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

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A R T I C L E I N F O	ABSTRACT
Keywords: Profit Growth, Leverage, Profitability, Dividend Policy	Dividend policy is part of management activities in paying rights to shareholders or investors. Determining the dividend policy is influenced by several things. This research is limited to several things or factors that are intended to determine their effect on dividend policy. Some of these factors include profit growth, leverage, and profitability. This study aims to determine the effect of profit growth, leverage, and profitability on dividend policy in State-Owned Enterprises (BUMN) listed on the Indonesia Stock Exchange for the period 2018 to 2020. The population in this study is State-Owned Enterprises listed in one Indonesian Stock Exchange. Meanwhile, the sample selection used the purposive sampling method. The number of samples of companies used is 33 samples with 11 companies. The analysis technique used is multiple linear regression analysis to determine the relationship and influence between one dependent variable and several independent variables. Based on the results of research through t-test, it can be concluded that the company's profit growth has no effect on dividend policy, and this result is not in accordance with the hypothesis. Then, leverage also does not affect dividend policy, and this result is not in accordance with the hypothesis. And profitability also does not affect dividend policy, this result is not in accordance with the hypothesis. Meanwhile, the results of the study according to the f test concluded that profit growth, leverage, and profitability have a simultaneous effect on dividend policy.
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1. Introduction

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

profit growth, the greater the need to finance the development of company assets [1] In addition, the amount of profit is a determinant for providing the amount number ends to investors.

The second factor is leverage which is also considered to have a relationship with cash dividend payments. The leverage ratio is used in this study to measure the extent to which the company's assets are financed by debt [2]. The higher the leverage ratio, the lower the level of dividend distribution. Because most of the company's profits are used to pay off debt or corporate leverage, the percentage of profits paid in the form of dividends is small [3].

The third factor is profitability, namely the company's ability to generate profits. According to [4], profitability is the company's ability to generate profits (profit) at a certain level of sales, assets, and capital. In this study, profitability ratios are used which provide an overview of the level of effectiveness of the company's management. The greater the profitability means the better, because it has the potential to provide better prosperity for the owners of the company which is marked by the distribution of larger dividends.

2. Methods

2.1 Types of Research

This type of research is quantitative research, which is a research method whose data are obtained in the form of statements or numbers that are assessed by statistical analysis [5]. This study explains the effect of several variables on another variable.

2.2 Population and Sample

The population in this study are state-owned companies listed on the Indonesia Stock Exchange (IDX) in the 2018-2020 period. There are 11 state-owned companies listed on the IDX in the 2018-2020 period. The sample in this study was selected using purposive sampling, which is a sampling technique with certain considerations [6].

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

TABLE 1.
COMPANY NAMES AS SAMPLES

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

2.3 Research Hypothesis

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

H1 : Profit growth has an effect on dividend policy in state-owned companies listed on the Indonesia Stock Exchange for the period 2018 – 2020

H2 : Leverage has an effect on dividend policy in state-owned companies listed on the Indonesia Stock Exchange for the period 2018 – 2020

H3 : Profitability has an effect on dividend policy in state-owned companies listed on the Indonesia Stock Exchange for the period 2018 – 2020

H4 : Profit growth, leverage, and profitability have a simultaneous effect on dividend policy in state-owned companies listed on the Indonesia Stock Exchange for the period 2018 - 2020

2.4 Research and Operational Variables

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

a. Profit growth (X1)

Profit growth can be measured in several ways. One of them is by looking at the growth of the company's operating profit. Profit growth is calculated by subtracting the profit of the current period with the profit of the previous period, then dividing by the profit of the previous period [8].

$$Profit\ Growth = \frac{Profit\ Year_t - Profit\ Year_{t-1}}{Profit\ Year_{t-1}}$$

b. Leverage (X2)

Leverage is measured by the Debt to Asset Ratio (DAR), which is the ratio of total liabilities to total assets or assets. The formula for calculating DAR is as follows [9].

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

c. Profitability (X3)

Profitability in this research is measured using Return On Assets (ROA). According to[10], ROA provides information about the rate of return from the business on all existing assets. The formula for this ratio is as follows [11]:

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

d. Dividend Policy (Y)

Dividend policy used in this research is Dividend Payout Ratio (DPR) that is the ratio or comparison between the amount of dividends paid and the company's net profit [12] [15]. Dividend policy is the amount or portion of profit distributed to shareholders which can be measured using the Dividend Payout Ratio (DPR). The DPR variable uses a ratio measurement scale. The formula for calculating the dividend policy (Dividend Payout Ratio) is [11]:

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

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

3. Result and Discussion

3.1 Normality Test

TABLE 2.
ONE-SAMPLE KOLMOGOROV-SMIRNOV TEST

		Unstandardized Residual
N		33
Normal Parameters[a,b]	Mean	.0000000

		Unstandardized Residual
N		33
	Std. Deviation	.11886150
Most Extreme Differences	Absolute	.080
	Positive	.080
	Negative	-.078
Test Statistic		.080
Asymp. Sig. (2-tailed)		.200[c,d]

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

3.2 Heteroscedasticity Test

TABLE 3.
HETEROSKEDASTICITY TEST

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

Based on the heteroscedasticity test above, that the X1 variable is 0.750; X2 of 0.789; and X3 of 0.730, which does not have a significant correlation between the residuals and the independent variable, which is indicated by the value of Sig. which is greater than 0.05. So, in the results of this analysis it can be concluded that all research variables do not occur heteroscedasticity.

