividend policy, and this result is not in accordance with the hypothesis. Then, leverage also does not affect dividend policy, and this result is not in accordance with the hypothesis. And profitability also does not affect dividend policy, this result is not in accordance with the hypothesis. Meanwhile, the results of the study according to the f test concluded that profit growth, leverage, and profitability have a simultaneous effect on dividend policy.

E-mail: ariefqurochman17@gmail.com

Copyright © 2020 Enrichment: Journal of Management.
All rights reserved.

I. INTRODUCTION

1.1 Background

Investors invest their funds in the company to obtain higher income or return on investment, either in the form of income from the difference between the selling price of shares and the purchase price or in the form of income from dividends. For investors, dividends are one of the attractions to investing in the capital market. Investors can also evaluate the performance and liquidity of the issuer company by assessing the number of dividends distributed. Dividends paid by a company to investors are certainly influenced by the dividend policy of each company. The amount of the dividend to be distributed is decided at the General Meeting of Shareholders (GMS) as the highest decision-maker in a limited liability company. Concerning dividends, companies need to implement the right dividend policy, so that the company continues to run optimally. Concerning the independent variables in this study, three factors will be tested for their effect on dividend policy. The first factor is profit growth which shows the company's ability to generate profits achieved by the company in a certain period. The better the profit growth, the greater the need to finance the development of company assets (Endri, Sari, Budiasih, Yuliantini, & Kasmir, 2020). In addition, the amount of profit is a determinant for providing the amount of dividends to investors.

The second factor is leverage which is also considered to have a relationship with cash dividend payments. The leverage ratio is used in this study to measure the extent to which the company's assets are financed by debt (Markonah, Salim, & Franciska, 2020). The higher the leverage ratio, the lower the level of dividend distribution. Because most of the company's profits are used to pay off debt or corporate leverage, the percentage of profits paid in the form of dividends is small (Sinarwati, 2013). The third factor is profitability, namely the company's ability to generate profits. According to (Bansaleng, Tommy, & Saerang, 2014), profitability is the company's ability to generate profits (profit) at a certain level of sales, assets, and capital. In this study, profitability ratios are used which provide an overview of the level of effectiveness of the company's management. The greater the profitability means the better, because it has the potential to provide better prosperity for the owners of the company which is marked by the distribution of larger dividends.

1.2. Problem Formulation

1. Is there a partial effect of profit growth on dividend policy in State-Owned Enterprises listed on the Indonesia Stock Exchange for the period 2018 – 2020?
2. Is there a partial leverage effect on the dividend policy of State-Owned Enterprises listed on the Indonesia Stock Exchange for the period 2018 – 2020?
3. Is there a partial effect of profitability on the dividend policy of State-Owned Enterprises listed on the Indonesia Stock Exchange for the period 2018 – 2020?
4. Is there any effect of simultaneous profit growth, leverage and profitability on dividend policy in State-Owned Enterprises listed on the Indonesia Stock Exchange for the period 2018 – 2020?

II. LITERATURE REVIEW

2.1. Profit Growth

Profit growth is the company's ability to increase the size of the company. Profit growth is influenced by several factors, namely external factors, internal factors, and the influence of the local industrial climate. Every company tries to achieve high-profit growth every year because profit growth provides an overview of the company's development that is happening (Fauzi, 2015).

2.2. Leverage

Leverage is one of the parameters to measure the company's financial health, namely by measuring the company's ability to fulfill its obligations, both short and long term, including in financing fixed assets. In this study, the leverage ratio is used to measure the extent to which the company's assets are financed with debt (Markonah et al., 2020).

2.3. Profitability

(Hantono, 2015) describes profitability as a group of ratios that show a combination of the effects of liquidity, asset management, and leverage on operating results. Profitability is the company's ability to profit from its business and become an attraction for shareholders or investors. Meanwhile, according to (Angahar & Alematu, 2014), profitability is the ability to create excess income over costs to attract and hold investment capital. Management has two policies or treatments for the company's earnings after tax (Earning After Tax) or EAT, namely:

1. Distributed to shareholders in the form of dividends.
2. Reinvested in the company as retained earnings.

2.4. Dividend Policy

Based on the EAT treatment above, the management must make a dividend policy regarding the amount of EAT to be distributed as dividends. If the company divides it in the form of dividends, it will reduce the source of funds (cash) from the company's profits. If the company does not provide its profit (profit) as dividends, it will be able to enlarge internal sources of funds which will increase the company's ability to develop the company.

