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The Effect Of Leverage, Firm Growth, Institutional Ownership, And Firm Size On Dividend Payout Ratio: Evidence From Energy Sector Companies Listed On The Indonesia Stock Exchange, 2022-2024

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Abstract

This study aims to analyze the effect of leverage, firm growth, institutional ownership, and firm size on the Dividend Payout Ratio (DPR) of energy sector companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 period. The study employs a quantitative approach with an associative design. Secondary data were obtained from annual reports available on the IDX website. Using purposive sampling, 25 companies were selected, yielding 75 observations. The data were analyzed using multiple linear regression with IBM SPSS version 31. The results show that leverage and firm growth have a negative and significant effect on DPR, whereas institutional ownership and firm size have a positive but insignificant effect. Simultaneously, the four variables have a significant effect on DPR. The coefficient of determination of 0.266 indicates that the model explains 26.6% of the variation in DPR, while the remaining 73.4% is explained by other factors. The limitations of this study include the number of variables, the focus on the energy sector, and the three-year observation period. Future research is recommended to add more variables, broaden the research objects, and extend the observation period.

Keywords: Leverage, Firm Growth, Institutional Ownership, Firm Size, Dividend Payout Ratio

INTRODUCTION

The Indonesian capital market kept expanding through 2024. The number of stock investors reached 6.37 million, new listings were recorded throughout the year, and the total number of issuers on the Indonesia Stock Exchange (IDX) rose to 943. The Composite Stock Price Index (IHSG) also set a new yearly high of 7,905.390 on 19 September 2024 (Idx.co.id, 2024). Against this background, investors continue to look for

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returns, which come from two sources: capital gain, or the difference between the selling and buying price of a share, and dividends, or the portion of profit distributed to shareholders. The decision to pay dividends is made by management and approved at the General Meeting of Shareholders (Prastio et al., 2024). Because dividends affect the return that investors expect, the decision is one of the considerations in investment choices (Emy et al., 2025). Dividends also reflect how a company divides its profit between payments to shareholders and earnings retained to support future growth (Fathony et al., 2024).

The first phenomenon that motivates this study concerns the size of dividend payments in the energy sector. According to data from the Indonesian Central Securities Depository (KSEI), the energy sector was the largest dividend contributor among all sectors in 2024, at IDR 75.60 trillion. This figure exceeded the banking sector, which contributed IDR 60.53 trillion, and was more than 34% higher than the IDR 56.2 trillion recorded in 2023. Coal issuers dominated the total, and PT Adaro Energy Indonesia Tbk (ADRO) alone accounted for IDR 41.68 trillion. This happened even though coal prices came under pressure from the national energy transition and low-carbon policies, and operating costs rose because of environmental and logistics regulations (Pitoko, 2024).

The second phenomenon is the movement of dividends per share within the sample of this study. In 2022, total dividends per share of the sampled energy companies stood at 15,557, an average of 598 per company. In 2023 the total rose to 16,891 and the average to 650. In 2024, however, the total fell to 9,093 and the average to 350. The pattern over the three years is therefore a rise followed by a sharp correction rather than a steady increase. The drop may reflect weaker commodity prices, lower profit, or a decision to hold back cash for liquidity and investment needs. Energy companies are also exposed to commodity price swings and need large amounts of capital for exploration, production, and infrastructure. They must balance what shareholders expect to receive against the funds they need to keep for asset development.

Several financial and ownership characteristics have been linked to this balance. Companies with high debt must meet interest and principal payments, which can limit the profit available for dividends, while well-managed debt can support operations and strengthen financial capacity (Aini & Ismunawan, 2025). Evidence on leverage is mixed: Pratama and Susanto (2025) and Pratiwi (2021) found an effect on the dividend payout ratio, whereas Trizenda et al. (2024) and Angelica and Yusbardini (2022) found none. Firm growth shows the same inconsistency. High growth may signal good profit, but it can also lead management to use funds for long-term investment, leaving less for dividends (Aditya & Fitria, 2022). Auliana and Anita (2023) reported an effect, while Benu et al. (2023) and Rivandi and Indriati (2022) did not. Institutional investors, which can monitor management more effectively (Nurmaya & Amanah, 2024), were found to matter

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by Susanti (2021) and Agustini and Martono (2023) but not by Pardhana et al. (2024) and Siagian and Sarumpaet (2025). The results for firm size are also split: Nurlatifah (2021) and Omega and Simanungkalit (2026) found an effect, while Auliana and Anita (2023) and Tambunan et al. (2024) did not.

