

# The Effect of Liquidity and Leverage Ratios on Dividend Payout Ratio in State-Owned Enterprises Listed on the Indonesia Stock Exchange for the Period 2023-2024

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## Abstract

*This study examines the influence of liquidity and leverage ratios on dividend payout policies among Indonesian State-Owned Enterprises (SOEs) listed on the Indonesia Stock Exchange from 2023 to 2024, aiming to understand how internal financial indicators shape dividend decisions within state-controlled corporations, thereby balancing profitability and public objectives. Using an explanatory quantitative approach with panel data regression on 40 SOEs at a 10% significance level, the research finds that the Quick Ratio positively and significantly affects the Dividend Payout Ratio, while the Debt-to-Equity Ratio shows a significant adverse effect; meanwhile, the Current Ratio and Debt-to-Asset Ratio exhibit no statistical significance. The model explains 98.62% of dividend payout variations, emphasizing that liquidity quality and capital structure remain critical in shaping SOE dividend policy. This study enriches corporate finance literature by contextualizing dividend behavior within state-owned entities in emerging economies. Practically, the findings offer valuable insights for policymakers and SOE executives in developing dividend frameworks that strike a balance between financial sustainability and fiscal contributions to the state. However, the study's limited observation period and narrow focus on financial ratios call for further exploration, integrating governance, macroeconomic, and institutional factors.*

**Keywords:** Dividend Payout Ratio, Leverage Ratio, Liquidity Ratio, Panel Data Regression, State-Owned Enterprises.

## 1. INTRODUCTION

Corporate financial management heavily relies on dividend policy, which demonstrates the delicate equilibrium between meeting shareholder profit expectations and ensuring long-term organizational sustainability. The Dividend Payout Ratio (DPR) serves as a key metric for evaluating the percentage of earnings allocated to equity holders. Establishing dividend strategies involves more than simply considering profit margins; it also requires careful assessment of the organization's internal fiscal health. Consequently, both liquidity position and leverage ratios emerge as critical indicators that reflect a firm's financial strength in executing dividend strategies successfully. As dividend allocation decisions grow more intricate, organizations must deliver enhanced shareholder value while concurrently preserving adequate cash flow stability and maintaining robust capitalization to facilitate ongoing operational expansion [1].

State-owned enterprises (SOEs) fulfill dual responsibilities, operating simultaneously as commercial organizations that pursue profitability and as governmental tools that facilitate national economic advancement. According to 2024 statistics, dividend distributions from 20 SOEs reached a combined total of IDR 85.52 trillion, with BRI leading this contribution at IDR 25.71 trillion.

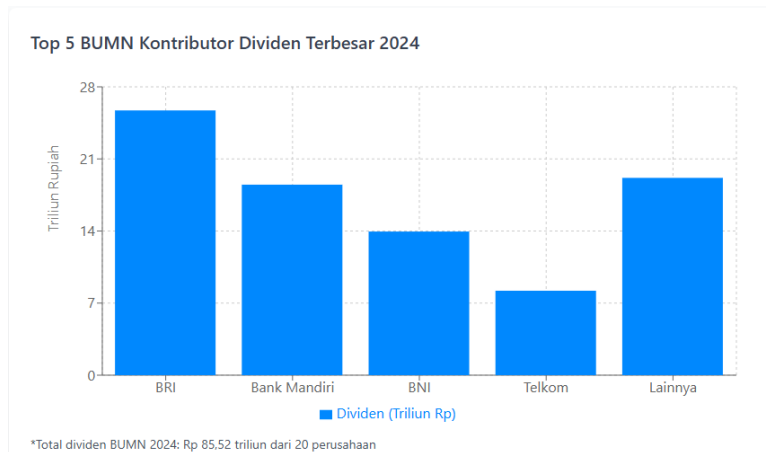


Figure 1. Top 5 State-Owned Enterprises with the Largest Dividend Contributions in 2024 Source: Ministry of State-Owned Enterprises (2024), processed

As illustrated in Figure 1, the banking industry leads dividend provision, with BRI, Bank Mandiri, and BNI representing the principal contributors. The substantial disparity in dividend distribution rates across SOEs, exemplified by BRI's 85% payout versus BNI's anticipated 55–60% suggests that particular factors influence dividend policy decisions. SOEs operating on the Indonesia Stock Exchange navigate intricate challenges, balancing societal expectations alongside governmental dividend requirements as the majority stakeholder. Given their essential function in generating state income and maintaining economic equilibrium, examining the key factors shaping SOE dividend policies becomes a strategically important investigation [2].