According to (Gumanti, 2013) that dividend policy is a practice carried out by management to make decisions on dividend payments, which includes the amount of rupiah and the pattern of cash distribution to shareholders.

III. RESEARCH METHOD

3.1. Types of research

This type of research is quantitative research, which is a research method whose data are obtained in the form of statements or numbers that are assessed by statistical analysis. This study explains the effect of several variables on another variable.

3.2. Population and Sample

The population in this study are state-owned companies listed on the Indonesia Stock Exchange (IDX) in the 2018-2020 period. There are 11 state-owned companies listed on the IDX in the 2018-2020 period. The sample in this study was selected using purposive sampling, which is a sampling technique with certain considerations (Sugiyono, 2013).

Based on these criteria, 33 samples were obtained from 11 companies (11 x 3 years of research = 33 samples) that met the criteria and were used as samples in this study. The sample companies in this study are as follows:

Table 1. Company Names as Samples

No.	Stocks Code	Company Name
1	ADHI	PT. Adhi Karya (Persero) Tbk
2	BBNI	PT. Bank Negara Indonesia (Persero) Tbk
3	BBRI	PT. Bank Rakyat Indonesia (Persero) Tbk
4	BBTN	PT. Bank Tabungan Negara (Persero) Tbk
5	BMRI	PT. Bank Mandiri (Persero) Tbk
6	PTBA	PT. Bukit Asam (Persero) Tbk
7	SMBR	PT. Semen Baturaja (Persero) Tbk
8	SMGR	PT. Semen Gresik (Persero) Tbk
9	TLKM	PT. Telekomunikasi Indonesia (Persero) Tbk.
10	WIKA	PT. Wijaya Karya (Persero) Tbk.
11	WSKT	PT. Waskita Karya (Persero) Tbk.

Sumber: data diolah dari (Bursa Efek Indonesia, n.d.)

3.3. Research Hypothesis

Based on the formulation of the problem above, the research hypothesis can be formulated as follows:

- H₁ : Profit growth has an effect on dividend policy in state-owned companies listed on the Indonesia Stock Exchange for the period 2018 – 2020
- H₂ : Leverage has an effect on dividend policy in state-owned companies listed on the Indonesia Stock Exchange for the period 2018 – 2020
- H₃ : Profitability has an effect on dividend policy in state-owned companies listed on the Indonesia Stock Exchange for the period 2018 – 2020
- H₄ : Profit growth, leverage, and profitability have a simultaneous effect on dividend policy in state-owned companies listed on the Indonesia Stock Exchange for the period 2018 - 2020

3.4. Research and Operational Variables

In this study there are two kinds of variables, namely the independent variable (independent) and the dependent variable (dependent). The independent variable is a variable that affects or causes changes or the emergence of the dependent variable (dependent). The independent variables (X) in this study include profit growth (X₁), leverage (X₂), and profitability (X₃). The dependent variable (Y) is dividend policy.

Profit growth (X₁)

Profit growth can be measured in several ways. One of them is by looking at the growth of the company's operating profit. Profit growth is calculated by subtracting the profit of the current period with the profit of the previous period, then dividing by the profit of the previous period (Pramuka, 2000).

$$\text{Profit Growth} = \frac{\text{Profit Year } t - \text{Profit Year } t-1}{\text{Profit Year } t-1}$$

Leverage (X₂)

Leverage is measured by the Debt to Asset Ratio (DAR), which is the ratio of total liabilities to total assets or assets. The formula for calculating DAR is as follows (Sugiono, 2009).

$$\text{Debt to Asset Ratio (DAR)} = \frac{\text{Total Liabilities}}{\text{Total Assets}}$$

Profitability (X₃)

Profitability in this research is measured using Return On Assets (ROA). According to (Sugiono, 2009), ROA provides information about the rate of return from the business on all existing assets. The formula for this ratio is as follows:

$$\text{Return On Assets (ROA)} = \frac{\text{Earning After Tax}}{\text{Total Assets}}$$

Dividend Policy (Y)

Dividend policy is the amount or portion of profit distributed to shareholders which can be measured using the Dividend Payout Ratio (DPR). The DPR variable uses a ratio measurement scale. The formula for calculating the dividend policy (Dividend Payout Ratio) is (Amidu, 2007):

$$\text{Dividend Payout Ratio (DPR)} = \frac{\text{Dividend per share}}{\text{Earning per share}}$$

Based on the above formulas, the operational analysis of the influence between the independent variables on the dependent variable is carried out through the SPSS program. Then, the results are compared with the research hypothesis.