The energy sector was chosen for three reasons. First, its capital-intensive operations make funding decisions, including the use of debt, particularly important for dividend policy. Second, its earnings are volatile because they depend on global commodity prices. Third, it is one of the largest dividend payers in the Indonesian market. In addition, since 2021 the IDX has used the IDX Industrial Classification (IDX-IC), which replaced the earlier JASICA system and expanded the former mining sector into a broader energy sector. Much of the earlier research still relies on the old mining classification, so a study based on the current classification gives a more up-to-date picture. The observation period of 2022–2024 covers the recovery after the COVID-19 pandemic, a time when industrial activity picked up, energy prices became steadier, and companies adjusted their policies to more normal financial conditions. During the pandemic, many firms retained earnings to protect liquidity, so dividends paid in that period do not describe normal operating conditions well.

This study builds on Rahmat et al. (2023), who examined firm growth, debt policy, and firm size in relation to dividend policy among automotive and component companies listed on the IDX in 2018–2021. It differs in three ways. It adds institutional ownership as an independent variable, based on signaling theory, which holds that large investors express confidence in a company and encourage management to pay dividends as a positive signal. It uses energy sector companies as the object of study. It also covers a more recent period, 2022–2024. The research questions are whether leverage, firm growth, institutional ownership, and firm size affect the dividend payout ratio, both simultaneously and individually, among energy companies listed on the IDX during 2022–2024.

LITERATURE REVIEW

Signaling Theory

Signaling theory was first introduced by Michael Spence in 1973. This theory explains how parties possessing more complete information communicate signals to parties with less information. In the corporate context, signaling theory describes how company management conveys signals to investors and other external parties through the information disclosed, such as financial statements, to reduce existing information asymmetry (Nur et al., 2024).

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Dividend Payout Ratio

The Dividend Payout Ratio (DPR) is a financial ratio used to measure the proportion of a company's net income distributed to shareholders in the form of dividends. This ratio indicates the comparison between the total dividends paid and the net income earned by a company during a given period (Malik & Kodriyah, 2021). DPR can be used to illustrate how much of a company's earnings is allocated to shareholders and how much is retained by the company to support its operational activities and financing needs.

Leverage

Leverage is one of the financial ratios used to measure the extent to which a company relies on debt to finance its operational activities and assets (Angelica & Yusbardini, 2022). The use of debt can help a company obtain additional sources of financing; however, it also creates financial obligations that must be fulfilled. The level of leverage provides an overview of the company's capital structure and the financial risks it faces.

Firm Growth

Firm growth refers to an increase or decrease in a company's total assets. Firm growth is measured as the percentage change in total assets in a given year compared to the previous year (Herlianti & Rianindita, 2024). Companies that experience an increasing growth rate each year indicate that they are making progress and developing over time. A higher growth rate provides companies with greater flexibility in carrying out their business activities, such as expanding sales, while potentially strengthening investor confidence in the company as its growth continues.

Institutional Ownership

High institutional ownership can improve the effectiveness of monitoring corporate management. Institutional investors generally have greater resources, access to information, and analytical capabilities than individual investors, enabling them to monitor management performance more effectively (Ahmad & Rasyid, 2024). Closer monitoring by institutional investors can encourage management to improve company performance and reduce actions that may harm shareholders. This may influence corporate decisions regarding the amount of dividends distributed to shareholders as a form of return on their investments.

Firm Size

Firm size refers to the scale of a business entity, which can be measured by its total assets, total sales, or market capitalization. According to Kewas et al. (2025), large

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companies tend to have broader access to financing, more stable cash flows, and a stronger reputation among investors, enabling them to distribute dividends more consistently. Smaller companies, on the other hand, tend to be more cautious because they face greater operational uncertainty. Firm size is one of the factors that management may consider when determining the amount of dividends to be distributed to shareholders.

Research Model

The research model illustrates the proposed relationships between the independent and dependent variables in this study. It examines the effects of leverage, firm growth, institutional ownership, and firm size on the Dividend Payout Ratio (DPR), both partially and simultaneously. The research model is presented in Figure 1 below.