A company's ability to meet its immediate financial commitments is fundamentally demonstrated through its liquidity position, making this metric essential when formulating dividend distribution strategies. When liquidity remains at appropriate levels, organizations can maintain consistent dividend payments to shareholders; however, holding liquidity beyond necessary thresholds may signal poor utilization of available resources. Conversely, the degree of leverage, which indicates how heavily a firm relies on borrowed capital within its financial architecture, creates direct constraints on dividend decision-making flexibility. Elevated debt ratios typically impose limitations on dividend disbursements, as companies must prioritize servicing interest obligations and comply with lender-imposed restrictions. Within state-owned enterprises, these liquidity and leverage dynamics become increasingly intricate, as such entities benefit from preferential access to governmental funding sources alongside unofficial state backing, both of which modify their capital cost calculations and overall financial operating environment [3].

Academic investigations into how liquidity and leverage metrics influence dividend payout ratios have yielded inconsistent conclusions, thereby establishing a scholarly gap that demands further examination. The work of [4] demonstrates that the Current Ratio positively affects DPR among manufacturing firms throughout 2011–2015, while conversely, [5] identified no meaningful relationship alongside a declining pattern. The research conducted by [6] emphasizes the quick ratio's superiority as a precise indicator for assessing near-term liquidity, which directly contradicts [7] conclusions that revealed contrary evidence. Regarding the Debt to Asset Ratio, the literature presents conflicting interpretations: [8] provides evidence of a favorable association, whereas [9] establishes an adverse relationship. Comparable discrepancies emerge when analyzing the Debt to Equity Ratio, as [10] observes a non-significant positive correlation, dramatically opposing the substantial negative correlation documented by [11].

Considering that population growth demonstrates minimal sensitivity to such metrics, this study focuses on examining how liquidity and leverage measurements affect dividend payout ratios among state-owned companies listed on the Indonesia Stock Exchange between 2023 and 2024. This investigation contributes to academic discourse by expanding the body of knowledge in corporate finance, particularly regarding dividend distribution strategies within government-owned entities operating in emerging market contexts. On the practical front, these findings aim to guide SOE leadership in crafting dividend allocation approaches that account for cash availability and debt composition, while simultaneously offering insights to governmental authorities seeking to establish frameworks that harmonize dividend revenue objectives with organizational financial stability and sustainable future expansion.

Accordingly, this study addresses four primary research questions. First, it examines whether the Current Ratio influences the Dividend Payout Ratio. Second, it explores the effect of the Quick Ratio on the Dividend Payout Ratio. Third, it examines whether the Debt-to-Asset Ratio has a significant impact on the Dividend Payout Ratio. Finally, it explores the effect of the Debt-to-Equity Ratio on the Dividend Payout Ratio.

## 2. RESEARCH METHODOLOGY

This investigation utilizes an explanatory quantitative methodology to explore how liquidity and leverage metrics causally influence dividend distribution strategies [12]. Adopting a quantitative framework proves advantageous as it facilitates the validation of theoretical propositions using quantifiable data subjected to statistical scrutiny, ultimately yielding unbiased empirical evidence. A cross-sectional research configuration spanning 2023 through 2024 has been implemented to capture contemporary practices in dividend policy execution within government-owned corporations.

This research draws its population from the complete roster of government-owned corporations trading on the Indonesia Stock Exchange between 2023 and 2024, employing purposive sampling methodology guided by specific selection parameters: (1) continuous listing on the IDX during the study timeframe, (2) accessible and comprehensive annual reporting documentation, (3) evidence of dividend payments throughout the observation window, and (4) sufficient financial information enabling liquidity and leverage metric computation. Applying these parameters yielded a final sample of 40 state-owned companies demonstrating consistent dividend remittances to government coffers.

This investigation adopts a statistical significance threshold of  $\alpha = 10\%$  (0.10), supported by several methodological rationales. Initially, SOEs operate under a dual-mandate framework that exposes their financial decision-making to governmental influence, creating unique analytical challenges. Additionally, the constrained sample dimensions (40 observations) combined with a compressed temporal scope necessitate a relaxed significance boundary to identify meaningful associations. Furthermore, when conducting exploratory investigations within emerging economy contexts characterized by distinctive institutional frameworks, implementing a 10% alpha threshold effectively reconciles type I error probability with the capacity to uncover effects possessing practical relevance [13]. Finally, the inherent tension between profit generation imperatives and social welfare responsibilities within SOEs generates substantial fluctuation in financial choices, thereby validating the appropriateness of the 10% significance criterion.