IV. RESULTS AND DISCUSSION

Before performing the regression calculations, several classical assumption tests were performed, such as normality test, heteroscedasticity test, autocorrelation test, and multicollinearity test.

4.1. Normality test

Table 2.
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		33
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.11886150

Most Extreme Differences	Absolute	.080
	Positive	.080
	Negative	-.078
Test Statistic		.080
Asymp. Sig. (2-tailed)		.200 ^{c,d}

From the normality test table above, it can be seen that the probability value of each variable is greater than 0.05, which is 0.200 or $0.200 > 0.05$. So, it can be concluded that the data above is normally distributed.

4.2. Heteroscedasticity Test

4
Table 3. Heteroskedasticity Test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.063	.052		1.223	.231
Profit Growth	.000	.001	-.052	-.321	.750
Leverage	.018	.067	.057	.270	.789
Profitability	.629	.246	.540	2.557	.730

Based on the heteroscedasticity test above, that the X_1 variable is 0.750; X_2 of 0.789; and X_3 of 0.730, which does not have a significant correlation between the residuals and the independent variable, which is indicated by the value of Sig. which is greater than 0.05. So, in the results of this analysis it can be concluded that all research variables do not occur heteroscedasticity.

4.3. Autocorrelation Test

Table 3. Autocorrelation Test
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.599 ^a	.358	.292	.12486	1.894

Furthermore, in the autocorrelation test table, the Durbin-Watson value is 1.894. To determine the presence or absence of autocorrelation symptoms, it is necessary to look at the Durbin Watson table with 3 independent variables and 33 samples. Thus, we get $DL = 1.270$ and $DU = 1.651$ and $4 - DL = 2.730$ and $4 - DU = 2.349$. Meanwhile, the value of Durbin Watson from the calculation of $DW = 1.894$. Thus, it can be concluded that in this regression model there is no autocorrelation symptom.

4.4. Multicollinearity Test

To determine the presence or absence of multicollinearity symptoms in the resulting multiple linear regression model, it can be done by calculating the Variance Inflation Factor (VIF) value of each independent variable in the regression model.

6
Table 4. Multicollinearity Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.441	.110		4.029	.000		
	Profit Growth	-.002	.003	-.131	-.881	.386	.996	1.004
	Leverage	-.228	.142	-.314	-1.599	.121	.572	1.748
	Profitability	.879	.521	.331	1.687	.102	.573	1.744

From the calculation results, it can be concluded that in the collinearity statistics section, it can be concluded:

- Tolerance value is more than > 0.10 , then there is no multicollinearity
- The VIF value is less than < 10.00 , then there is no multicollinearity

4.5. Multiple Linear Regression Test Results

Table 5. Multiple Linear Regression Test Results Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.441	.110		4.029	.000
	Profit Growth	-.002	.003	-.131	-.881	.386
	Leverage	-.228	.142	-.314	-1.599	.121
	Profitability	.879	.521	.331	1.687	.102

3

Based on the table, the regression model obtained is as follows:

- Assuming that the variables X_1 , X_2 , X_3 are zero or constant, the value of the Dividend Policy (Y) is 0.441.
- The regression coefficient for the Profit Growth variable (X_1) is -0.002, and the regression coefficient for Leverage (X_2) is -0.228. Variables X_1 and X_2 have negative regression coefficients, this indicates a change that is not in line with the dependent variable. So, the greater the value of Profit Growth (X_1) and Leverage (X_2) will not increase the value of Dividend Policy (Y) assuming that the other variables are constant.
- The regression coefficient for the Profitability variable (X_3) obtained a value of 0.879 has a positive regression coefficient, this indicates a change in the direction of the dependent variable. So the greater the value of Profitability (X_3) will increase the value of Dividend Policy (Y) with the assumption that the other variables are constant.