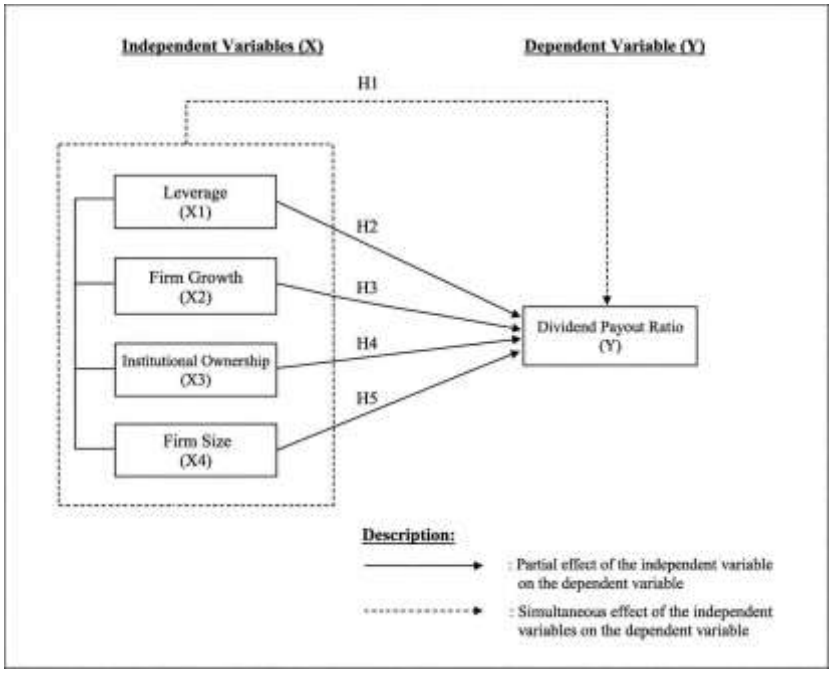


Figure 1. Research Model

Research Hypotheses

Based on the previous description, the hypothesis in this study is:

H1: Leverage, firm growth, institutional ownership, and firm size simultaneously affect the Dividend Payout Ratio (DPR).

H2: Leverage affects the Dividend Payout Ratio (DPR).

H3: Firm growth affects the Dividend Payout Ratio (DPR).

H4: Institutional ownership affects the Dividend Payout Ratio (DPR).

H5: Firm size affects the Dividend Payout Ratio (DPR).

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RESEARCH METHODOLOGY

Population and Sample

The population of this study consists of all energy sector companies listed on the Indonesia Stock Exchange (IDX) during the 2022-2024 period, comprising 90 companies. The sample was selected using the purposive sampling method, which involves selecting research subjects based on predetermined criteria relevant to the research objectives. The sample selection criteria include: (1) energy sector companies listed on the Indonesia Stock Exchange during the 2022-2024 period; (2) companies that conducted an Initial Public Offering (IPO) before 2021; (3) companies that were not suspended from trading during the observation period; (4) companies that reported positive net income throughout the 2022-2024 period; and (5) companies that consistently distributed dividends during the observation period.

Based on these criteria, 25 companies were selected as the research sample, resulting in a total of 75 observations over three years.

Operational Variables and Measurement

Table 1. Operational Variables and Measurement

Variable	Measurement	Source
Dividend Payout Ratio (Y)	DPR = Total Dividends / Net Income	Azzahra et al. (2024)
Leverage (X1)	DER = Total Debt / Total Equity	Ernestina (2022);
Firm Growth (X2)	Asset Growth = (Total Assets t − Total Assets t−1) / Total Assets t−1	Wiratama et al. (2025)
Institutional Ownership (X3)	Institutional Ownership = Institutional Shares / Shares Outstanding	Anshori et al. (2023)
Firm Size (X4)	Firm Size = Ln (Total Assets)	Lihu & Tuli (2023)

Source: Data processed by the researcher, 2026

Data Analysis Technique

Data analysis in this study was conducted using IBM SPSS Statistics version 31. The analytical procedures included: (a) descriptive statistical analysis to describe the characteristics of the research variables; (b) classical assumption tests, consisting of normality, multicollinearity, heteroscedasticity, and autocorrelation tests, to evaluate the suitability of the regression model; and (c) hypothesis testing through F-tests, t-tests, and the coefficient of determination (R2) to examine the simultaneous and partial effects of

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leverage, firm growth, institutional ownership, and firm size on the Dividend Payout Ratio (DPR).

