

**THE IMPACT OF PROFITABILITY, INSTITUTIONAL OWNERSHIP,
AND MANAGERIAL OWNERSHIP ON DIVIDEND PAYOUT IN
INDONESIAN ENERGY SECTOR**

(Undergraduate Thesis)

By

**KEISHA JUSTINA SIAGIAN
NPM 2211031024**



**ACCOUNTING UNDERGRADUATE PROGRAM
FACULTY OF ECONOMICS AND BUSINESS
UNIVERSITAS LAMPUNG
BANDAR LAMPUNG
2026**

**THE IMPACT OF PROFITABILITY, INSTITUTIONAL OWNERSHIP,
AND MANAGERIAL OWNERSHIP ON DIVIDEND PAYOUT IN
INDONESIAN ENERGY SECTOR**

By

KEISHA JUSTINA SIAGIAN

Undergraduate Thesis

**As One of the Requirements for the Degree of
BACHELOR OF ACCOUNTING**

At

**Department of Accounting
Faculty of Economics and Business Universitas Lampung**



**FACULTY OF ECONOMICS AND BUSINESS
UNIVERSITAS LAMPUNG
BANDAR LAMPUNG
2026**

ABSTRACT

THE IMPACT OF PROFITABILITY, INSTITUTIONAL OWNERSHIP, AND MANAGERIAL OWNERSHIP ON DIVIDEND PAYOUT IN INDONESIAN ENERGY SECTOR

By

KEISHA JUSTINA SIAGIAN

This study aims to examine the effect of profitability, institutional ownership, and managerial ownership on dividend payout ratio (DPR) in energy sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2020–2024. This research employs a quantitative approach using secondary data obtained from audited annual reports and ownership disclosures. The sample consists of 245 firm-year observations selected through purposive sampling, and the data are analyzed using pooled multiple linear regression. The results indicate that profitability has a positive and significant effect on dividend payout ratio, suggesting that firms with stronger financial performance tend to distribute higher dividends. Meanwhile, institutional ownership and managerial ownership do not have a significant effect on dividend payout ratio. These findings imply that dividend policy in Indonesian energy sector firms is primarily driven by financial performance rather than ownership structure. The coefficient of determination indicates that the independent variables are able to explain a meaningful portion of the variation in dividend payout ratio, while the remaining variation is influenced by other factors outside the model.

Keywords: Dividend Payout Ratio, Profitability, Institutional Ownership, Managerial Ownership, Energy Sector

ABSTRAK

PENGARUH PROFITABILITAS, KEPEMILIKAN INSTITUSIONAL, DAN KEPEMILIKAN MANAJERIAL TERHADAP PEMBAYARAN DIVIDEN PADA SEKTOR ENERGI DI INDONESIA

Oleh

KEISHA JUSTINA SIAGIAN

Penelitian ini bertujuan untuk menguji pengaruh profitabilitas, kepemilikan institusional, dan kepemilikan manajerial terhadap dividend payout ratio (DPR) pada perusahaan sektor energi yang terdaftar di Bursa Efek Indonesia (BEI) selama periode 2020–2024. Penelitian ini menggunakan pendekatan kuantitatif dengan data sekunder yang diperoleh dari laporan tahunan yang telah diaudit serta pengungkapan struktur kepemilikan. Sampel penelitian terdiri dari 245 observasi firm-year yang dipilih melalui teknik purposive sampling, dan data dianalisis menggunakan regresi linear berganda dengan pendekatan pooled. Hasil penelitian menunjukkan bahwa profitabilitas berpengaruh positif dan signifikan terhadap dividend payout ratio, yang mengindikasikan bahwa perusahaan dengan kinerja keuangan yang lebih kuat cenderung membagikan dividen yang lebih tinggi. Sementara itu, kepemilikan institusional dan kepemilikan manajerial tidak memiliki pengaruh yang signifikan terhadap dividend payout ratio. Temuan ini menunjukkan bahwa kebijakan dividen pada perusahaan sektor energi di Indonesia terutama ditentukan oleh kinerja keuangan dibandingkan dengan struktur kepemilikan. Koefisien determinasi menunjukkan bahwa variabel independen mampu menjelaskan sebagian variasi dividend payout ratio, sedangkan sisanya dipengaruhi oleh faktor-faktor lain di luar model penelitian.

Kata Kunci: Dividend Payout Ratio, Profitabilitas, Kepemilikan Institusional, Kepemilikan Manajerial, Sektor Energi

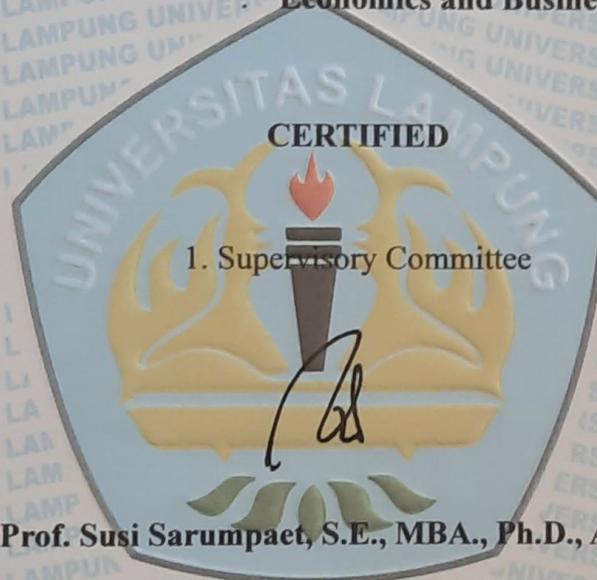
Undergraduate Thesis Title : **THE IMPACT OF PROFITABILITY,
INSTITUTIONAL OWNERSHIP, AND
MANAGERIAL OWNERSHIP ON
DIVIDEND PAYOUT IN INDONESIAN
ENERGY SECTOR**

Student Name : **Keisha Justina Siagian**

Student Identification Number : **2211031024**

Major : **Accounting**

Faculty : **Economics and Business**



NIP. 19691008 199501 2001

2. Head of Accounting Department

A handwritten signature in black ink, appearing to read 'Agrianti', is written over the text of the second certifier.

Dr. Agrianti Komalasari, S.E., M.Si., Akt., CA., CMA.

NIP. 19700801 199512 2001

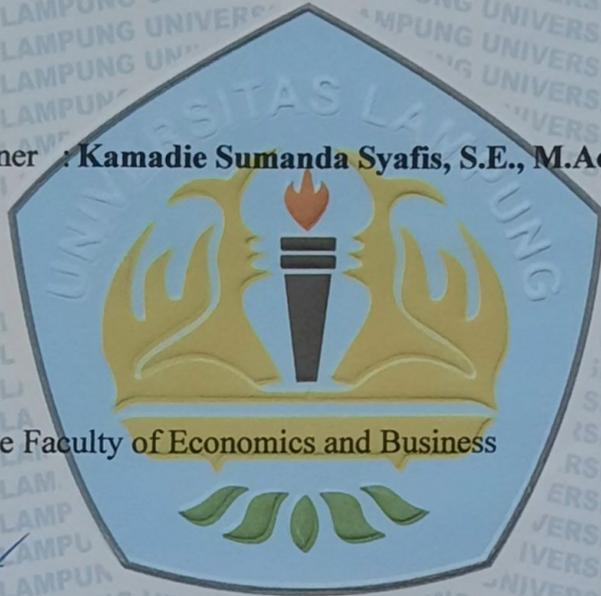
APPROVED

1. Examination Committees

Chief Examiner : Prof. Susi Sarumpaet, S.E., MBA., Ph.D., Akt. CA.

Primary Examiner : Dr. Liza Alvia, S.E., M.Sc., Ak., CA.

Second Examiner : Kamadie Sumanda Syafis, S.E., M.Acc., Ak., CA.



2. Dean of the Faculty of Economics and Business



Prof. Dr. Nairobi, S.E., M.Si.

NIP. 19660621 199003 1003

Date of Undergraduate Thesis Examination: Februari 2nd. 2026

STATEMENT OF ORIGINALITY

I, the undersigned:

Name : Keisha Justina Siagian
Student Identification Number (NPM) : 2211031024

Hereby declare that my undergraduate thesis entitled "The Impact of Profitability, Institutional Ownership, and Managerial Ownership on Dividend Payout in Indonesian Energy Sector" is entirely my own original work. In this undergraduate thesis, there is no part or entirety of the writing, ideas, or opinions of other authors that I have acknowledged as my own without proper acknowledgment of the original author. If it is proven in the future that this statement is not true, I am willing to accept sanctions in accordance with the applicable regulations.

Bandar Lampung, February 13th, 2026

Author



Keisha Justina Siagian

NPM 2211031024

AUTHOR'S BIOGRAPHY



The author was born in Bandar Lampung on July 30, 2004, as the second child of two siblings. The author completed elementary education at SD Fransiskus I Tanjung Karang from 2010 to 2016, continued junior high school at SMP Fransiskus Tanjung Karang from 2016 to 2019, and completed senior high school at SMA Fransiskus Bandar Lampung from 2019 to 2022. For six consecutive years, from junior high school to senior high school, the author achieved outstanding academic performance by consistently ranking first in the parallel class. In 2022, the author was admitted as an undergraduate student in the Accounting Department, Faculty of Economics and Business, University of Lampung through the SNMPTN admission pathway and was selected to join the Accounting International Undergraduate Program.

The author contributed actively at AIESEC in Unila during college, starting in 2023 as Network Management Staff of External Relations and Business Development, and in 2024 served as Accounting Manager of Finance, Governance, and Legality. In 2024, the author had the opportunity to participate in the Jewels of Borneo Summer Program at UiTM Cawangan Sabah, Malaysia. In 2025, the author served as a tax volunteer at the Regional Office of the Directorate General of Taxes (DJP) in Bengkulu and Lampung. The author was also selected as one of the 100 outstanding young women from across Indonesia to become an awardee of the Female Future Leaders Batch 1 program by XL Smart.

DEDICATION

Praise and gratitude be to Lord Jesus Christ, who has granted His grace, guidance, and strength to the author so that this thesis could be completed well.

With all humility and thankfulness, the author dedicates this thesis to:

My beloved parents, Mama dan Papa.

Thank you for your prayers that have accompanied and protected me at all times. Thank you for providing for me materially and for always taking the time to help me. Thank you for striving in every situation and for doing your very best for me.

My beloved sister, Vania Adita Siagian

Thank you for loving, supporting, and praying for me throughout every process of my life.

All my family, best friends, and friends.

Thank you for the prayers and support you have given.

My beloved Almamater, Universitas Lampung

MOTTO

Ask and it will be given to you; seek and you will find; knock and the door will be opened to you.

Matthew 7:7

I can do all things through Christ who strengthens me.

Philippians 4:13

If you have faith like a grain of mustard seed, you will say to this mountain, “Move from here to there,” and it will move, and nothing will be impossible for you

Matthew 17:20

“Just do your best and let God do the rest”

“Carpe diem and que sera sera”

ACKNOWLEDGEMENT

All praise and gratitude be to Lord Jesus Christ for His abundant grace and guidance, which have enabled the author to complete this undergraduate thesis entitled “The Impact of Profitability, Institutional Ownership, and Managerial Ownership on Dividend Payout in the Indonesian Energy Sector.”

This thesis is prepared as one of the requirements to obtain the degree of Bachelor of Accounting in the Department of Accounting, Faculty of Economics and Business, University of Lampung. Throughout the process of completing this thesis, the author received guidance, support, and prayers from many parties. With utmost respect and humility, the author would like to express sincere gratitude to:

1. Prof. Dr. Nairobi, S.E., M.Si., as the Dean of the Faculty of Economics and Business, University of Lampung.
2. Prof. Susi Sarumpaet, S.E., MBA., Ph.D., Akt., CA., as the thesis supervisor. The author sincerely thanks her for her guidance, advice, motivation, endless patience, valuable time, and tremendous support throughout the completion of this thesis.
3. Dr. Liza Alvia, S.E., M.Sc., Akt., CA., as the first examiner. The author gratefully acknowledges her time, constructive feedback, and assistance in improving this thesis.

