

## **CHAPTER V**

### **CONCLUSION**

#### **5.1 Conclusion**

The writer investigates the connection formed by the distribution of dividends, leverage, and profitability. Dividend policy is the dependent variable, with profitability and leverage serving as the independent variables. Examining the state-owned enterprises that have traded on the Indonesia Stock Exchange (IDX) between 2016 and 2022, this study focuses on state-owned enterprises that have been listed on the IDX. The purposive sampling method was applied, with 7 companies eligible and taken as samples, resulting in a total of 32 total samples to be used as an observation in this research. The data obtained is the secondary data derived from the annual financial reports of mining companies listed on the Indonesia Stock Exchange from 2016 to 2022. Through data analysis (multiple linear regression) and hypothesis testing, the following conclusions can be derived:

1. Profitability measured by return on asset has significant partial impact toward dividend policy on state-owned enterprises listed on the Indonesia Stock Exchange during the period 2016 to 2022. Therefore,  $H_1$  is accepted and this results is in line with the research conducted by Dang et al. (2018), Soi & Buigut (2020) and Lee et al. (2022) which stated that profitability has significant impact toward dividend policy. However, this result contradicts with the research conducted by Prša et al. (2022) and Cristina et al. (2021) which stated that profitability has no significant impact on dividend policy.

2. Leverage measured by debt to asset has insignificant partial impact toward dividend policy on state-owned enterprises listed on the Indonesia Stock Exchange during the period 2016 to 2022. Therefore,  $H_2$  is rejected and this result is in line with the research conducted by E. Ayunku & Markjackson (2019), Le et al. (2019), and Dang et al. (2018) which stated that leverage has no significant impact toward dividend policy. However, this result contradicts with the research conducted by Dang et al. (2018), Soi & Buigut (2020) and Lee et al. (2022) which stated that leverage has significant impact on dividend policy.
3. Profitability and leverage have significant simultaneous impact toward dividend policy on state-owned enterprises listed on the Indonesia Stock Exchange during the period 2016 to 2022. Therefore,  $H_3$  is accepted.

In addition to this, the  $R^2$  value, which represents the coefficient of determination, is 0.228 or 22.8%. The multiple linear regression model explains 22.8% of the total variance, which is a significant finding. The independent variables, profitability, and leverage, have a significant influence of 22.8% on the dependent variable, dividend policy. Nevertheless, it should be noted that the remaining 77.2% of the dependent variable is influenced by other variables that were not considered in this study.

In conclusion, this research is meant to contribute to the accounting department's knowledge base, notably in the state-owned enterprises, concerning the impact of profitability and leverage.

## 5.2 Recommendation

Based on the results and limitations of this study, the following recommendations are made:

1. The research was gathered in the intention of enhancing understanding and broadening perceptions of the implications and impact of profitability and leverage on dividend policy.
2. For the government, specifically the Minister of State-Owned Enterprises, this research is anticipated to increase state-owned enterprise oversight. This was the result of companies engaging in detrimental earnings management practice for the benefit of their management.
3. For the investors, this research should serve as a reminder to always investigate a company's history and financial statements prior to investing or making other important decisions.
4. For future researchers, it is recommended to look at the most recent year and other sectors of businesses. The researcher was unable to assess the current year due to time and data constraints. Consequently, this concept is being communicated to future researchers to collect reliable data.