RESULTS

Descriptive Statistical Analysis

Table 2. Descriptive Statistics Test Result

Variable	Minimum	Maximum	Mean	Std. Deviation
Leverage	0.06	2.97	0.8481	0.63766
Firm Growth	−0.33	1.72	0.1743	0.32810
Institutional Ownership	0.00	1.00	0.6431	0.21202
Firm Size	20.86	32.48	28.7147	2.77733
Dividend Payout Ratio	0.24	2.15	0.6896	0.31870

Source: IBM SPSS output (data processed by the researcher, 2026)

Based on the test result presented in the table, it can be explained that:

1. Dividend Payout Ratio

   The Dividend Payout Ratio (DPR), as the dependent variable, has a minimum value of 0.24 and a maximum value of 2.15. The mean value is 0.6896, with a standard deviation of 0.31870. These results indicate that the average DPR of the sampled companies during the study period is 68.96%.

2. Leverage

   Leverage, measured by the Debt to Equity Ratio (DER), has a minimum value of 0.06 and a maximum value of 2.97. The mean value is 0.8481, with a standard deviation of 0.63766.

3. Firm Growth

   Firm growth, measured by Asset Growth, has a minimum value of -0.33 and a maximum value of 1.72. The mean value is 0.1743, with a standard deviation of 0.32810.

4. Institutional Ownership

   Institutional ownership, measured by the proportion of shares held by institutional investors to the total outstanding shares, has a minimum value of 0.00 and a maximum value of 1.00. The mean value is 0.6431, with a standard deviation of 0.21202.

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5. Firm Size

Firm size, measured by the natural logarithm of total assets (Ln Total Assets), has a minimum value of 20.86 and a maximum value of 32.48. The mean value is 28.7147, with a standard deviation of 2.77733.

Classical Assumption Tests

The decision-making criteria for the normality test are as follows: if the significance value (Asymp. Sig. 2-tailed) is greater than 0.05, the residuals are considered to be normally distributed. Conversely, if the significance value is less than 0.05, the residuals are considered not to be normally distributed. The following presents the results of the normality test using the Kolmogorov–Smirnov method.

Table 3. Normality Test Result

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		75
Test Statistic		.148
Asymp. Sig. (2-tailed)[c]		<,001

Source: IBM SPSS output (data processed by the researcher, 2026)

Based on the results of the normality test using the One-Sample Kolmogorov–Smirnov method presented in the table, the Asymp. Sig. (2-tailed) value is less than 0.001. Since this value is below the significance level of 0.05, it can be concluded that the residuals are not normally distributed, indicating that the normality assumption of the regression model has not been met.

Since the normality assumption was not satisfied, the researcher subsequently performed a data transformation using the square root (SQRT) method. Data transformation can be applied to improve the data distribution so that the regression model residuals more closely approximate a normal distribution (Ghozali, 2021). Following the transformation, the normality test was conducted again to determine whether the data met the normality assumption.

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Table 4. Reassessment of the Normality Test Following Data Transformation

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		75
Test Statistic		0.076
Asymp. Sig. (2-tailed)[c]		0.200[d]

Source: IBM SPSS output (data processed by the researcher, 2026)

Based on the results of the One-Sample Kolmogorov–Smirnov normality test following data transformation, the Asymp. Sig. (2-tailed) value is 0.200 with a total of 75 observations. The Asymp. Sig. value of 0.200 is greater than the significance level of 0.05. Therefore, it can be concluded that the residuals are normally distributed, indicating that the normality assumption of the regression model has been satisfied. These results suggest that the data transformation has improved the residual distribution, allowing it to meet the normality criteria based on the Kolmogorov–Smirnov test.

Table 5. Multicollinearity Test Result

Coefficients[a]		
Variabel	Tolerance	VIF
(Constant)		
Leverage	.726	1.378
Firm Growth	.915	1.093
Institutional Ownership	.995	1.005
Firm Size	.778	1.285
a. Dependent Variable: Dividend Payout Ratio		

Source: IBM SPSS output (data processed by the researcher, 2026)

The results indicate that all independent variables have Tolerance values above 0.10 and VIF values below 10. The lowest Tolerance value is observed for the Leverage variable at 0.726, while the highest VIF value is also recorded for Leverage at 1.378. However, both values remain within the acceptable limits.