4. Mr. Kamadie Sumanda Syafis, S.E., M.Acc., Ak., CA., as the second examiner. The author sincerely appreciates his time, insightful suggestions, and support in refining this thesis.
5. Ma'am Sari Indah Oktanti Sembiring, S.E., M.S.Ak., as the Academic Advisor, for her guidance, assistance, and motivation throughout the author's academic journey.
6. Mr. Fatkhur Rohman, S.E., M.Prof.Acc., as a lecturer of the International Accounting Class, for his time, advice, and valuable assistance that greatly supported the author in completing this thesis.
7. All lecturers of the Faculty of Economics and Business, University of Lampung, for the knowledge and motivation given during the author's academic years. The author also extends gratitude to all administrative staff and employees of the Faculty of Economics and Business, University of Lampung, for their assistance during both the study period and the preparation of this thesis.
8. The author's beloved parents, Mama and Papa. Thank you for your endless prayers, support, financial assistance, and unconditional love throughout the author's academic journey.
9. The author's beloved sister, Kak Vania. Thank you for being the author's lifelong companion and for always listening to every story and concern, so the author never felt alone. Thank you for all the appreciation and prayers.

10. The family of Pomparan Oppung Parson, including oppung, tulang, nantulang, inanguda, uda, and the author's cousins (Bang Nio, Kak Nia, and Kimgrace). Thank you for your continuous prayers and encouragement.
11. Octover Family (Laura, Ajeng, Asti, Ella, Karin, Jheni, Aura). Thank you for being the author's safe place to share life's struggles and for standing by the author's side for about ten years. Thank you for the love, support, prayers, and appreciation that mean so much.
12. Anggrek (Anggun, Ghea, Reishandra). The author cannot imagine college life without you, as you have provided tremendous support during assignments and the completion of this thesis. Thank you for listening to both joyful and difficult stories, for strengthening the author, and helping author too see things more clearly.
13. AIESEC family especially Griffinome, Era Badra, and Fusion Galactica, who have helped the author grow personally and professionally, also encouraged the author to bravely seize opportunities. Special thanks to Kak Adel for the insights, appreciation, and comfort that helped the author understand herself better, also to Kak Yaafi for teaching the author to be genuine and for helping heal certain aspects of the author's life.
14. Rasti, the author's AIESEC and accounting college partner. Thank you for listening to the author's stories, for the appreciation and gestures of kindness. Your prayers and reassurances mean so much.
15. Survivor of Tarahan (Pai, Aina, Anggun, Arif, Er, and Anca). Thank you for being the author's home for one month, for your comforting presence and

support during college. Author is truly grateful for every meaningful conversation that happened.

16. Monkeykidz (Chalista, Sheren, Aura), who have been the author's best friends since high school. Thank you for the love, support, and assistance, especially during the final year of college.
17. Dinda and Uni as the 1B roommates in Malaysia. Thank you for the unforgettable memories and kind personalities that author's felt during the happiest moments.
18. Accounting International Class friends (Kinan, Ajja, Uwi, Shela, and others). Thank you for the support and good memories during college years.
19. Rayhana, who helped Author a lot in making this undergraduate thesis. The genuine words, presence, and effort are really meaningful for the Author.
20. Female Future Leaders friends (Nurul, Chas, Rara, Shafa, Nadia, Abigail, Yuli, and Putri) who are incredible women. Thank you for inspiring author to grow by leaving the comfort zone and to become a better person.

Bandar Lampung, February 13th, 2026

Author

Keisha Justina Siagian

TABLE OF CONTENTS

TABLE OF CONTENTS	i
LIST OF TABLES	iii
LIST OF FIGURES.....	iv
I. INTRODUCTION.....	1
1.1 Background.....	1
1.2 Problem Statement.....	6
1.3 Objectives of Research	6
1.4 Benefits of Research	6
II. LITERATURE REVIEW	8
2.1 Theoretical Basis	8
2.1.1 Agency Theory.....	8
2.1.2 Signaling Theory.....	10
2.1.3 Free Cash Flow Theory.....	11
2.1.4 Profitability	13
2.1.5 Institutional Ownership.....	14
2.1.6 Managerial Ownership.....	15
2.1.7 Dividend Payout	16
2.2 Previous Research	19
2.3 Hypothesis Development.....	22
2.3.1 Profitability and Dividend Payout.....	22
2.3.2 Institutional Ownership and Dividend Payout.....	23
2.3.3 Managerial Ownership and Dividend Payout.....	24
2.4 Research Framework	25
III. RESEARCH METHODOLOGY	26
3.1 Type of Research and Data Sources	26
3.2 Population and Sample	27
3.3 Operational Variables.....	28
3.3.1 Independent Variables	28
3.3.2 Dependent Variable	32

3.3.3 Control Variables	33
3.4 Data Analysis Techniques	36
3.4.1 Descriptive Statistics.....	36
3.4.2 Classical Assumption Tests	37
3.4.3 Regression Model Specification and Estimation.....	39
3.4.4 Hypothesis Testing.....	40
IV. RESULTS AND DISCUSSIONS.....	42
4.1 Research Overview	42
4.2 Descriptive Statistics Analysis	44
4.3 Classical Assumption Tests	48
4.3.1 Normality Test	48
4.3.2 Multicollinearity Test	50
4.3.3 Heteroskedasticity Test	52
4.3.4 Autocorrelation Test	54
4.4 Hypothesis Test.....	56
4.4.1 Simultaneous Significance Test (F-Test).....	56
4.4.2 Individual Significance Test (t-Test)	58
4.4.3 Coefficient of Determination (R^2)	59
4.4.4 Robustness Check	61
4.5 Discussions	63
4.5.1 The Effect of Profitability on Dividend Payout Ratio	63
4.5.2 The Effect of Institutional Ownership on Dividend Payout Ratio	66
4.5.3 The Effect of Managerial Ownership on Dividend Payout Ratio	70
V. CONCLUSION, LIMITATION, AND RECOMMENDATION.....	74
5.1 Conclusion.....	74
5.2 Research Limitation	75
5.3 Recommendation	76
REFERENCES.....	77
APPENDICES	84

LIST OF TABLES

Table 2.1 Previous Research.....	19
Table 4.1 Outlier Screening	43
Table 4.2 Descriptive Statistics Analysis	85
Table 4.3 Normality Test Result	49
Table 4.4 Multicollinearity Test Result.....	51
Table 4.5 Heterokedasticity Test Result.....	53
Table 4.6 Autocorrelation Test Result.....	55
Table 4.7 F-Test Result.....	57
Table 4.8 t-Test Test Result.....	58
Table 4.9 Coefficient of Determination Test with Control Variables.....	60
Table 4.10 Coefficient of Determination Test without Control Variables.....	60
Table 4.11 Robustness Test.....	62

LIST OF FIGURES

Figure 1.1 The Graphic of Top 5 Stock Sectors with the Highest Dividend Distribution in Indonesia 2024.....	4
Figure 2.1 Research Framework.....	25

I. INTRODUCTION

1.1 Background

Dividend policy is a fundamental mechanism for profit distribution to shareholders, as mandated by Indonesian law following the allocation of statutory reserves. Beyond this function, dividends serve as a strong positive signal of a firm's future prospects, reflecting managerial confidence and enhancing firm value. This signaling role is particularly critical in emerging markets like Indonesia, where limited transparency and information asymmetry heighten investor reliance on dividends as indicators of firm quality. As a result, investors closely scrutinize dividend announcements to assess long-term growth potential and financial stability, often linking consistent payouts to sound cash flow management and sustainable performance (Wirama et al., 2024).

Dividend policy is shaped by both internal firm characteristics and external environmental factors, and is best understood through multiple theoretical perspectives. Internally, profitability, liquidity, and prior-year dividends positively influence payout decisions. Ownership structure also plays a role. Managerial ownership often correlates negatively with dividends, while institutional, foreign, and individual ownership tend to show positive associations. Externally, tax policy is a key factor, as double taxation on dividends may encourage individual investors to prefer capital gains (Farooq et al., 2024).

Empirical studies in emerging markets underscore the relevance of these factors. Junior et al. (2024) examining G20 countries, found that earnings, free cash flow, and leverage significantly influence payout decisions, particularly in environments marked by governance complexity and risk

aversion. These findings highlight the importance of sector-specific analysis in countries like Indonesia, where certain industries play an outsized role in economic performance and investor returns.

Indonesia's energy sector, encompassing oil, gas, coal, and emerging renewables, is a cornerstone of national economic stability. Research conducted by Ambya & Hamzah (2022) has proven that Indonesia stands as one of the world's leading coal exporters, with the coal sector serving as a critical source of national export earnings. The volume of coal exports is shaped by key macroeconomic factors such as exchange rates, the GDP of importing countries, and global commodity prices.

Broader energy export activities, including oil, gas, and mining, have been shown to exert a direct and significant impact on Indonesia's GDP, providing a buffer even during times of economic crisis (Goestjahjanti et al., 2023). Furthermore, studies employing forecasting techniques highlight that maintaining stability in the oil and gas export sectors is crucial for effective national economic planning and policy formulation (Dinata et al., 2022). Given this critical position, understanding the dynamics within the sector is vital for sustaining investor confidence and national economic resilience.

This importance is further amplified by external global factors. Since 2022, the Russia-Ukraine war has severely disrupted international energy markets, triggering price volatility and supply uncertainty. Empirical evidence shows that IDX-listed coal companies experienced statistically significant abnormal returns and surges in trading volume immediately after the onset of the conflict, highlighting the Indonesian market's sensitivity to external geopolitical shocks (Sahl et al., 2023). In this context, firms capable of maintaining stable earnings amid such global uncertainty, particularly those operating in the energy sector, are more likely to retain investor confidence and attract capital (Behera, 2023).

Maintaining strong investor relationships is therefore a strategic priority for energy companies. Investor retention is critical in the capital-intensive energy sector, as it ensures the availability of capital for expansion and stability. Empirical studies from 2022–2025 demonstrate that institutional ownership significantly strengthens monitoring and aligns management decisions with shareholder interests, often translating into stable dividend payouts.

Likewise, recent research on Indonesian firms (2018–2021) finds that both institutional and managerial ownership positively and significantly affect firm performance, suggesting ownership structure can sustain profitability and support investor trust (Zainal et al., 2024). These governance factors set the foundation for one of the most powerful investor attraction tools: dividend policy.

In Indonesia's emerging market context, marked by information asymmetry and weaker investor protection, dividends serve as a crucial governance signal. Profitability is a consistent positive driver of dividend payout (Mardani, 2022). Institutional ownership not only supports direct dividend decisions but also moderates the link between profitability and payout policy. Conversely, higher managerial ownership tends to reduce dividend payouts, as managers internalize growth via retained earnings. These relationships highlight how profitability and ownership structures collectively shape dividend policies, which in turn influence investor confidence and the sector's long-term stability.

The year 2024 marked a notable transition in Indonesia's corporate dividend landscape, with the energy sector surpassing banking in dividend distribution. Based on the PT Kustodian Sentral Efek Indonesia (KSEI) report, this significant rise in dividend payout with the amount of Rp 75,60 trillion reflects a sharp increase from the previous year and signals a notable shift in the capital distribution behavior of energy and coal mining companies.

Such an upward trend raises important questions regarding the determinants behind these elevated distributions. Understanding the internal corporate factors, particularly profitability and ownership structure, is therefore critical to explaining the motives and sustainability of this high dividend payout in Indonesia's energy sector.