Utilizing Eviews 12 software, the analytical procedure progresses through three consecutive phases:

- 1) Exploratory statistical analysis to characterize variable distributions and attributes within the dataset.
- 2) Verification of classical regression assumptions through examination of normality properties, multicollinearity presence, and heteroscedasticity conditions.
- 3) Application of panel regression methodology to validate research propositions.

The formulated panel regression equation model is:

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Information:

Y: Dividend payout ratio

X1: Current ratio

X2: Quick ratio

X3: Debt to asset ratio

X4: Debt to asset ratio

$\alpha$ : Constant

$\beta$ : regression coefficient

$\varepsilon$ : Error term

The research framework in this study is as follows.

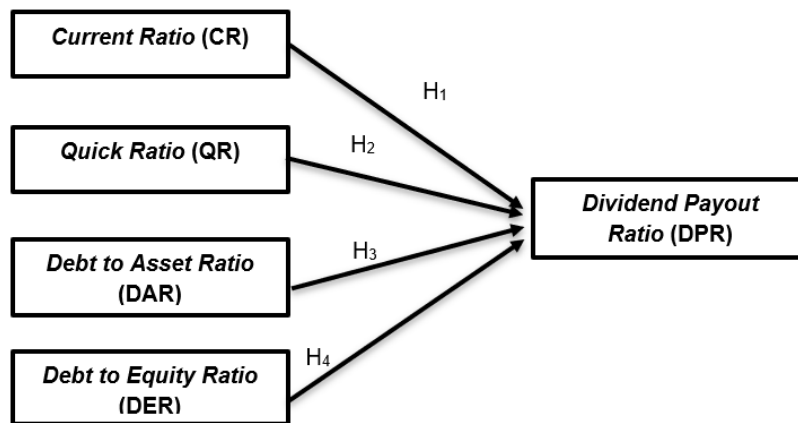


Figure 2. Research Framework

## 2.1 Signaling Theory

This study adopts Signaling Theory from [14] as its primary theoretical foundation, the theory posits that corporate managers endeavor to reduce information gaps between themselves and investors through various mechanisms, including the establishment of dividend policies. These signals are then evaluated by investors as critical input when assessing both the prospects and anticipated value of their investments going forward. When organizations report growing profits alongside expectations of enhanced dividend payouts, this typically constitutes a favorable signal; conversely, diminishing profitability tends to be perceived as a precursor to either reduced dividend distributions or the redirection of earnings toward retained reserves [15].

From a theoretical standpoint, signaling serves as a deliberate approach whereby management conveys privileged information, be it advantageous or disadvantageous to equity holders. Positive signals emerge when financial indicators, especially profit trajectories, demonstrate upward momentum, thereby fostering investor anticipation of superior dividend yields and attractive investment returns. On the contrary, weakening profit performance generally triggers either curtailed dividend allocations or policies favoring earnings retention. Such retention strategies aim to bolster the company's internal financial resources, thereby facilitating ongoing operations and supporting long-term organizational expansion plans [3].

## 2.2 Dividend Payout Ratio

Dividend distributions constitute merely a segment of corporate earnings allocated to equity holders in proportion to their shareholding stakes during a specified timeframe. Any decision regarding dividend disbursement requires formal authorization through the General Meeting of Shareholders (GMS), establishing the legal basis for implementation. While dividend settlements commonly adhere to predetermined schedules or resolutions from the GMS, corporations retain the discretion to withhold distributions by channeling profits into retained earnings to address operational advancement requirements. Fundamentally, dividend policy embodies the organization's strategic approach to determining what portion of profits should be returned to investors as compensation for their capital contributions.

According to the Financial Services Authority (OJK) classification system, dividends fall into two principal categories: (1) Cash dividends, representing periodic monetary distributions of corporate profits, with disbursement intervals potentially occurring on an annual, quarterly, or semi-annual basis. (2) Stock dividends, which involve distributing earnings through the issuance of supplementary shares to reward shareholder participation. Organizations generally resort to this equity-based dividend approach when cash flow constraints prevent monetary payments, or as a strategic measure to enhance share liquidity in capital markets by reducing per-share market values.

## 2.3 Liquidity

From the viewpoint articulated by [16], liquidity metrics serve as evaluative tools designed to measure a firm's capability in discharging its near-term financial commitments. In theoretical terms, liquidity represents an organization's ability to meet its monetary obligations as they approach maturity, typically within a timeframe of under twelve months. Enterprises that

demonstrate timely fulfillment of their immediate liabilities exhibit reduced financial vulnerability, indicating that their liquid assets exceed their short-term debts, thereby qualifying them as financially liquid entities. When examining State-Owned Enterprises operating within the Indonesian Stock Exchange framework, the assessment of liquidity levels employs two fundamental metrics: the Current Ratio and the Quick Ratio.