Overall, it can be concluded that there is no evidence of multicollinearity among the independent variables in the regression model. This indicates that Leverage, Firm Growth, Institutional Ownership, and Firm Size do not exhibit excessively strong linear relationships with one another. Therefore, all independent variables are considered suitable for inclusion in the regression model to explain the Dividend Payout Ratio (DPR).

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Table 6. Autocorrelation Test Result

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.515[a]	0.266	0.224	0.28079	1.708
a. Predictors: (Constant), LeverageFirm Growth,Institutional Ownership, Firm Size					
b. Dependent Variable: Dividend Payout Ratio					

Source: IBM SPSS output (data processed by the researcher, 2026)

Based on the results of the autocorrelation test using the Durbin–Watson test, the Durbin–Watson value is 1.708. With a sample size of 75 and four independent variables, the lower bound (dL) is 1.5151 and the upper bound (dU) is 1.7390 at a 5% significance level. The Durbin–Watson value of 1.708 falls between dL and dU (1.5151 ≤ 1.708 ≤ 1.7390). According to the Durbin–Watson decision criteria, this result falls within the no-decision region. Therefore, the test cannot provide a definitive conclusion regarding the presence or absence of positive autocorrelation in the regression model.

Since the Durbin–Watson test result falls within the no-decision region, a further test was conducted using the Lagrange Multiplier (LM) test, also known as the Breusch–Godfrey test, to determine whether autocorrelation exists in the regression model. The LM test is a method used to detect autocorrelation and can identify autocorrelation at multiple orders (Ghozali, 2021). The Breusch–Godfrey test produces a test statistic by regressing the residuals using an autoregressive model at a specified order.

The decision criteria for the Lagrange Multiplier (LM) test are based on the significance value (Sig.). If the significance value is greater than 0.05, the null hypothesis (H_0) is accepted, indicating that there is no autocorrelation in the regression model. Conversely, if the significance value is less than or equal to 0.05, the null hypothesis (H_0) is rejected, indicating the presence of autocorrelation in the regression model.

Table 7. LM Test Result

Coefficients[a]					
Variable	**B**	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	-0,008	0,378	-	-0,021	0,984
Leverage	-0,012	0,061	-0,026	-0,189	0,850
Firm Growth	-0,013	0,109	-0,014	-0,115	0,909
Institutional Ownership	0,018	0,157	0,014	0,113	0,910

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Firm Size	0,000	0,013	0,002	0,015	0,988
RES_2	0,144	0,122	0,144	1,184	0,241
a. Dependent Variable: Unstandardized Dividend Payout Ratio					

Source: IBM SPSS output (data processed by the researcher, 2026)

Based on the results of the LM test, the significance value is 0.241, which is greater than 0.05 (0.241 > 0.05). Therefore, the null hypothesis (H_0) is accepted, indicating that there is no autocorrelation in the regression model. Overall, it can be concluded that the regression model does not exhibit autocorrelation problems.

Table 8. Heterocedasticity Test Result

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.149	.238		.627	.533
	Leverage	-.042	.038	-.151	-1.103	.274
	Firm Growth	-.052	.066	-.096	-.789	.433
	Institutional Ownership	.074	.097	.089	.762	.449
	Firm Size	.002	.008	.030	.227	.821
a. Dependent Variable: ABS_RES						

Source: IBM SPSS output (data processed by the researcher, 2026)

Based on the heteroscedasticity test results, the test was conducted by regressing the absolute residual values (ABS_RES) against Leverage, Firm Growth, Institutional Ownership, and Firm Size. The results show that Leverage has a significance value of 0.274, Firm Growth has a value of 0.433, Institutional Ownership has a value of 0.449, and Firm Size has a value of 0.821. All significance values are greater than 0.05. Therefore, it can be concluded that none of the independent variables has a statistically significant effect on the absolute residual values. Overall, the regression model does not exhibit heteroscedasticity and satisfies the heteroscedasticity assumption of the classical regression model.