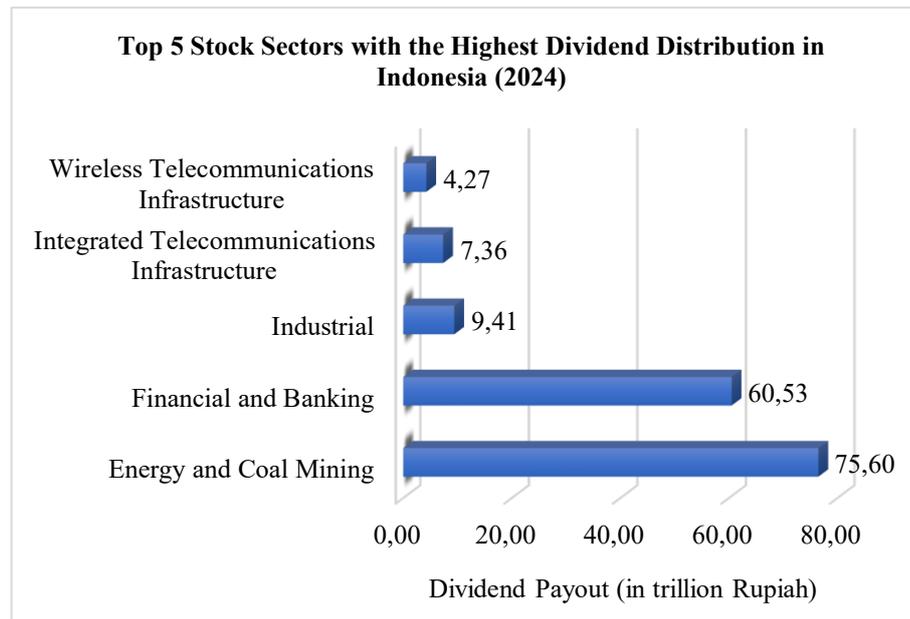


Figure 1.1 The Graphic of Top 5 Stock Sectors with the Highest Dividend Distribution in Indonesia 2024

Source: KSEI Report on *Kata Data*(2024)

While dividend policy has been widely studied, evidence in the Indonesian context regarding profitability, institutional ownership, and managerial ownership remains limited and fragmented. Existing research has mostly focused on specific industries, such as manufacturing and finance, and often reports mixed findings regarding the role of ownership structure in shaping dividend payout decisions (Damayanti & Palinggi, 2023; Mardani, 2022; Napitupulu & Djajanti, 2021). This indicates that the determinants of dividend policy may vary across sectors, and that current knowledge does not yet provide a comprehensive understanding for industries with different governance and capital structures.

Moreover, prior Indonesian studies tend to examine profitability and ownership variables separately, without integrating them into a joint framework. This lack of combined analysis makes it difficult to capture the interaction between firm performance and governance mechanisms in influencing dividend policy. In contrast, international evidence shows more consistent patterns, where profitability and institutional ownership are generally linked to higher dividend payouts, while managerial ownership tends to have the opposite effect (Boshnak, 2023; Farooq et al., 2024; Tawfik et al., 2025). The absence of integrated domestic evidence creates a gap that limits both theoretical development and practical insights for dividend policy in Indonesia.

This gap becomes particularly important in the energy sector, which remains underexplored despite its strategic role in the national economy and its significant contribution to dividend distributions, especially after the notable surge in 2024. Given the sector's capital-intensive nature and distinct ownership characteristics, it is critical to investigate how profitability, institutional ownership, and managerial ownership collectively influence dividend payout decisions.

Therefore, this study seeks to investigate the influence of profitability, institutional ownership, and managerial ownership on dividend payout decisions within Indonesia's energy sector. By concentrating on a sector of strategic economic significance, this research responds to the lack of sector-specific evidence and addresses the scarcity of integrated analysis of profitability and ownership structure in Indonesian studies. In doing so, the study not only fills an empirical gap in understanding dividend policy drivers in the energy industry but also contributes to advancing the broader discourse on corporate governance and ownership dynamics in emerging markets.

1.2 Problem Statement

The strategic importance of the energy sector and its significant contribution to shareholder returns have increased interest in understanding how internal financial performance and ownership structures shape dividend policies. Concerns about profit sustainability and the alignment of management and shareholder interests raise questions about how profitability, institutional ownership, and managerial ownership together influence dividend payout decisions in Indonesian energy companies. To address these issues, this study aims to answer the following research questions:

1. Does profitability influence dividend-payout ratios in Indonesian energy sector companies during the 2020–2024 period?
2. Does institutional ownership significantly affect dividend-payout ratios in Indonesian energy sector companies from 2020-2024 period?
3. Does managerial ownership influence dividend-payout ratios in Indonesian energy sector companies during the 2020–2024 period?

1.3 Objectives of Research

1. To examine the effect of profitability on dividend-payout ratios in Indonesian energy sector companies during the 2020-2024 period.
2. To analyse the impact of institutional ownership on dividend-payout ratios in Indonesian energy sector companies from 2020-2024 period.
3. To evaluate the influence of managerial ownership on dividend-payout ratios in Indonesian energy sector companies during the 2020-2024 period.

1.4 Benefits of Research

1. Theoretical Contribution

This study enriches dividend policy literature by providing empirical evidence on how profitability, institutional ownership, and managerial ownership influence dividend payouts in Indonesia's energy sector. The

findings are expected to refine the applicability of theories such as signaling and agency theory within emerging markets.

2. Practical Implications

The results will guide corporate managers and institutional investors in designing dividend policies that balance firm value creation and investor confidence. Insights on ownership structure and profitability will also help improve investment evaluation and corporate governance practices.

3. Policy Significance

The study offers input for regulators, such as OJK and IDX, in formulating policies that strengthen governance and promote transparent, sustainable dividend practices in a sector critical to Indonesia's economy.

II. LITERATURE REVIEW

2.1 Theoretical Basis

2.1.1 Agency Theory

Agency Theory, as introduced by Jensen and Meckling (1976) and further developed by Fama and Jensen (1983), explains the conflicts of interest that may arise between the principals (shareholders) and agents (managers) within a corporation. These agency conflicts often stem from the separation of ownership and control, where managers may pursue personal goals that do not necessarily align with shareholder interests (Tayachi et al., 2023).

Within the context of dividend policy, Agency Theory suggests that dividend payouts can function as a governance mechanism to reduce agency problems. When firms retain excess free cash flow, there is a risk that managers might invest in unprofitable or self-serving projects. By distributing earnings through dividends, companies reduce the pool of free cash flow available to managers. This limits the opportunity for inefficient resource allocation or opportunistic behavior (Farooq et al., 2024).

Institutional ownership plays a critical role in this dynamic. Institutional investors, due to their substantial shareholdings and expertise, act as effective external monitors. Their active oversight can exert pressure on management to prioritize shareholder value, including through disciplined dividend policies. Recent study by Tawfik et al. (2025) supports the view that institutional investors often advocate for higher

dividend payouts to limit managerial discretion and reinforce accountability.

Managerial ownership also influences agency dynamics. When managers hold equity in the firm, their interests tend to align more closely with those of shareholders. A higher managerial ownership stake can reduce agency costs by motivating managers to enhance firm value and use free cash flow more prudently. This internal alignment can lead to more balanced decisions regarding dividend distribution because managers with ownership are directly affected by payout policies (Tayachi et al., 2023).

Profitability, though not a governance mechanism, aligns with agency theory as it increases free cash flow, thereby heightening the risk of managerial opportunism. To mitigate such risks, firms often employ monitoring tools like dividend payouts. Empirical evidence shows that higher profitability and free cash flow correlate with increased dividend distributions to control agency costs (Chen et al., 2022). In emerging markets, profitability-driven free cash flow similarly prompts stronger dividend policies to curb opportunism (Alzoubi, 2024). Thus, profitability shapes dividend policy within the agency framework by amplifying exposure to agency issues that necessitate governance responses.

The theoretical perspective implies that Agency Theory provides a robust theoretical foundation for understanding how ownership structures, both institutional and managerial, along with firm profitability, influence dividend decisions. This framework is especially relevant in the Indonesian energy sector, where corporate governance practices are evolving and ownership structures are often concentrated, making agency considerations particularly significant.

2.1.2 Signaling Theory

Signaling theory, introduced by Spence (1973) in his study Job Market Signaling, explains how one party with better information conveys credible messages to another party with less information in order to reduce information asymmetry. In the context of corporate finance, this theory suggests that managers, who have more comprehensive knowledge about a firm's performance and future prospects, can communicate this information to external investors through observable financial actions such as dividend announcements. According to Spence, signals must be costly and credible, meaning that only firms with solid earnings and stable financial prospects can afford to maintain such signals. Therefore, dividend payments become a strategic communication tool that reflects managerial confidence in the company's profitability and long-term sustainability.

Empirical evidence from recent studies strongly supports this theoretical view. Yousef et al. (2025) noted that dividend changes serve as a means for managers to communicate private information about a firm's future performance, extending the foundation laid by Spence's signaling framework. Mrad & Kacem (2025) found that dividend payments are perceived by investors as a positive sign of efficient managerial resource use and effective control of excess cash, leading to favorable market reactions toward firms with consistent dividend policies.

Jain & Kashiramka (2024) emphasized that dividends function as a clear signal of profitability and future growth, and they also found that firms tend to align their dividend behavior with peers to maintain a positive reputation and investor confidence. Similarly, Gim & Jang (2023) argued that managers use dividend distributions to demonstrate confidence in the firm's ability to generate stable future cash flows, reinforcing the view that dividend payouts act as reliable signals in

environments with information asymmetry. Overall, these studies reaffirm that dividend policies convey essential information about a firm's financial health, governance quality, and managerial optimism.

In this study, which examines profitability, institutional ownership, and managerial ownership as determinants of dividend payout in the Indonesian energy sector, signaling theory serves as the underlying framework explaining how these factors influence dividend behavior. Firms with higher profitability can sustain dividend payments, using them as credible signals of financial strength and management confidence in future performance. Institutional ownership enhances the reliability of this signal since institutional investors act as effective monitors, ensuring that dividend decisions reflect both transparency and external oversight. Likewise, managerial ownership aligns managerial and shareholder interests, motivating managers to use dividends as a means of signaling accountability and optimism about firm prospects.

Given the Indonesian energy sector's high volatility and information asymmetry, dividend payouts play a crucial role in communicating financial stability and governance quality to the market. Consistent or increasing dividends indicate strong profitability, credible monitoring, and managerial alignment with shareholder value. Dividend distributions in this sector represent deliberate managerial actions to convey trustworthiness, sustainability, and long-term commitment to investors.

2.1.3 Free Cash Flow Theory

The Free Cash Flow (FCF) Theory proposed by Jensen (1986) explains that when firms generate excess cash after financing all profitable investment opportunities, managers may use these funds for activities that do not maximize shareholder value. Such behavior creates an agency conflict because managers often have personal incentives to

expand firm size, increase control, or pursue projects that enhance their own benefits rather than those of shareholders. To reduce this conflict, Jensen emphasized the role of dividend payments as a mechanism to limit the amount of free cash available for discretionary use and to align managerial decisions with shareholder interests. According to Zhao & Ng (2021), dividend policy serves as an effective governance tool to constrain managerial access to excess cash and reduce agency problems, particularly in firms where management holds significant control over resources.

The theory also views dividend payout as an indicator of financial discipline and corporate accountability. By distributing free cash flow to shareholders, firms enhance transparency, improve investor confidence, and demonstrate prudent financial management. This function becomes especially important in emerging economies such as Indonesia, where concentrated ownership structures and weaker investor protection often intensify agency issues. Regular dividend payments, therefore, act as a safeguard against inefficient investment and strengthen managerial discipline in managing corporate resources.

Empirical evidence supports these theoretical arguments. Qi et al (2022) found that consistent cash dividend payments improve firm value by mitigating agency costs and restricting managerial opportunism. They further explained that dividends serve both as an outcome of agency conflicts and as a mechanism to address them, particularly in firms with concentrated ownership.

Likewise, Bossman et al. (2022) revealed that dividend policy moderates the adverse impact of excess free cash flow on firm performance. Their study showed that firms paying higher dividends experience lower agency costs and stronger financial performance, while those retaining excessive cash tend to suffer from inefficiency

and value decline. These findings reinforce Jensen's argument that dividend distribution is a practical and effective means to control free cash flow and align managerial behavior with shareholder welfare.

In the Indonesian energy sector, the Free Cash Flow Theory offers a relevant framework for explaining dividend payout decisions. Energy firms frequently generate substantial free cash flows due to their large-scale operations and capital-intensive nature. Without proper financial control, these funds may be diverted to inefficient or non-productive uses. Thus, distributing dividends becomes a strategic decision to reduce potential agency conflicts and signal managerial responsibility.