3.3 Autocorrelation Test

TABLE 4.
AUTOCORRELATION TEST

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

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

3.4 Multicollinearity Test

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

TABLE 5.
MULTICOLLINEARITY TEST

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

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

a. Tolerance value is more than > 0.10, then there is no multicollinearity

b. The VIF value is less than < 10.00, then there is no multicollinearity

3.5 Multiple Linear Regression Test Results

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

TABLE 6.
MULTIPLE LINEAR REGRESSION TEST RESULTS

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

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

a. Assuming that the variables X1, X2, X3 are zero or constant, the value of the Dividend Policy (Y) is 0.441.

b. The regression coefficient for the Profit Growth variable (X1) is -0.002, and the regression coefficient for Leverage (X2) is -0.228. Variables X1 and X2 have negative regression coefficients, this indicates a change that is not in line with the dependent variable. So, the greater the value of Profit Growth (X1) and Leverage (X2) will not increase the value of Dividend Policy (Y) assuming that the other variables are constant.

c. The regression coefficient for the Profitability variable (X3) obtained a value of 0.879 has a positive regression coefficient, this indicates a change in the direction of the dependent variable. So the greater the value of Profitability (X3) will increase the value of Dividend Policy (Y) with the assumption that the other variables are constant.

3.6 The Results Of The t-Test Test In Multiple Linear Regression Tables

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

a. The value of t count on the Profit Growth variable is -0.881 with a significant level of 0.386. Because the significant level of this variable is greater than 0.05 (sig > 0.05), this means that the Profit Growth variable does not affect Dividend Policy.

b. The value of t count on the Leverage variable is -1.599 with a significant level of 0.121. Because the significant level of this variable is greater than 0.05 (sig > 0.05), this means that the Leverage variable partially does not affect Dividend Policy.

c. The value of t count on the Profitability variable is 1.687 with a significant level of 0.102. Because the significant level of this variable is greater than 0.05 (sig > 0.05), this means that the Profitability variable does not affect Dividend Policy.

3.7 F Test Results

TABLE 7.
F TEST

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

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

3.8 Effect of Profit Growth on Dividend Policy

Based on the test results for the Profit Growth variable, it partially has no effect on Dividend Policy. This shows that the results of this study support the research of [13] which states that profit growth has a negative effect on dividend policy. The results show that the faster the profit growth rate, the greater the funds needed to finance the profit growth so that the smaller the dividend paid. Thus, hypothesis H1 is rejected.

3.9 Effect of Leverage on Dividend Policy

Based on the test results for the Leverage variable, it partially has no effect on Dividend Policy. This shows that the amount of debt owned by the company does not affect the size of the proportion of profits that will be distributed to shareholders. The ineffectiveness of debt policy on the dividend policy of state-owned companies may be due to the company's debt, both in the form of immediate obligations and second party funds, on average, do not provide a debt payment burden that can reduce company profits. Leverage has a negative and insignificant impact on profit sharing strategy [14]. Thus, the debt policy has no effect on the dividend policy of state-owned companies. Thus, hypothesis H2 is rejected.

3.10 The Effect of Profitability on Dividend Policy

Based on the test results for the Profitability variable partially has no effect on Dividend Policy. This shows that the distribution of dividends in state-owned companies is not based on profitability. This is in accordance with [10] that Return on Assets has no significant effect on Dividend Policy for real estate and property sector companies listed on the Indonesia Stock Exchange in the 2017-2019 period. The distribution of dividends is sourced from the profits obtained by the company after fulfilling its obligations in the form of interest and taxes. Thus, hypothesis H3 is rejected.

3.11 Effect of Profit Growth, Leverage, and Profitability on Dividend Policy

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

4. Conclusions

After knowing the problem formulation, analyzing, and discussing the results of research on the effect of profit Growth, leverage, profitability on dividend policy, the following conclusions can be drawn: Based on the results of the study, the results of Profit Growth have no effect on Dividend Policy, this result is not in accordance with the hypothesis. Based on the results of the study, it was obtained that Leverage had no effect on Dividend Policy, this result was not in accordance with the hypothesis. Based on the results of the study, it was obtained that Profitability had no effect on Dividend Policy, this result was not in accordance with the hypothesis. Based on the results of the study obtained the results of Profit Growth, Leverage and Profitability have a simultaneous effect on Dividend Policy, these results are in accordance with the hypothesis.

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