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Multiple Linear Regression Analysis

Table 9. Multiple Linear Regression Result

Coefficients[a]				
Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	.549	.377	
	Leverage	-.167	.060	-.333
	Firm Growth	-.329	.104	-.338
	Instituional Ownership	.052	.154	.035
	Firm Size	.011	.013	.093
Dependent Variable : Dividend Payout Ratio				

Source: IBM SPSS output (data processed by the researcher, 2026)

Based on the Unstandardized Coefficients (B), the regression equation is expressed as follows:

$$Y = 0.549 - 0.167X1 - 0.329X2 + 0.052X3 + 0.011X4 + e$$

The regression equation indicates the following interpretations:

1. Constant: The constant of 0.549 indicates that when all independent variables are zero, the Dividend Payout Ratio (DPR) is 0.549.
2. Leverage: The regression coefficient of -0.167 indicates a negative relationship between leverage and DPR. A one-unit increase in leverage decreases DPR by 0.167, assuming other variables remain constant.
3. Firm Growth: The regression coefficient of -0.329 indicates a negative relationship between Firm growth and DPR. A one-unit increase in firm growth decreases DPR by 0.329, assuming other variables remain constant.
4. Institutional Ownership: The regression coefficient of 0.052 indicates a positive relationship between institutional ownership and DPR. A one-unit increase in institutional ownership increases DPR by 0.052, assuming other variables remain constant.
5. Firm Size: The regression coefficient of 0.011 indicates a positive relationship between firm size and DPR. A one-unit increase in firm size increases DPR by 0.011, assuming other variables remain constant.

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Hypotheses Testing

Table 10. F Test Result

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.997	4	.499	6.333	<,001 [b]
	Residual	5.519	70	.079		
	Total	7.516	74			
a. Dependent Variable: Dividend Payout Ratio						
b. Predictors: (Constant), Leverage, Pertumbuhan Perusahaan, Kepemilikan Institusional, Ukuran Perusahaan						

Source: IBM SPSS output (data processed by the researcher, 2026)

Based on the F-test results, the calculated F-value is 6.333, with a significance level of less than 0.001. Since the significance value is below 0.05, H1 is accepted. These results indicate that leverage, firm growth, institutional ownership, and firm size simultaneously have a significant effect on the Dividend Payout Ratio (DPR). This suggests that the independent variables jointly explain variations in DPR.

Table 11. T Test Result

Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
		B	Std. Error			
1	(Constant)	.549	.377		1.458	.149
	Leverage	-.167	.060	-.333	-2.772	.007
	Firm Growth	-.329	.104	-.338	-3.161	.002
	Institutional Ownership	.052	.154	.035	.338	.736
	Firm Size	.011	.013	.093	.798	.427
a. Dependent Variable: Dividend Payout Ratio						

Source: IBM SPSS output (data processed by the researcher, 2026)

Based on the t-test results, leverage has a t-value of -2.772 and a significance level of 0.007, indicating a significant effect on the Dividend Payout Ratio (DPR), as the significance value is below 0.05. Firm growth also has a significant effect on DPR, with a t-value of -3.161 and a significance level of 0.002. Meanwhile, institutional ownership has a t-value of 0.338 and a significance level of 0.736, indicating no significant effect on

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DPR. Similarly, firm size has a t-value of 0.798 and a significance level of 0.427, indicating no significant effect on DPR, as both significance values exceed 0.05.

Table 12. Coefficient of Determination Test Result

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.515[a]	.266	.224	.28079
a. Predictors: (Constant), Leverage, Firm Growth, Institutional Ownership, Firm Size				
b. Dependent Variable: Dividend Payout Ratio				

Source: IBM SPSS output (data processed by the researcher, 2026)

Based on the coefficient of determination test, the R-squared value is 0.266. This indicates that leverage, firm growth, institutional ownership, and firm size jointly explain 26.6% of the variation in the Dividend Payout Ratio (DPR), while the remaining 73.4% is explained by other factors outside the research model, such as profitability, liquidity, cash flow, investment opportunities, and taxes.

DISCUSSIONS

The Effect of Leverage, Firm Growth, Institutional Ownership, and Firm Size on Dividend Payout Ratio

The simultaneous test results indicate that leverage, firm growth, institutional ownership, and firm size have a significant effect on the Dividend Payout Ratio (DPR). This is evidenced by the calculated F-value of 6.333 and a significance level of less than 0.001. Since the significance value is below 0.05, H1 is accepted. These findings confirm that the four variables jointly affect the DPR of energy sector companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 period. This suggests that dividend payment decisions are influenced not by a single factor but by the combined consideration of leverage, firm growth, institutional ownership, and firm size.

From the perspective of Signaling Theory, information about a company's condition serves as a signal for investors in assessing its financial performance and future prospects. Leverage reflects the company's ability to meet its financial obligations, firm growth indicates funding requirements for business expansion, institutional ownership represents the ownership structure and monitoring mechanisms, while firm size reflects the scale of the company's resources. Collectively, these factors may influence management's decisions regarding dividend distribution. However, the partial test results reveal different effects among the variables. Leverage and firm growth have negative and significant effects, whereas institutional ownership and firm size have positive but insignificant effects.