Firms with higher profitability, stronger institutional ownership, and greater managerial ownership are more likely to adopt responsible dividend policies because these factors enhance governance quality and encourage efficient use of cash. In line the free cash flow theory, dividend payout in this sector can therefore be viewed as a deliberate strategy to manage excess cash, reinforce financial transparency, and align the interests of managers and shareholders.

2.1.4 Profitability

Profitability serves as a fundamental financial indicator reflecting a firm's ability to generate earnings from its operational activities. It provides insight into how efficiently a company utilizes its assets to produce income, which directly influences management's decisions on dividend distribution. Firms with higher profitability often possess sufficient internal funds, enabling them to reward shareholders through dividends without compromising operational stability or investment needs.

The positive linkage between profitability and dividend payout has been supported by various empirical findings. Tekin & Polat (2021)

examined firms in the UK and found that higher profitability significantly increases the likelihood and magnitude of dividend payments. Their study highlighted that firms with improved profitability tend to increase dividends, particularly in markets with greater information asymmetry, as a means to convey operational strength.

Likewise, Salvi et al. (2024) analyzing 3,207 European firms, confirmed that profitability, calculated as operating income relative to total assets, has a strong and positive association with both dividend payout ratio and dividend yield. Their results suggest that companies with better financial performance are more capable of distributing profits, thereby aligning shareholder interests with firm performance. These findings underscore the practical importance of profitability as a core determinant in shaping dividend policy decisions.

2.1.5 Institutional Ownership

Institutional ownership refers to the shareholding by financial institutions that possess both resources and incentives to monitor management. Within the agency theory framework, such ownership serves as an external governance mechanism, reducing agency conflicts by encouraging firms to distribute excess cash through dividends. Empirical findings by Kanojia & Bhatia (2022) confirm that institutional ownership significantly drives higher dividend payouts in U.S. firms, aligning with the outcome hypothesis that good governance leads to better shareholder returns.

In emerging markets, institutional investors also influence dividend policy. Khan (2022) finds a positive association between institutional ownership and dividend payouts in Turkish firms, where weak legal protection compels investors to rely on dividends as a form of monitoring and signaling. Thus, institutional ownership enhances

governance quality by promoting transparent dividend practices and aligning managerial actions with shareholder interests

2.1.6 Managerial Ownership

Managerial ownership refers to the proportion of a company's shares held by members of its management, including directors, commissioners, and managers who are directly involved in decision-making. According to Asrini & Musnaini (2025), managerial ownership represents the extent to which internal parties such as directors, commissioners, and managers hold equity in the company, which enables them to participate directly in the company's performance outcomes.

When managers possess equity stakes, they share in the firm's financial outcomes, encouraging them to act prudently, pursue value-maximizing strategies, and avoid decisions that could harm shareholder wealth. The alignment of incentives reduces the likelihood of opportunistic behavior, as managers bear both the benefits and risks of their corporate policies, including dividend distribution (Mustapha et al., 2023).

In this context, managerial ownership functions as an internal governance mechanism that can influence the firm's dividend policy by linking managerial decisions to ownership incentives, as also emphasized by Farooq et al. (2024) who found that such ownership structures play a key role in determining payout behavior.

By holding a direct financial stake, managers are more inclined to implement policies that sustain the firm's profitability and market value, as their personal wealth is tied to the firm's performance. This structure can also signal managerial confidence in the company's prospects to external investors, potentially strengthening investor trust and influencing capital market perceptions (Praduana et al., 2024).

2.1.7 Dividend Payout

Dividend payout represents the proportion of profits distributed to shareholders in the form of dividends. This financial decision is influenced by a combination of factors, including profitability, investment opportunities, risk, and corporate governance quality. A well-structured dividend policy can strengthen investor trust, particularly in markets where shareholders rely on regular income. Empirical evidence shows that firms with strong institutional ownership is more likely to maintain higher dividend payouts, reinforcing their commitment to shareholder value (Jin & Liu, 2024).

Dividend policy also serves as a mechanism to resolve agency conflicts. When governance mechanisms are weak or shareholder interests are not well protected, firms may increase dividends to mitigate agency concerns and improve market perception. A study conducted in India found that companies with high levels of managerial remuneration and promoter ownership tend to use dividends as a way to maintain trust and reduce agency risks (Das et al., 2021).

Dividends can take several forms with distinct financial and accounting implications. Kieso et al. (2016) classify dividends into four main types: cash dividends, property dividends, liquidating dividends, and stock dividends. Cash dividends are the most widely used, representing a direct transfer of monetary resources from the company to its shareholders. Once declared by the board, they become a legal obligation, recorded as a liability until payment, and require sufficient liquidity to avoid disrupting operations or forcing external financing. Property dividends, also known as dividends in kind, involve distributing non-cash assets such as investment securities, inventories, or real estate. These assets must be restated at fair value prior to declaration, and any difference from their book value is recognized as a

gain or loss, which makes property dividends less common but significant in illustrating the breadth of dividend policy.

Liquidating dividends, by contrast, do not arise from accumulated earnings but from paid-in capital, thereby reducing shareholders' original investment. This form of distribution often occurs in companies with limited retained earnings or in industries with substantial asset depletion, and it requires explicit disclosure to prevent misinterpretation as a profit-based return. Meanwhile, stock dividends allocate additional shares to existing shareholders on a pro rata basis. Although they do not change total stockholders' equity, they transfer amounts from retained earnings to contributed capital and increase the number of outstanding shares, thereby reducing book value per share. Their accounting treatment differs by size: small stock dividends (under 20–25%) are measured at fair value, while large ones are recorded at par value.

Among the various forms of dividends, the cash dividend is the most relevant and widely used in both accounting literature and practice. Kieso et al. (2016) emphasize that cash dividends signify an actual outflow of liquid assets to shareholders and establish a legal obligation once declared, unlike property, liquidating, or stock dividends that involve asset transfers, capital reductions, or equity reclassification. This direct financial impact makes cash dividends the clearest indicator of a firm's capacity to distribute earnings while maintaining operational liquidity.

This academic position is further reinforced by recent empirical studies that consistently employ cash dividend measures in analyzing dividend behavior. For instance, Tawfik et al. (2025) explicitly use total cash dividends in their measurement of payout, while Indonesian-based research by Wirama et al. (2024) and Wirakusuma (2025) also operationalizes dividends through cash distributions, either expressed as

dividend per share or total cash dividends relative to earnings. These applications demonstrate that cash dividends are the dominant and accepted proxy for capturing dividend policy in both international and Indonesian contexts. Consequently, grounding the analysis in cash dividends ensures theoretical consistency with standard accounting literature and aligns with the methodological practices of recent scholarly works.

The focus on cash dividends directly connects to the formulation of the dividend payout ratio (DPR), as this ratio fundamentally reflects the proportion of a company's net income that is distributed to shareholders in cash form. According to recent studies, the DPR is mathematically expressed as total cash dividends divided by net income (Tawfik et al., 2025; Wirakusuma et al., 2025). This operationalization underscores the role of cash dividends as a measurable and tangible signal of a firm's dividend commitment. Because cash dividends require immediate cash outflow, their inclusion in the DPR effectively captures both profitability performance and liquidity management, linking the firm's financial results to its capacity to reward shareholders. Moreover, this formulation aligns with contemporary financial reporting practices, ensuring that the ratio reflects realized returns rather than potential or non-cash forms of shareholder compensation.

Scholars emphasize that the use of cash dividends in the dividend payout ratio (DPR) reflects not only an accounting measure but also a firm's financial discipline and governance quality. According to Tayachi et al. (2023), dividend policy typically measured by the payout ratio, serves as a strategic mechanism to align managerial and shareholder interests, reducing agency conflicts through the direct distribution of cash to investors. Similarly, Junior et al. (2024) highlight that in emerging markets, payout decisions are primarily determined by available free cash flow and leverage capacity, demonstrating how cash-

based distributions balance liquidity management and investor expectations under imperfect capital markets.

Louziri & Oubal (2022) further assert that the payout ratio, when represented through cash dividends, effectively signals profitability and financial maturity, especially in firms operating under information asymmetry and agency pressure. Collectively, these findings confirm that grounding the DPR in actual cash distributions provides a more reliable and transparent indicator of a company's performance and governance efficiency, linking profitability, ownership control, and investor trust through observable financial outcomes.

2.2 Previous Research

Table 2.1 Previous Research

No	Writer & Year	Title	Results / Findings
1	Farooq et al. (2024)	The Impact of Corporate Governance and Firm-Specific Characteristics on Dividend Policy: An Emerging Market Case	Institutional, foreign, and individual ownership positively affect dividend decisions, while managerial ownership has a significant negative impact. Profitability and dividend are positively associated in PSX-listed firms.
2	Tayachi et al. (2023)	How Does Ownership Structure Affect the Financing and Dividend Decisions of Firm?	Managerial ownership and ownership concentration have significant and negative effects on dividend policy. Institutional ownership shows a positive impact on financing

			decisions and dividend policy for sample firms.
3	Tawfik et al. (2025)	Dividend Payout in GCC: The Role of Board Composition and Ownership Structure	Institutional ownership and royal ownership were positively associated with dividend payout. In contrast, management, government and family ownership had a negative association with dividend payout
4	Bian et al. (2023)	The Role of Managerial Ownership in Dividend Tunneling: Evidence from China	Increased executive ownership may lead to a higher level of dividend tunneling.
5	Huey & Marsidi (2022)	The Impact of Ownership Structure on Dividend Pay-out: Evidence from Listed Companies in the Property Sector in Malaysia	Ownership concentration and institutional ownership have a positive and significant relationship with dividend payout in Malaysia. By contrast, managerial ownership and foreign ownership revealed an insignificant relationship with the dividend payout.
6	Waheed et al. (2024)	Litigation Risk, Ownership Structure and Payout Policy: An Agency Theory Perspective	The results reveal that litigation risk adversely impacts dividend payouts, while managerial ownership has a similar negative effect. Conversely, institutional and concentrated ownership

			exhibit positive associations with dividend yield.
7	Boshnak, H. A. (2023)	The Impact of Board Composition and Ownership Structure on Dividend Payout Policy: Evidence from Saudi Arabia.	There is a positive relationship between the propensity to pay dividends and institutional ownership, firm profitability and firm age. Further, dividend per share is positively related to institutional ownership, foreign ownership, firm profitability and age, while it is negatively related to managerial ownership.
8	Napitupulu & Djajanti. (2021)	The Factors Affecting Dividend Policy of Manufacturing Companies in Indonesia Stock Exchange	Profitability, capital structure and assets have a significant effect on dividends.
9	Kanojia, S., & Bhatia, B. S. (2022)	Corporate Governance and Dividend Policy of The US And Indian Companies	Board independence, board size, and institutional ownership are the key corporate governance drivers of dividend payout in US firms.
10	Damayanti & Palinggi (2023)	Factors Affecting Dividend Policy: An Evidence from Indonesian Financial Companies	Corporate governance, profitability, and Tobin's Q Ratio have a significant effect on the dividend payout ratio. Institutional ownership, return on equity and Tobin's Q Ratio show a positive and significant

			direction towards the dividend payout ratio.
--	--	--	--

Global research consistently shows that profitability and institutional ownership positively influence dividend payout, while managerial ownership often has a negative effect, reflecting differences in signaling and control motives (Bian et al., 2023; Boshnak, 2023; Farooq et al., 2024; Tawfik et al., 2025; Waheed et al., 2024). These findings highlight that profitable firms and strong institutional monitoring encourage dividend distribution, whereas high managerial ownership may lead to earnings retention. However, the consistency of these relationships in Indonesia remains uncertain due to differences in governance quality, ownership concentration, and market structure.

In Indonesia, evidence is still limited and fragmented, with most studies centered on manufacturing and finance sectors (Damayanti & Palinggi, 2023; Napitupulu & Djajanti, 2021). Research combining profitability and ownership structure is scarce, leaving the joint influence of these variables on dividend policy underexplored. This gap is especially evident in the energy sector which is an industry with strategic importance and distinctive governance patterns. Thus, this study aims to fill the gap by analyzing how profitability, institutional ownership, and managerial ownership collectively affect dividend payout in Indonesia's energy sector, contributing to a clearer understanding of dividend behavior in emerging markets.