4.6. The Results Of The t-Test Test In Multiple Linear Regression Tables

The results of the t-table test from the results of the multiple linear regression test above, show that:

1. The value of t count on the Profit Growth variable is -0.881 with a significant level of 0.386. Because the significant level of this variable is greater than 0.05 ($\text{sig} > 0.05$), this means that the Profit Growth variable does not affect Dividend Policy.
2. The value of t count on the Leverage variable is -1.599 with a significant level of 0.121. Because the significant level of this variable is greater than 0.05 ($\text{sig} > 0.05$), this means that the Leverage variable partially does not affect Dividend Policy.
3. The value of t count on the Profitability variable is 1.687 with a significant level of 0.102. Because the significant level of this variable is greater than 0.05 ($\text{sig} > 0.05$), this means that the Profitability variable does not affect Dividend Policy.

4.7. F Test Results

Table 6. F Test
ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.252	3	.084	5.398	.004 ^b
	Residual	.452	29	.016		
	Total	.705	32			

Based on the results of the F test, the significance value (Sig.) = 0.004 which is smaller than 0.05. It can be concluded if the use of the regression model in this study is that there is a simultaneous effect of all independent variables on the dependent variable.

4.8. Effect of Profit Growth on Dividend Policy

Based on the test results for the Profit Growth variable, it partially has no effect on Dividend Policy. This shows that the results of this study support the research of (Agustina & Andayani, 2016) which states that profit growth has a negative effect on dividend policy. The results show that the faster the profit growth rate, the greater the funds needed to finance the profit growth so that the smaller the dividend paid. Thus, hypothesis H₁ is rejected.

4.9. Effect of Leverage on Dividend Policy

Based on the test results for the Leverage variable, it partially has no effect on Dividend Policy. This shows that the amount of debt owned by the company does not affect the size of the proportion of profits that will be distributed to shareholders. The ineffectiveness of debt policy on the dividend policy of state-owned companies may be due to the company's debt, both in the form of immediate obligations and second party funds, on average, do not provide a debt payment burden that can reduce company profits. Thus, the debt policy has no effect on the dividend policy of state-owned companies. Thus, hypothesis H₂ is rejected.

4.10. The Effect of Profitability on Dividend Policy

Based on the test results for the Profitability variable partially has no effect on Dividend Policy. This shows that the distribution of dividends in state-owned companies is not based on profitability. The distribution of dividends is sourced from the profits obtained by the company after fulfilling its obligations in the form of interest and taxes. Thus, hypothesis H₃ is rejected.

4.11. Effect of Profit Growth, Leverage, and Profitability on Dividend Policy

Based on the results of the F test, it can be concluded that in this study there is a simultaneous effect of all independent variables on the dependent variable. Thus, hypothesis H₄ is accepted.

V. CONCLUSION

After knowing the problem formulation, analyzing, and discussing the results of research on the effect of profit Growth, leverage, profitability on dividend policy, the following conclusions can be drawn:

- a. Based on the results of the study, the results of Profit Growth have no effect on Dividend Policy, this result is not in accordance with the hypothesis.

Title of manuscript is short and clear, implies research results (First Author)

- b. Based on the results of the study, it was obtained that Leverage had no effect on Dividend Policy, this result was not in accordance with the hypothesis.
- c. Based on the results of the study, it was obtained that Profitability had no effect on Dividend Policy, this result was not in accordance with the hypothesis.
- d. Based on the results of the study obtained the results of Profit Growth, Leverage and Profitability have a simultaneous effect on Dividend Policy, these results are in accordance with the hypothesis.