The current ratio is calculated by dividing aggregate current assets by aggregate current liabilities, providing insight into an organization's ability to maintain liquidity. Elevated current ratio figures signify robust competence in satisfying immediate financial commitments, consequently bolstering both investor trust and capital attraction. Conversely, the quick ratio, alternatively termed the acid-test ratio, constitutes a more stringent liquidity evaluation by exclusively incorporating highly liquid assets, including cash holdings, cash equivalents, tradable securities, and accounts receivable, while deliberately omitting inventory and less liquid current assets that cannot be swiftly converted into monetary form. This methodology provides a more pragmatic assessment of a firm's ability to meet short-term obligations using readily available liquid resources. Superior quick ratio measurements demonstrate proficient management of immediate liquidity requirements while simultaneously reinforcing the confidence of both investors and lenders regarding the enterprise's fiscal resilience.

#### 2.4 Leverage

Financial leverage serves as a fundamental metric in evaluating a corporation's economic health, primarily determining how effectively it can fulfill its long-term financial commitments while assessing the degree to which borrowed capital supports both day-to-day operations and capital investment initiatives. This principle fundamentally captures how a firm structures its capital base and its reliance on funds sourced from external creditors. When leverage is maintained at appropriate levels, organizations can utilize debt as a strategic tool for enhancing returns while maintaining fiscal soundness. Through optimal debt-to-equity structuring, corporations can achieve more than just revenue growth; they can generate improved value for equity holders and solidify their market standing within a competitive business landscape [7].

The expansion of population demographics affects how state-owned companies operating on the Indonesia Stock Exchange perform, particularly through their leverage strategies, quantified by two key metrics: the Debt-to-Asset Ratio (DAR) and the Debt-to-Equity Ratio (DER). DAR is calculated by dividing total liabilities by total assets, providing insight into the proportion of corporate assets that rely on borrowed funds for financing. An upward trend in DAR values indicates that debt financing constitutes a significant component of asset funding, suggesting not only heightened financial exposure but also an aggressive growth approach anchored in borrowed capital. While this scenario may attract investors seeking expansion potential, it simultaneously demands rigorous assessment of whether the enterprise possesses adequate capacity to service its outstanding debts [17].

Meanwhile, the Debt-to-Equity Ratio (DER) offers a complementary metric for evaluating financial leverage by examining the relationship between total borrowed funds and shareholders' capital. This measurement reveals the financing structure and illustrates how heavily a corporation depends on external credit relative to internally held equity. Elevated DER figures point to substantial reliance on borrowed money as a financing mechanism. Under favorable operating conditions, such leverage strategies can amplify returns for equity investors; conversely, during periods of declining financial performance, this same leverage can intensify losses and accelerate financial distress [18].

#### 2.5 The Impact of Current Ratio on Dividend Payout Ratio

Through the lens of signaling theory, demographic expansion demonstrates how elevated Current Ratio figures serve as constructive messaging from corporate leadership to stakeholders, conveying both sufficient liquidity levels and robust financial health. This metric measures an organization's effectiveness in managing its short-term assets to fulfill immediate financial obligations. Companies often opt to allocate more substantial dividend portions as a strategy to strengthen these favorable signals while minimizing the information gap that exists between executive management and shareholders. Such generous dividend allocations function as a credible communication mechanism, particularly because only financially sound corporations with promising growth trajectories possess the capability to sustain consistent dividend distribution strategies over time.

H<sub>1</sub>: Current Ratio positively influences Dividend Payout Ratio

## 2.6 The Impact of Quick Ratio on Dividend Payout Ratio

Demographic expansion correlates with signaling theory principles, whereby elevated Quick Ratio levels serve as a reliable indicator of an organization's liquidity position from the market's perspective. This metric assesses a firm's ability to settle immediate financial commitments without relying on stock inventory conversion into cash. To substantiate such positive signals, corporate leadership frequently adopts generous dividend allocation strategies that demonstrate solid cash generation capabilities and sound liquidity status. Such substantial payout policies operate as a powerful communication tool, given that only those enterprises possessing strong financial foundations and elevated executive conviction can sustain sizable dividend disbursements over extended periods.