2.3 Hypothesis Development

2.3.1 Profitability and Dividend Payout

Profitability, as measured by return on equity (ROE), demonstrates a significant positive influence on dividend payout, aligning with the signaling theory which posits that profitable firms are more likely to distribute dividends as a credible signal of strong financial performance

to investors. Firms with higher ROE possess greater internal cash generation capacity, enabling them to allocate a larger share of earnings to shareholders without constraining operational or investment activities.

Research by Farooq et al. (2024) in PSX-listed companies confirm that higher profitability is associated with increased dividend payouts, indicating that ROE serves as a reliable determinant of dividend policy in emerging market settings. The study on Indonesian financial companies by Damayanti & Palinggi (2023) found that a higher ROE corresponds to a higher dividend payout ratio, and that managers are effective in utilizing shareholders' capital to generate profit.

These findings suggest that profitability not only enhances the firm's capacity to distribute dividends but also serves as a signal of management's confidence in sustaining future performance. Based on this reasoning, the following hypothesis is proposed:

H1: Profitability positively affects dividend payout ratio.

2.3.2 Institutional Ownership and Dividend Payout

Institutional ownership serves as an effective internal governance mechanism that reduces agency conflicts through enhanced monitoring of managerial actions. Institutional investors, due to their expertise and financial interest, often demand higher dividend payouts as a way to limit free cash flow available for inefficient managerial use. This aligns with agency theory, which suggests dividends can mitigate conflicts between shareholders and managers. Empirical evidence by Tawfik et al. (2025) confirms a significant positive relationship between institutional ownership and dividend payout in GCC firms, highlighting the role of institutional investors in influencing corporate financial policy.

Similarly, Huey & Marsidi (2022) found a positive and significant relationship between institutional ownership and dividend payout in Malaysian listed property firms. Institutional investors tend to favor dividends over capital gains, using payout policies as a signal of firm performance and financial stability. Their preference for regular income and lower risk further supports the tendency toward higher dividend distributions. Thus, the following hypothesis is proposed:

H2: Institutional ownership positively affects dividend payout ratio.

2.3.3 Managerial Ownership and Dividend Payout

Managerial ownership reflects the proportion of shares held by top executives and directors, influencing corporate payout decisions through agency theory dynamics. While moderate ownership may align interests, higher levels can lead to entrenchment, where managers prioritize internal control over shareholder returns. According to Tayachi et al. (2023), a higher proportion of managerial ownership tends to increase the use of internal funds, which consequently reduces the amount distributed as dividends. This behaviour supports the free cash flow hypothesis, where managers retain earnings to finance internal projects rather than distribute them.

Empirical evidence reinforces this view. Waheed et al. (2024) found that managerial ownership has negative effect on dividend payouts in Chinese firms, indicating a tendency to adopt conservative dividend policies. This preference reflects managerial discretion in limiting external oversight by preserving internal resource. Therefore, the following hypothesis is explored in this study:

H3: Managerial ownership negatively affects dividend payout ratio.

2.4 Research Framework

The research framework presents the influence of profitability, institutional ownership, and managerial ownership as independent variables on dividend payout as the dependent variable. Profitability and institutional ownership are expected to positively affect dividend payout, as they reflect strong financial capacity and effective monitoring.

Conversely, managerial ownership is expected to have a negative effect, as managers may retain earnings to strengthen internal control. The control variables are firm size, liquidity, and leverage. These relationships guide the formulation of the research hypotheses.

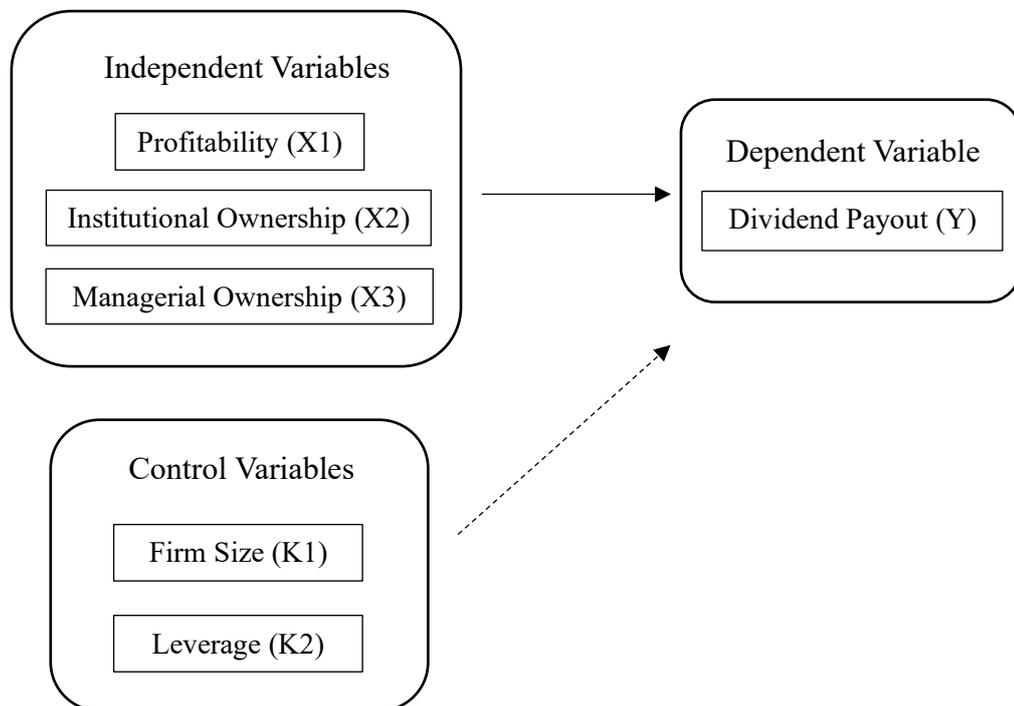


Figure 2.1 Research Framework

Source: Writer (2025)

III. RESEARCH METHODOLOGY

3.1 Type of Research and Data Sources

This research adopts a quantitative research approach with an empirical design to examine the impact of profitability, institutional ownership, and managerial ownership on dividend payout in Indonesian energy sector companies. Quantitative research is defined as the process of objectively examining phenomena through numerical data and statistical analysis to test hypotheses and establish relationships among variables (Salkind, 2017). This method is appropriate because it enables hypothesis testing, the identification of causal relationships, and the use of statistical models to produce objective, replicable, and generalizable results.

This research uses secondary data drawn from publicly available and verified sources. The dataset consists of audited annual reports, financial statements, and ownership structure disclosures of energy sector companies listed on the Indonesia Stock Exchange (IDX). Although the research period covers the fiscal years 2020–2024, dividend payout data for a given year are only available in the subsequent year's annual report. Accordingly, while profitability, managerial ownership, and institutional ownership are collected based on the respective fiscal years under study, dividend payout data are extracted from the reports published one year later.

These data will be obtained primarily from the official IDX website (www.idx.co.id) and complemented with information from company websites.

3.2 Population and Sample

The population of this study consists of all energy sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2020–2024. The energy sector includes the coal mining, oil and gas, and renewable energy sub-sectors. This population is selected due to the sector's essential role in the Indonesian economy and its substantial contribution to dividend distribution and investor interest.

This study applies a purposive sampling technique that selects firms based on specific criteria relevant to the research objectives. The purposive sampling criteria are presented as follows:

1. Listing status

The company must be listed on the Indonesia Stock Exchange (IDX) under the energy sector classification during at least one year within the 2020–2024 observation period.

2. Financial disclosure

The company must publish an audited annual report for at least one fiscal year during the 2020–2024 period. The report must be accessible through the official IDX website or the company's official website.

3. Cash dividend data availability

The company must report cash dividend information in the audited annual report for the relevant fiscal year or in the subsequent audited annual report if declared after year-end. Dividends in non-cash forms (such as stock dividends, bonus shares, scrip dividends, or other non-cash distributions) are excluded. Both cash-dividend-paying and non-cash-dividend-paying (zero cash dividend) firm-year observations are included to preserve variation in the dependent variable.

4. Variable availability

The company must provide sufficient data to measure the independent and control variables, including profitability (ROE), institutional

ownership, managerial ownership, firm size, and leverage, for at least one firm–year observation during 2020–2024.

Industry classification

5. The company must be classified by the IDX under the energy sector, including the coal, oil and gas, and renewable energy sub-sectors, in at least one year of the observation period. Firms primarily engaged in supporting service industries or classified as cross-sector conglomerates are excluded to maintain sectoral consistency.

6. Data structure

The study does not require firms to have complete observations for all five years. All available firm–year observations that meet the above criteria are included, consistent with the application of pooled Ordinary Least Squares (OLS) estimation on an unbalanced dataset.

3.3 Operational Variables

3.3.1 Independent Variables

The independent variable refers to the factor that is deliberately manipulated by the researcher in order to examine its potential influence on the dependent variable (Salkind, 2017). The independent variables in this study are profitability, institutional ownership, and managerial ownership.

1. Profitability

Return on Equity (ROE) is an appropriate measure of profitability in dividend policy research because it directly reflects the efficiency of a firm in generating returns from shareholders' invested capital. According to Dempsey & Sheng (2023) firms with stronger ROE tend to experience more favorable market reactions to dividend announcements because their returns exceed the cost of equity, thereby reinforcing investor confidence.

Similarly, Sterenczak & Kubiak (2022) emphasize that ROE is the most appropriate measure of profitability in dividend studies because it reflects the management's ability to deliver returns consistent with shareholders' expectations, which underpins dividend distribution decisions. Their et al. (2023) further support this by demonstrating that ROE remains a robust determinant of dividend policy even during periods of financial distress, highlighting its resilience as a performance metric across economic conditions. Collectively, these insights establish ROE as both a theoretical and empirical cornerstone in explaining dividend payout behavior.

Further empirical support is provided by Farooq et al. (2024) who analyze the impact of ownership structure and firm-specific characteristics on dividend policy in an emerging-market context. They define profitability precisely as net income divided by total equity and find that this measure (ROE) has a significant positive influence on dividend payout and yield, indicating that firms with higher equity-based profitability tend to distribute greater dividends. Therefore, the formula used in this study is consistent with Farooq et al.'s operationalization and widely adopted in empirical dividend literature. The measurement formula is:

$$ROE = \frac{\text{Net Income After Tax}}{\text{Total Equity}}$$

2. Institutional Ownership

Institutional ownership is measured as the proportion of shares held by institutional investors to the total number of outstanding shares. Institutional investors, such as mutual funds, insurance companies, and pension funds, are sophisticated stakeholders with the resources and incentives to closely monitor management decisions.

Institutional ownership represents the proportion of a company's shares owned by institutional investors such as mutual funds, insurance companies, and pension funds. These investors are often considered sophisticated and influential in shaping corporate decisions, including dividend policy. According to Tayachi et al. (2023), institutional investors hold a significant portion of a company's shares, granting them the power to influence managerial actions and financial strategies. This aligns with the agency theory perspective, which suggests that institutional investors can reduce agency conflicts by monitoring management performance and ensuring that corporate resources, including dividend payments, are allocated efficiently.

In empirical research, institutional ownership is commonly measured as the ratio of institutional shares to the total number of shares outstanding. Huey & Marsidi (2022) define institutional ownership as "the ratio of shares held by institutional investors to the total number of shares issued by the company." Similarly, Tawfik et al. (2025) employ the same quantitative approach, emphasizing that this measurement accurately reflects the extent of institutional control over the firm. Consequently, the formula of institutional ownership which is equal to shares held by institutions divided by total shares outstanding is widely accepted as a standard and reliable method for quantifying the level of institutional involvement in corporate ownership structure.