BIBLIOGRAPHY

- Agustina, L., & Andayani, A. (2016). Pengaruh Kinerja Keuangan, Ukuran Perusahaan, dan Pertumbuhan Perusahaan terhadap Kebijakan Dividen. *Jurnal Ilmu Dan Riset Akuntansi (JIRA)*, 5(10).
- Amidu, M. (2007). How does dividend policy affect performance of the firm on Ghana stock Exchange. *Investment Management and Financial Innovations*, 4(2), 103–112.
- Angahar, P. A., & Alematu, A. (2014). Impact of working capital on the profitability of the Nigerian cement industry. *European Journal of Accounting, Auditing and Finance Research*, 2(7), 17–30.
- Bansaleng, R. D. V, Tommy, P., & Saerang, I. S. (2014). Kebijakan hutang, struktur kepemilikan dan profitabilitas terhadap kebijakan dividen pada perusahaan food and beverage di Bursa Efek Indonesia. *Jurnal EMBA: Jurnal Riset Ekonomi, Manajemen, Bisnis Dan Akuntansi*, 2(3).
- Bursa Efek Indonesia. (n.d.). www.idx.co.id. Retrieved from <https://www.idx.co.id/data-pasar/data-saham/indeks-saham/>
- ENDRI, E., SARI, A. K., BUDIASIH, Y., YULIANTINI, T., & KASMIR, K. (2020). Determinants of profit growth in food and beverage companies in Indonesia. *The Journal of Asian Finance, Economics, and Business*, 7(12), 739–748.
- Fauzi, M. N. (2015). *Pengaruh Kebijakan Dividen Dan Pertumbuhan Perusahaan Terhadap Struktur Modal Dan Profitabilitas (Studi Pada Sektor Mining yang Terdaftar di Bursa Efek Indonesia Periode 2011-2013)*. Brawijaya University.
- Gumanti, T. A. (2013). *Kebijakan Dividen Teori, Empiris dan Implikasi*.
- Hantono, H. (2015). Pengaruh Current Ratio dan Debt To Equity Ratio Terhadap Profitabilitas pada Perusahaan Manufaktur Sektor Logam dan Sejenisnya yang Terdaftar di Bursa Efek Indonesia Periode 2009-2013. *Jurnal Wira Ekonomi Mikroskil: JWEM*, 5(1), 21–30.
- Markonah, M., Salim, A., & Franciska, J. (2020). Effect of profitability, leverage, and liquidity to the firm value. *Dinasti International Journal of Economics, Finance & Accounting*, 1(1), 83–94.
- Pramuka, W. (2000). Pemahaman Ekonomi Umum. *Jakarta: PT Gramedia Pustaka Umum*.
- Sinarwati, N. K. (2013). APAKAH UTANG DAN INVESTASI MEMPENGARUHI RASIO PEMBAGIAN DIVIDEN PERUSAHAAN PERBANKAN YANG TERDAFTAR DI BEI? *Jurnal Ilmiah Akuntansi Dan Humanika*, 2(2).
- Sugiono, A. (2009). *Manajemen keuangan untuk praktisi keuangan*. Jakarta: Grasindo.
- Sugiyono, D. (2013). *Metode penelitian pendidikan pendekatan kuantitatif, kualitatif dan R&D*.

THE INFLUENCE OF PROFIT GROWTH, LEVERAGE, AND PROFITABILITY ON DIVIDEND POLICY IN STATE-OWNED ENTERPRISES LISTED ON THE INDONESIA STOCK EXCHANGE

ORIGINALITY REPORT

11%

SIMILARITY INDEX

12%

INTERNET SOURCES

15%

PUBLICATIONS

6%

STUDENT PAPERS

PRIMARY SOURCES

1	jsss.co.id Internet Source	2%
2	repo.undiksha.ac.id Internet Source	2%
3	repository.ibs.ac.id Internet Source	2%
4	jurnal.narotama.ac.id Internet Source	2%
5	Submitted to Universitas Sebelas Maret Student Paper	2%
6	www.pertanika.upm.edu.my Internet Source	2%

Exclude quotes Off

Exclude bibliography On

Exclude matches < 2%

THE INFLUENCE OF PROFIT GROWTH, LEVERAGE, AND PROFITABILITY ON DIVIDEND POLICY IN STATE-OWNED ENTERPRISES LISTED ON THE INDONESIA STOCK EXCHANGE

GRADEMARK REPORT

FINAL GRADE

/0

GENERAL COMMENTS

Instructor

PAGE 1

PAGE 2

PAGE 3

PAGE 4

PAGE 5

PAGE 6

PAGE 7

PAGE 8