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This indicates that a simultaneous significant effect does not necessarily imply that all independent variables have individually significant effects.

The Effect of Leverage on Dividend Payout Ratio

Leverage has a negative and significant effect on the DPR (B = −0.167; p = 0.007), so H2 is accepted. A company with more debt has larger principal and interest payments, which leaves less profit for dividends. Seen through signaling theory, a high leverage level tells investors that the company carries heavier obligations, so management keeps part of the profit to meet them and to protect financial stability. A lower leverage level gives more room to distribute profit. The result matches Pratama and Susanto (2025) and Sebastian and Siauwijaya (2021), who also found a negative and significant effect of DER on the DPR. It differs from Omega and Simanungkalit (2026) and Talitha et al. (2026), who found no significant effect

The Effect of Firm Growth on Dividend Payout Ratio

Firm growth also has a negative and significant effect (B = −0.329; p = 0.002), so H3 is accepted. Energy companies that expand their assets need funds for operations, investment, and development, and they tend to finance this from retained earnings, which lowers the share of profit paid out. In signaling terms, retaining profit can tell investors that the company sees growth opportunities that require funding. The finding agrees with Wijaya and Adi (2026) and Azhariyah et al. (2021), who found a negative and significant effect of asset growth on the DPR, but it contradicts Rohman and Istnti (2021), who found no effect.

The Effect of Institutional Ownership on Dividend Payout Ratio

Institutional ownership has a positive but insignificant effect (B = 0.052; p = 0.736), so H4 is rejected. The sign points the expected way, but the relationship is too weak to be considered real. Institutional investors can supervise management, yet the dividend decision also depends on financial condition, investment needs, obligations, and funding strategy. Ownership structure supplies information about supervision, but that information does not appear to act as a signal that moves the DPR directly. The result is consistent with Pardhana et al. (2024) and Saidah et al. (2024), who found a positive but insignificant effect, and differs from Angelica and Yusbardini (2022) and Susanti (2021), who found a significant effect.

The Effect of Firm Size on Dividend Payout Ratio

Firm size has a positive but insignificant effect (B = 0.011; p = 0.427), so H5 is rejected. Large energy companies have more resources and wider access to funding, but

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this does not automatically lead to a higher payout, since cash availability, investment plans, and debt obligations still shape the decision. The size of total assets is therefore not the main factor in the dividend decision of the sampled firms. The result is in line with Muniifah (2021), who reported a positive but insignificant effect, and runs against Haryandi and Wibowo (2023) and Alkatiri et al. (2024), who found a significant effect.

CONCLUSION

This study examined the effect of leverage, firm growth, institutional ownership, and firm size on the dividend payout ratio of 25 energy sector companies listed on the IDX in 2022–2024. The main conclusions are as follows.

1. Leverage, firm growth, institutional ownership, and firm size together have a significant effect on the dividend payout ratio ($F = 6.333$; $p < 0.001$). The four variables explain 26.6% of the variation in the DPR, and 73.4% is explained by factors outside the model.
2. Leverage has a negative and significant effect on the DPR. Companies with a higher debt level pay a smaller share of profit as dividends because they must first meet their debt obligations.
3. Firm growth has a negative and significant effect on the DPR. Companies that are expanding hold back more profit to fund investment and development.
4. Institutional ownership has a positive but insignificant effect on the DPR, so it cannot yet be treated as a determinant of dividend payments in this sector.
5. Firm size has a positive but insignificant effect on the DPR, so it does not significantly explain changes in the DPR in this study.

Several suggestions follow from these findings. Energy sector companies should take leverage and growth needs into account when setting the DPR and should manage obligations and funding for expansion so that operating finance and dividend payments stay in balance. Investors should look at the financial information of a company, especially its leverage and growth, and should not rely on institutional ownership or firm size alone when judging the likely dividend payout. Future researchers are advised to add variables that may affect the DPR, such as profitability, liquidity, free cash flow, investment opportunity set, and taxation, and to extend the observation period and enlarge the sample so that the results give a fuller picture. The present study is limited to energy sector companies that paid dividends in all three years, so the findings should not be generalized to firms with irregular dividend records.

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