The use of this ratio is also supported by prior empirical evidence demonstrating the impact of institutional ownership on dividend decisions. Boshnak (2023) notes that a higher proportion of institutional ownership tends to be associated with stronger monitoring mechanisms and, consequently, higher dividend

payouts. This consistency across studies highlights that institutional ownership, when measured as the proportion of institutional holdings to total shares, serves as an effective indicator of governance quality. Therefore, the measurement formula is:

$$INST = \frac{\text{Shares Held by Institution}}{\text{Total Shares}}$$

3. Managerial Ownership

Managerial ownership represents the proportion of company shares owned by directors, commissioners, and managers in relation to the company's total outstanding shares. This ownership structure is used to align managerial interests with those of shareholders, reducing agency conflicts as explained by Jensen and Meckling (1976).

In empirical research, managerial ownership is consistently operationalized as the ratio between the number of shares owned by directors, commissioners, and managers and the total number of outstanding shares, as stated by Asrini & Musnaini (2025). This measurement provides a precise quantitative indicator of the extent to which top management holds direct financial interest in the firm, reflecting their potential influence on strategic decisions and alignment with shareholder value creation.

As demonstrated by Nugrahanti & Nugroho (2022), this measurement reflects the extent to which management has a financial stake in the company's performance, emphasizing its role as an internal governance mechanism that mitigates opportunistic behavior. Similarly, Wirajaya & Arisanthi (2022) applied this proportional measure to assess managerial involvement in ownership as a moderating variable in an accounting study. Therefore, based on both theoretical reasoning

and empirical findings, this study measures managerial ownership (MAN) as:

$$MAN = \frac{\text{Shares Held by Directors, Commissioners, Managers}}{\text{Total Shares}}$$

3.3.2 Dependent Variable

The dependent variable represents the outcome of interest that is measured to determine the effect of changes in the independent variable. The dependent variable in this research is dividend payout, which reflects the company's decision on how much of its net earnings is distributed to shareholders as dividends.

Dividend payout is a central element of dividend policy, as it directly signals management's commitment to shareholder wealth and provides insight into the firm's financial strategy between distributing profits and retaining earnings for reinvestment. To operationalize dividend payout, this study employs the Dividend Payout Ratio (DPR), a widely used indicator in empirical research that links dividend distributions with the firm's earnings capacity.

The Dividend Payout Ratio (DPR) reflects the extent to which a firm distributes its earnings to shareholders, serving as a link between profitability and dividend policy. Tawfik et al. (2025) and Wirakusuma et al. (2025) define the DPR as the proportion of cash dividends to net income, which at the per-share level is represented by dividends per share (DPS) divided by earnings per share (EPS). This formulation emphasizes realized profitability and actual cash distributions, ensuring that the ratio captures both financial performance and a firm's capacity to deliver tangible returns to investors. By using DPS and EPS, the DPR becomes a precise and

comparable measure of how effectively a firm converts profits into shareholder value.

From a governance standpoint, the DPR also represents a mechanism of financial discipline. Tayachi et al. (2023) argue that dividend policy, as measured by the payout ratio, aligns managerial actions with shareholder interests by ensuring that part of the firm's profits is distributed in cash, thereby minimizing agency conflicts. In emerging market settings, Junior et al. (2024) emphasize that dividend decisions depend on free cash flow availability and leverage constraints, reflecting management's effort to balance liquidity with investor expectations. Thus, the DPR expressed as DPS divided by EPS effectively captures profitability outcomes within the context of corporate governance and financial prudence.

Louziri & Oubal (2022) further note that a payout ratio based on actual cash dividends signals profitability strength and corporate maturity, particularly under conditions of information asymmetry. Grounding the DPR in cash-based measures provides a transparent and reliable indicator of a firm's financial health, governance quality, and dividend stability. Therefore, the formula of DPR is:

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

3.3.3 Control Variables

A control variable is an additional factor that is held constant throughout the study to ensure that it does not confound the relationship between the independent and dependent variables. Control variables in this study are firm size and leverage.

1. Firm Size

Firm size is a vital control variable in dividend policy studies as it represents differences in financial capacity, diversification, and access to capital that affect dividend decisions. Larger firms typically demonstrate higher earnings stability and financial flexibility, allowing more consistent dividend distribution. It also reflects transparency and investor confidence, reducing information asymmetry in managerial decisions. Tayachi et al. (2023) highlight firm size as a key control variable to account for these essential firm characteristics influencing dividend behavior.

Empirical findings from prior Indonesian studies further reinforce the inclusion of firm size as a control variable. The study by Napitupulu & Djajanti (2021) found that larger firms, measured through the logarithm of total assets, tend to have a significant positive relationship with dividend payout ratios. This implies that companies with higher asset bases are more capable of generating stable profits and distributing dividends to shareholders.

Similarly, Wirama et al., (2024) confirmed that firm size consistently influences dividend policy across different levels of payout distribution, showing that firm scale remains a reliable determinant regardless of varying firm conditions within the Indonesian market context.

In methodological terms, firm size serves as an effective control to mitigate potential omitted variable bias in the relationship between profitability, ownership structure, and dividend policy. Previous researchers have measured firm size using the natural logarithm of total assets to normalize data and minimize

skewness among variables. Therefore, the formula of firm size of this study is:

$$SIZE = \ln(\text{Total Assets})$$

2. Leverage

Leverage is an important control variable in dividend policy research because it reflects the firm's financial structure and capacity to fulfill its long-term obligations. Higher leverage increases financial risk since a greater proportion of debt requires firms to prioritize interest and principal payments, leaving fewer resources for dividend distribution. The study by Boshnak (2023) explains that firms with high debt levels often reduce dividend payments to conserve liquidity and comply with debt covenants that limit cash distributions. Similarly, Tawfik et al. (2025) recognize that leverage serves as a key determinant of dividend payout because debt commitments create pressure to retain earnings for repayment, thus lowering the ability to distribute dividends.

Moreover, leverage plays a dual role in the governance context by influencing both financial decisions and managerial behavior. Khan (2022) notes that leverage functions as a disciplinary mechanism over managers by reducing free cash flow and limiting excessive spending, yet this same monitoring effect can indirectly constrain dividend policy. When a firm carries higher debt, managers face increased scrutiny from creditors and must allocate earnings toward debt servicing rather than dividend distribution. Kanojia & Bhatia (2022) further highlight that leverage interacts with ownership structure, as firms with substantial debt may rely less on dividend payouts to signal performance or align managerial

interests, reinforcing the theoretical link between leverage and dividend decisions.

Given its influence on both liquidity and agency-related factors, leverage is consistently applied as a control variable in empirical models examining dividend policy. The four reviewed studies incorporate leverage to account for variations in financial risk and debt capacity that could otherwise bias the estimation of ownership and profitability effects. Following this established practice, this research adopts the measurement of leverage as. The formula is:

$$LEV = \frac{\text{Total Debt}}{\text{Total Assets}}$$

3.4 Data Analysis Techniques

3.4.1 Descriptive Statistics

Descriptive statistics are statistical techniques used to summarize, organize, and present data in a manner that allows researchers to gain an initial understanding of the characteristics of a dataset without drawing conclusions beyond it. Descriptive statistics encompass three main categories of measures. First are the measures of central tendency, which include the mean, median, and mode. These indicate the typical or most representative value within a distribution. Second is the measures of variability, such as the range, variance, and standard deviation, which reflect the degree of dispersion or spread of the data around the central value. Lastly, descriptive statistics also involve measures of distributional shape, including skewness and kurtosis, which describe the asymmetry and the degree of peakiness of the data distribution (Salkind, 2017)

3.4.2 Classical Assumption Tests

To ensure the validity of the regression model, several diagnostic tests are conducted:

1. Normality Test

A normality test is a statistical procedure used to assess whether the residuals or error terms in a regression model follow a normal distribution, which is a fundamental assumption in classical linear regression analysis. Among the available methods, this study uses the Jarque-Bera (JB) test which is the widely applied methodology because it evaluates normality based on the skewness and kurtosis of the distribution.

The test examines whether the sample data exhibit a skewness equal to zero and a kurtosis equal to three, which are consistent with a normally distributed variable. Under the null hypothesis of normality, the JB statistic follows a chi-square distribution with two degrees of freedom (Gujarati & Porter, 2009). The decision rule for the Jarque-Bera test is as follows:

- a. If Sig. (p-value) > 0.05 , the data are considered normally distributed.
- b. If Sig. (p-value) < 0.05 , the data are considered not normally distributed.

2. Multicollinearity Test

A multicollinearity test is conducted to assess whether independent variables in a regression model are excessively correlated, which may inflate the variance of coefficient estimates and undermine statistical inference (Gujarati & Porter, 2009). The decision-making criterion relies on the tolerance value and the Variance Inflation Factor (VIF). Specifically, multicollinearity is considered absent when the tolerance value is greater than 0.10 and the VIF is less than 10. Conversely,

tolerance below 0.10 or VIF exceeding 10 indicates multicollinearity, signaling potential instability of coefficient estimates and the need for corrective measures.

3. Heteroskedasticity Test

A heteroskedasticity test evaluates whether the variance of error terms in a regression model is constant, a key assumption of the classical linear regression model (Gujarati & Porter, 2009). The Glejser test is a common method, conducted by regressing the absolute residuals on the explanatory variables or their transformations to detect systematic variance patterns.

The interpretation of the Glejser test results is based on the statistical significance of the explanatory variables in the auxiliary regression. If the coefficients in the auxiliary regression are statistically insignificant ($p\text{-value} > 0.05$), homoskedasticity is assumed and heteroskedasticity is absent. Conversely, significant coefficients ($p\text{-value} < 0.05$) indicate heteroskedasticity, implying inefficient estimators and unreliable inference.

4. Autocorrelation Test

An autocorrelation test assesses whether error terms in a regression model are correlated across observations, violating the assumption of independent disturbances in the classical linear regression model (Gujarati & Porter, 2009). While autocorrelation does not bias coefficient estimates, it makes them inefficient and produces unreliable standard errors. The Durbin-Watson (DW) statistic is the most common tool for

detection, ranging from 0 to 4, with a value near 2 indicating no autocorrelation.

The interpretation of the DW statistic is based on critical bounds. DW values significantly below 2 suggest positive autocorrelation, while values significantly above 2 indicate negative autocorrelation. Formal decision-making uses the Durbin-Watson bounds test: values below the lower bound imply positive autocorrelation, values above the upper bound imply no autocorrelation, and values in between are inconclusive.

If any assumption is violated, the results are interpreted with caution and robustness is supported by additional descriptive or diagnostic discussions.

3.4.3 Regression Model Specification and Estimation

The main method of analysis is multiple linear regression using Pooled OLS, which can be estimated directly in SPSS through the linear regression procedure.

The model is specified as:

$$DPR_{i,t} = \beta_0 + \beta_1 ROE_{i,t} + \beta_2 INST_{i,t} + \beta_3 MAN_{i,t} + \beta_4 SIZE_{i,t} + \beta_5 LEV_{i,t} + \varepsilon_{i,t}$$

where:

- DPR = Dividend Payout Ratio
- ROE = Profitability (Return on Equity)
- INST = Institutional Ownership
- MAN = Managerial Ownership
- SIZE = Firm Size (Log of Total Assets)

- LEV = Leverage (Debt-to-Assets Ratio)
- ε = Error Term

This model tests the influence of profitability, institutional ownership, and managerial ownership on dividend payout, while controlling for firm size and leverage.

3.4.4 Hypothesis Testing

1. F-Test (Overall Significance of the Model)

The F-test is employed to examine the overall significance of the regression model. It tests whether all independent variables, considered jointly, have explanatory power for the dependent variable. The null hypothesis states that all regression coefficients are simultaneously equal to zero, while the alternative suggests that at least one differs from zero. If the significance value (p-value) of the F-statistic is less than 0.05, the null hypothesis is rejected, indicating that the independent variables collectively have a significant effect on dividend payout (Gujarati & Porter, 2009).

2. t-Test (Partial Significance of Coefficients)

The t-test is used to assess the significance of each independent variable individually. For each test, the null hypothesis assumes that the coefficient of the variable is equal to zero, implying no partial effect on the dependent variable. A p-value below 0.05 leads to rejection of the null hypothesis, signifying that the variable in question has a statistically significant influence. If the p-value exceeds 0.05, the effect of that variable is not statistically significant (Gujarati & Porter, 2009)

3. Coefficient of Determination (R^2)

The coefficient of determination measures the proportion of variance in the dependent variable explained by the independent variables. An R^2 value approaching 1 reflects high explanatory power, while a value closer to 0 indicates weak explanatory ability. In multiple regression, the adjusted R^2 is often reported as it accounts for the number of predictors and provides a more accurate measure of model fit (Gujarati & Porter, 2009).

4. Robustness Check

To further ensure the reliability of the findings, some robustness checks are conducted. This approach follows the principle of model specification, which allows for alternative operational definitions of theoretical constructs to test the stability of results (Gujarati & Porter, 2009).

Firstly, return on assets (ROA) is employed as an alternative measure of profitability to test whether the results are consistent across different definitions of firm performance. Empirical studies, such as research conducted by Boshnak (2023) have also applied ROA as a profitability proxy when examining dividend payout policies, demonstrating its relevance as an alternative measure. The formula of ROA is:

$$ROA = \frac{\text{Net Income After Tax}}{\text{Total Asset}}$$

If the findings remain consistent when ROA is employed, it reinforces the robustness of the conclusions regarding the impact

of profitability on dividend payout. Conversely, differing results may provide additional insights into how alternative measures of profitability captures different dimensions of firm performance

V. CONCLUSION, LIMITATION, AND RECOMMENDATION

5.1 Conclusion

The empirical results demonstrate that profitability has a positive and significant effect on dividend payout ratios, indicating that firms with stronger financial performance are more likely to distribute higher dividends. This finding confirms that dividend decisions in the Indonesian energy sector are fundamentally driven by firms' earnings capacity and supports signaling theory, which posits that dividend payments serve as credible signals of financial strength in environments characterized by information asymmetry. The robustness test using return on assets further validates this conclusion, confirming that the positive influence of profitability on dividend payout remains consistent across alternative profitability measures.

In contrast, institutional ownership does not exhibit a statistically significant effect on dividend payout ratios. This result does not imply that institutional investors play no governance role, but rather suggests that their monitoring influence may operate through mechanisms other than dividend pressure. Institutional investors in capital-intensive industries such as the energy sector may prioritize long-term firm value and sustainable growth over short-term dividend extraction, thereby tolerating lower payouts when retained earnings are needed to support operational expansion. As a result, dividend policy in the observed firms appears to be shaped more by internal financial conditions than by the presence of institutional shareholders.

Similarly, managerial ownership is found to have no significant effect on dividend payout ratios, indicating that variations in shares held by managers, directors, and commissioners do not materially influence dividend distribution decisions in the Indonesian energy sector. Although agency

theory and free cash flow theory predict that managerial ownership may reduce dividend payouts due to managerial preference for retained earnings, the findings suggest that these mechanisms do not play a dominant role in this context. One key explanation is the relatively low level of managerial ownership observed in the sample, which limits managerial power to influence dividend policy and reduces the likelihood of dividend decisions being driven by managerial discretion. Therefore, this study concludes that dividend payout behavior in Indonesian energy sector companies is primarily determined by financial performance, while ownership-based governance variables do not independently serve as significant drivers of dividend distribution decisions.

From a regulatory and governance perspective, the insignificant effects of institutional and managerial ownership underscore the need for stronger ownership disclosure standards in the Indonesian capital market. In environments characterized by ownership concentration and information asymmetry, limited transparency can obscure control structures and weaken investor protection. Accordingly, enhanced oversight by the Financial Services Authority (OJK) and the Indonesia Stock Exchange (IDX) is essential to ensure accurate, consistent, and timely disclosure of ownership structures. Clearer disclosure would improve the information environment, mitigate agency risks, and allow investors to assess whether dividend policies reflect firm performance or managerial discretion.

5.2 Research Limitation

The following limitations should be considered when interpreting the findings of this study, as they may affect the scope, generalizability, and explanatory power of the results:

1. This study is limited to energy sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period. Therefore, the findings

may not be generalizable to firms in other sectors or different economic contexts.

2. The observation period of five years may not fully capture long-term dividend policy behavior, particularly in the energy sector, which is highly influenced by commodity price cycles and macroeconomic fluctuations.
3. The model includes a limited set of explanatory and control variables. Other potential determinants of dividend policy, such as liquidity, growth opportunities, taxation, and broader corporate governance mechanisms, are not examined and may affect dividend payout decisions.

5.3 Recommendation

Based on the limitations identified in this study, the following recommendations are proposed to guide future research and enhance the understanding of dividend payout determinants:

1. Future studies are encouraged to extend the scope of analysis to other industrial sectors or conduct cross-sector comparisons to enhance the generalizability of findings related to dividend payout determinants in Indonesia.
2. Future research may employ a longer observation period to better capture long-term dividend policy behavior and account for cyclical fluctuations, particularly in capital-intensive industries such as the energy sector.
3. Future research should consider incorporating additional explanatory variables, such as liquidity, growth opportunities, taxation factors, and broader corporate governance mechanisms, to provide a more comprehensive understanding of the factors influencing dividend payout decisions.

REFERENCES

- Akindayomi, A., & Amin, M. R. (2022). Does business strategy affect dividend payout policies? *Journal of Business Research*, *151*, 531–550.
<https://doi.org/10.1016/j.jbusres.2022.07.028>
- Aleknevičienė, V., & Vilimaitė, K. (2023). Effect of ownership structure on dividend payments: Evidence from public companies in Nordic and Baltic Countries. *Cogent Economics and Finance*, *11*(2).
<https://doi.org/10.1080/23322039.2023.2238377>
- Al-Hiyari, A., Kolsi, M. C., Lutfi, A., Shakkour, A. S., & aljumah, A. I. (2024). Information asymmetry and dividend payout in an emerging market: Does corporate governance quality matter? *Journal of Open Innovation: Technology, Market, and Complexity*, *10*(1).
<https://doi.org/10.1016/j.joitmc.2023.100188>
- Ambya, A., & Hamzah, L. M. (2022). Indonesian Coal Exports: Dynamic Panel Analysis Approach. *International Journal of Energy Economics and Policy*, *12*(1), 390–395. <https://doi.org/10.32479/ijeep.11978>
- Asrini, & Musnaini. (2025). Can Ownership Structure, Capital Structure, and Company Value Determine a Company's Dividend Policy? *AKRUAL: Jurnal Akuntansi*, *17*(1), 2085–9643. <https://doi.org/10.26740/jaj.v17n1.p.126-137>
- Baral, S. K., Boudewyn, P., Hermosilla, T., Fortin, M., White, J. C., Wulder, M. A., Schneider, R., & Stinson, G. (2025). Improving sample-based National Forest Inventory estimates of tree cover using Landsat-derived land cover data as auxiliary information. *Canadian Journal of Forest Research*, *55*.
<https://doi.org/10.1139/cjfr-2024-0265>
- Behera, C. (2023). THE CRUDE OIL PRICE-STOCK RETURN CONNECTEDNESS AND THE IMPACT OF THE RUSSIAN-UKRAINE WAR ON STOCK RETURNS IN EAST ASIAN COUNTRIES. *Buletin Ekonomi Moneter Dan Perbankan*, *26*, 97–110.
<https://doi.org/10.59091/1410-8046.2058>
- Bian, H., Kuo, J. M., Pan, H., & Zhang, Z. (2023). The role of managerial ownership in dividend tunneling: Evidence from China. *Corporate Governance: An International Review*, *31*(2), 307–333.
<https://doi.org/10.1111/corg.12478>

- Boshnak, H. A. (2023). The impact of board composition and ownership structure on dividend payout policy: evidence from Saudi Arabia. *International Journal of Emerging Markets*, 18(9), 3178–3200. <https://doi.org/10.1108/IJOEM-05-2021-0791>
- Bossmann, A., Agyei, S. K., Asiamah, O., Agyei, E. A., Arhin, E. Y., & Marfo-Yiadom, E. (2022). Dividend policy and performance of listed firms on Ghana stock exchange. *Cogent Economics and Finance*, 10(1). <https://doi.org/10.1080/23322039.2022.2127220>
- Breuer, W., Hass, M., & Rosenbach, D. J. (2022). The impact of CEO power and institutional discretion on CSR investment. *Review of Financial Economics*, 40(1), 20–43. <https://doi.org/10.1002/rfe.1131>
- Budiman, M. A., Soetjipto, B. W., Kusumastuti, R. D., & Wijanto, S. (2023). Organizational agility, dynamic managerial capability, stakeholder management, discretion, and project success: Evidence from the upstream oil and gas sectors. *Heliyon*, 9(9). <https://doi.org/10.1016/j.heliyon.2023.e19198>
- Chakkravarthy, B., Irudayasamy, F. G., Pillai, A. R., Elangovan, R., Rengaraju, N., & Parayitam, S. (2023). The Relationship between Promoters' Holdings, Institutional Holdings, Dividend Payout Ratio and Firm Value: The Firm Age and Size as Moderators. *Journal of Risk and Financial Management*, 16(11). <https://doi.org/10.3390/jrfm16110489>
- Chandra, B., & Junita, N. (2021). Tata kelola perusahaan dan manajemen laba terhadap kebijakan dividen di Indonesia. *Jurnal Ekonomi Modernisasi*, 17(1), 15–26. <https://doi.org/10.21067/jem.v17i1.5188>
- Damayanti, C. R., & Palinggi, Y. A. (2023). Factors affecting dividend policy: an evidence from Indonesian financial companies. *Management Analysis Journal*, 12(1), 1–16.
- Damodar N. Gujarati, & Dawn C. Porter. (2009). *Basic Econometrics* (Fifth Edition). McGraw-Hill/Irwin.
- Das, C., Kar, B., & Jena, M. K. (2021). Managerial remuneration and payout policy: Evidence from Indian regular payers. *Investment Management and Financial Innovations*, 18(1), 139–150. [https://doi.org/10.21511/imfi.18\(1\).2021.12](https://doi.org/10.21511/imfi.18(1).2021.12)
- de Souza Junior, W. D., Hijazi, M. M., & da Silva, T. P. (2024). Determinants of Dividend Payout Policy: More Evidence From Emerging Markets of G20 Bloc. *International Journal of Finance and Economics*. <https://doi.org/10.1002/ijfe.3111>
- Dempsey, S. J., & Sheng, H. (2023). Dividend change announcements, ROE, and the cost of equity capital. *International Review of Financial Analysis*, 86. <https://doi.org/10.1016/j.irfa.2023.102506>

- Dinata, S. A. W., Purbosari, A. A., & Hasanah, P. (2022). Forecasting Indonesian Oil, Non-Oil and Gas Import Export with Fuzzy Time Series. *IJCCS (Indonesian Journal of Computing and Cybernetics Systems)*, 16(4), 389. <https://doi.org/10.22146/ijccs.78399>
- Exa Alief Fairuzzabadi Sahl, Andi Wijayanto, & Sari Listyorini. (2023). Reaction of the Indonesian capital market to the conflict between Russia and Ukraine: Event study approach to abnormal returns and trading volume activity of coal issuers' shares on the IDX. *World Journal of Advanced Research and Reviews*, 18(1), 197–205. <https://doi.org/10.30574/wjarr.2023.18.1.0576>
- Farooq, M., Al-Jabri, Q., Khan, M. T., Ali Ansari, M. A., & Tariq, R. Bin. (2024). The impact of corporate governance and firm-specific characteristics on dividend policy: an emerging market case. *Asia-Pacific Journal of Business Administration*, 16(3), 504–529. <https://doi.org/10.1108/APJBA-01-2022-0007>
- Furqoni, M. I., & Anggraeni. (2023). Pengaruh Likuiditas, Struktur Modal, Struktur Kepemilikan, dan Ukuran Perusahaan Terhadap Kebijakan Dividen Perusahaan Indeks LQ45 Periode 2017-2022. *Jurnal Ilmiah Global Education*, 4(4), 2455–2462.
- Ganie, I. R., Haldar, A., Wani, T. A., & Manuj, H. (2024). Do institutional investors affect corporate governance through proxy voting and shareholder activism? Evidence from India. *International Journal of Organizational Analysis*, 32(9), 1887–1912. <https://doi.org/10.1108/IJOA-04-2023-3718>
- Gim, J., & Jang, S. C. (Shawn). (2023). Dividend and investment decisions in asymmetric information environments: evidence from the restaurant industry. *International Journal of Contemporary Hospitality Management*, 35(5), 1779–1801. <https://doi.org/10.1108/IJCHM-01-2022-0087>
- Goestjahjanti, F. S., Pasaribu, S. B., Novitasari, D., Azz, I. K. H., & Winanti, W. (2023). The Role of Export in Boosting Indonesia's GDP during Crisis: Macroeconomic Conditions. *ETIKONOMI*, 22(2), 369–388. <https://doi.org/10.15408/etk.v22i2.32381>
- Gribkova, N. V., Su, J., & Zitikis, R. (2022). Inference for the tail conditional allocation: Large sample properties, insurance risk assessment, and compound sums of concomitants. *Insurance: Mathematics and Economics*, 107, 199–222. <https://doi.org/10.1016/j.insmatheco.2022.08.009>
- He, W., & Mi, L. (2022). Institutional investors' horizon and equity-financed payouts. *Journal of Banking and Finance*, 134. <https://doi.org/10.1016/j.jbankfin.2021.106324>
- Houqe, M. N., Monem, R. M., & van Zijl, T. (2023). Business strategy, cash holdings, and dividend payouts. *Accounting and Finance*, 63(4), 3999–4035. <https://doi.org/10.1111/acfi.13082>

- Hsiao, H. F., Zhong, T., Weng, T. C., & Lu, C. Y. (2024). Managerial Power and Investment Inefficiency: Reconciling Theory and Evidence. *Emerging Markets Finance and Trade*, 60(8), 1732–1747. <https://doi.org/10.1080/1540496X.2023.2256944>
- Huang, F., Ge, L., & Wu, S. (2023). Minority shareholder protection, corporate governance, and investment efficiency. *Finance Research Letters*, 58. <https://doi.org/10.1016/j.frl.2023.104506>
- Huey, J. L. H., & Marsidi, A. (2022). The Impact of Ownership Structure on Dividend Pay-out: Evidence from Listed Companies in the Property Sector in Malaysia. *Journal of Corporate Finance Research*, 16(3), 85–94. <https://doi.org/10.17323/j.jcfr.2073-0438.16.3.2022.85-94>
- Jain, N., & Kashiramka, S. (2024). Do emerging market corporates mimic the payout policy of peers? *International Journal of Managerial Finance*, 20(2), 430–456. <https://doi.org/10.1108/IJMF-08-2022-0356>
- Januarsi, Y., & Sanusi, F. (2024). Profitability and dividend policy: How does free cash flow explain this relationship? *Jurnal Siasat Bisnis*, 56–70. <https://doi.org/10.20885/jsb.vol28.iss1.art4>
- Jensen Michael, C. (1986). Agency costs of free cash flow, corporate finance, and takeovers. *American Economic Review*, 76(2), 323–329.
- Jin, J. Y., & Liu, Y. (2024). The Impact of Stock Price Crash Risk on Bank Dividend Payouts. *Journal of Risk and Financial Management*, 17(5). <https://doi.org/10.3390/jrfm17050209>
- Kanojia, S., & Bhatia, B. S. (2022). Corporate governance and dividend policy of the US and Indian companies. *Journal of Management and Governance*, 26(4), 1339–1373. <https://doi.org/10.1007/s10997-021-09587-5>
- Kata Data. (2024). *Saham Sektor Energi Setor Dividen Terbesar pada 2024* .
- Kaur, J., & Kaur, K. (2025). Board composition, ownership structure and dividend policy: Evidence from NSE listed companies in India. *International Journal of Law and Management*, 67(3), 392–408. <https://doi.org/10.1108/IJLMA-07-2023-0163>
- Khan, A. (2022). Ownership structure, board characteristics and dividend policy: evidence from Turkey. *Corporate Governance (Bingley)*, 22(2), 340–363. <https://doi.org/10.1108/CG-04-2021-0129>
- Kieso, D. E., Weygandt, J. J., & Warfield, T. D. (2016). *Intermediate accounting*. John Wiley & Sons.
- Kumari, P., & Pathak, R. (2024). Does mandating disclosure on dividend payout policy benefit shareholder? *Economics Letters*, 236. <https://doi.org/10.1016/j.econlet.2024.111587>

- Louziri, R., & Oubal, K. (2022). Determinants of Dividend Policy: The Case of the Casablanca Stock Exchange. *Journal of Risk and Financial Management*, 15(12). <https://doi.org/10.3390/jrfm15120548>
- Machado, J. V., Sarti, F., & da Silveira, R. L. F. (2024). Institutional investors and dividend payments: evidence in the oil industry. *Industrial and Corporate Change*, 33(6), 1518–1531. <https://doi.org/10.1093/icc/dtae019>
- Mardani, R. M. (2022). Dividend policy, ownership structure and corporate governance: An empirical analysis of Indonesian firms. *JEMA: Jurnal Ilmiah Bidang Akuntansi Dan Manajemen*, 19(1), 60–76. <https://doi.org/10.31106/jema.v19i1.11116>
- Mrad, M., & Kacem, M. (2025). The impact of gender diversity on dividend distribution policy for French SBF companies: a panel quantile regression approach. *Corporate Governance (Bingley)*. <https://doi.org/10.1108/CG-01-2024-0026>
- MUSTAPHA, N. M., YUNUSA, I., USMAN, A. H., MAKOSHI, B. J., & NDAN, R. T. (2023). OWNERSHIP STRUCTURE AND DIVIDEND POLICY OF LISTED MANUFACTURING FIRMS IN NIGERIA. *Advances in Management*, 22(1), 40–56.
- Napitupulu, B. R. S., & Djajanti, A. (2021). THE FACTORS AFFECTING DIVIDEND POLICY OF MANUFACTURING COMPANIES IN INDONESIA STOCK EXCHANGE. *Jurnal Aplikasi Bisnis Dan Manajemen*. <https://doi.org/10.17358/jabm.7.3.592>
- Nugrahanti, Y. W., & Nugroho, A. T. (2022). Do Political Connections, Ownership Structure, and Audit Quality Affect Earnings Management? *Jurnal Akuntansi Dan Bisnis*, 22(1), 47–64.
- Pinto, G., Rastogi, S., & Kanoujiya, J. (2022). Does Ownership Structure Influence Dividend Distribution Policy in India? Evidence Using Panel Data Analysis. *Indian Journal of Corporate Governance*, 15(2), 197–222. <https://doi.org/10.1177/09746862221129342>
- Praduana, V. R., Rinofah, R., & Maulida, A. (2024). THE INFLUENCE OF MANAGERIAL OWNERSHIP, INSTITUTIONAL OWNERSHIP, AND LEVERAGE ON DIVIDEND POLICY (CASE STUDY OF FOOD AND BEVERAGE COMPANIES LISTED ON THE IDX FOR THE 2017-2021 PERIOD). In *Indonesian Interdisciplinary Journal of Sharia Economics (IIJSE)* (Vol. 7, Number 1).
- Qi, Q., Li, W., Liu, C., Huang, Y., & Hu, C. (2022). Continuous cash dividends, ownership structure and firm value: Evidence from Chinese A-share market. *PLoS ONE*, 17(3 March). <https://doi.org/10.1371/journal.pone.0265177>

- Rahman, S., Burns, P., Wolfram Cox, J., & Alam, Q. (2024). Exercising bureaucratic discretion through selective bridging: A response to institutional complexity in Bangladesh. *Public Administration and Development*, 44(2), 61–74. <https://doi.org/10.1002/pad.2036>
- Rajverma, A. (2024). Impact of Ownership Structure and Dividends on Firm Risk and Market Liquidity. *Journal of Risk and Financial Management*, 17(7). <https://doi.org/10.3390/jrfm17070262>
- Salkind, N. J. . (2017). *Exploring research*. Pearson Education Limited.
- Salvi, A., Nirino, N., Enrico, B., & Igor, G. (2024). Payout policy and ESG: A European investigation. *Research in International Business and Finance*, 68. <https://doi.org/10.1016/j.ribaf.2023.102189>
- Shanafelt, D. W. (2025). How much is enough? Applying the law of large numbers to the measurement of interactions between ecosystem services. *Ecosystem Services*, 74. <https://doi.org/10.1016/j.ecoser.2025.101736>
- Spence, M. (1973). The Quarterly Journal of Economics. *Job Market Signaling*, 87.
- Stereńczak, S., & Kubiak, J. (2022). Dividend policy and stock liquidity: Lessons from Central and Eastern Europe. *Research in International Business and Finance*, 62. <https://doi.org/10.1016/j.ribaf.2022.101727>
- Tawfik, O. I., Queiri, A., & Reyad, S. (2025). Dividend payout in GCC: the role of board composition and ownership structure. *Corporate Governance (Bingley)*, 25(4), 815–842. <https://doi.org/10.1108/CG-03-2024-0123>
- Tayachi, T., Hunjra, A. I., Jones, K., Mehmood, R., & Al-Faryan, M. A. S. (2023). How does ownership structure affect the financing and dividend decisions of firm? *Journal of Financial Reporting and Accounting*, 21(3), 729–746. <https://doi.org/10.1108/JFRA-09-2021-0291>
- Tekin, H., & Polat, A. Y. (2021). Do market differences matter on dividend policy? *Borsa Istanbul Review*, 21(2), 197–208. <https://doi.org/10.1016/j.bir.2020.10.009>
- Theiri, S., Ben Hamad, S., & Ben Amor, M. (2023). Dividend policy and crisis: Exploring the interplay between performance and financial constraints in the French context. *Heliyon*, 9(10). <https://doi.org/10.1016/j.heliyon.2023.e20586>
- Velte, P. (2024). Institutional ownership and board governance. A structured literature review on the heterogeneous monitoring role of institutional investors. *Corporate Governance (Bingley)*, 24(2), 225–263. <https://doi.org/10.1108/CG-10-2022-0414>

- Waheed, A., Hussain, S., Bagh, T., Malik, Q. A., & Ashfaq, R. (2024). Litigation Risk, Ownership Structure and Payout Policy: An Agency Theory Perspective. *Global Business Review*.
<https://doi.org/10.1177/09721509241263740>
- Wirajaya, I. G. A., & Arisanthi, N. P. R. (2022). CAN PUBLIC AND MANAGERIAL OWNERSHIP MODERATE THE ACCOUNTING CONSERVATISM? *Jurnal Akuntansi Multiparadigma*, 13(3), 609–619.
- Wirakusuma, M. G., Asmara Putra, I. N. W., & Badera, I. D. (2025). The effect of profitability, solvency, and free cash flow on dividend policy. In *Tennessee Research International of Social Sciences* (Vol. 7, Number 2).
<https://triss.org/index.php/journal/article/view/99>
- Wirama, D. G., Krisnadewi, K. A., Artini, L. G. S., & Ardiana, P. A. (2024). Dividend policy and residual dividend theory: evidence from Indonesia. *Asian Journal of Accounting Research*, 9(3), 201–216.
<https://doi.org/10.1108/AJAR-10-2023-0347>
- Xie, W. (2024). Information disclosure transparency and shareholder wealth: Based on textual analysis. *Finance Research Letters*, 66.
<https://doi.org/10.1016/j.frl.2024.105650>
- Yousef, I., Al-Okaily, M., Alkayed, H., & Jassem, S. (2025). The influence of board foreign directors on dividend payout in GCC non-financial firms. *Journal of Accounting in Emerging Economies*.
<https://doi.org/10.1108/JAEE-07-2024-0289>
- Zainal, A., Ritonga, A. N. A., Putra, P. D., Harahap, K., & Thohiri, R. (2024). Do Institutional Ownership, Managerial Ownership, Independent Commissioners and Audit Committees Affect Earnings Persistence of Listed Manufacturing Companies Listed in Indonesia? *IJBE (Integrated Journal of Business and Economics)*, 8(2), 203. <https://doi.org/10.33019/ijbe.v8i2.893>
- Zhao, Y., & Ng, S. H. (2021). Dividend payout policies in the pre and post split share structure reform in China. *Cogent Economics and Finance*, 9(1).
<https://doi.org/10.1080/23322039.2021.1923620>