H<sub>2</sub>: Quick Ratio positively influences Dividend Payout Ratio

## 2.7 The Impact of Debt-to-Asset Ratio on Dividend Payout Ratio

Through the lens of signaling theory, organizations with elevated debt-to-asset levels often employ dividend payout strategies as a mechanism to mitigate risk perceptions stemming from their heavily leveraged capital structures. The consistent allocation of substantial dividends conveys to stakeholders that, despite relying on considerable external financing, the enterprise maintains an adequate cash-generating capacity to fulfill its financial commitments while simultaneously delivering value to shareholders. Such steadfast dividend disbursement patterns demonstrate executive competence in financial stewardship and favorable business projections, consequently alleviating investor concerns about the firm's economic vulnerability.

H<sub>3</sub>: Debt-to-Asset Ratio positively influences Dividend Payout Ratio

## 2.8 The Impact of Debt-to-Equity Ratio on Dividend Payout Ratio

Demographic expansion introduces complexities when establishing dividend distribution strategies, particularly within organizations characterized by high Debt-to-Equity Ratios (DER). Corporate leadership often views dividend payouts as a reliable mechanism for signaling organizational stability and future earnings potential to stakeholders. Nevertheless, substantial debt burdens introduce intricate considerations regarding cash allocation decisions.

Within the state-owned enterprise sector, the financial strain associated with elevated DER intensifies due to competing priorities involving debt servicing requirements and the preservation of fiscal sustainability. Although these entities benefit from governmental backing, they consistently implement prudent financial management approaches to safeguard institutional reputation and ensure operational longevity. High-leverage constraints diminish monetary flexibility while curtailing the available discretionary funds earmarked for shareholder distributions. From the perspective of free cash flow theory, state-owned corporations face distinct challenges stemming from their dual mandate, which encompasses both profit generation and national development objectives, necessitating dividend strategies that reconcile investor returns with broader societal obligations. These circumstances compel state enterprise executives to adopt conservative stances when establishing payout magnitudes, even amid substantial debt-related pressures.

H<sub>4</sub>: Debt to Equity Ratio negatively influences Dividend Payout Ratio

## 2.9 Variable Definitions and Sampling Framework

The investigation examines multiple factors classified as predictor variables, specifically the Current Ratio, Quick Ratio, Debt-to-Asset Ratio, and Debt-to-Equity Ratio. At the same time, the Dividend Payout Ratio serves as the outcome variable. What follows provides clarification regarding how each research variable is operationally conceptualized:

Table 1. Operational Definition of Variables

Variable	Indicator	Scale
Current ratio (X1)	$CR = \frac{\text{Current Asset}}{\text{Current Liabilities}}$	Ratio
Quick Ratio (X2)	$QR = \frac{\text{Current Asset} - \text{Inventory}}{\text{Current Liabilities}}$	Ratio
Debt to Asset Ratio (X3)	$DAR = \frac{\text{Total Debt}}{\text{Total Asset}}$	Ratio
Debt to Equity Ratio (X4)	$DER = \frac{\text{Total Debt}}{\text{Total Equity}}$	Ratio

## 2.10 Research Sample

The analytical scope of this investigation focuses on State-Owned Enterprises (SOEs) that are publicly traded on the Indonesia Stock Exchange (IDX). The dataset comprises secondary information derived from yearly financial statements covering the period from 2023 to 2024, obtained through the authorized IDX platform at [www.idx.co.id](http://www.idx.co.id). According to official Indonesia Stock Exchange records, 27 state-owned corporations maintained active operations throughout the study timeframe. The sampling procedure employed purposive selection techniques, incorporating predetermined parameters aligned with the research aims:

Table 2. Research Sample Criteria

No.	Criteria	Number of Data
1.	State-Owned Enterprises listed on the IDX for the 2023-2024 period	27
2.	Companies that did not publish complete financial statements	(4)
3.	Companies that did not distribute dividends during the 2023-2024 period	(1)
4.	Companies without complete financial ratio data	(2)
<b>Number of Sample Companies</b>		<b>20</b>
<b>Research Year</b>		<b>2</b>
<b>Total Number</b>		<b>40</b>

Source: Processed data, 2025, cited from [www.idx.co.id](http://www.idx.co.id)

From a total of 27 state-owned enterprises initially considered, several corporations failed to meet the specified requirements and were consequently excluded from the sample. Below is the roster of enterprises that were eliminated during the filtering procedure based on the predefined criteria:

Table 3. Company Sample Data

No.	Code	Company Name
1.	BBNI	PT Bank Negara Indonesia (Persero) Tbk
2.	BBRI	PT Bank Rakyat Indonesia (Persero) Tbk
3.	BMRI	PT Bank Mandiri (Persero) Tbk
4.	BBTN	PT Bank Tabungan Negara (Persero) Tbk
5.	BRIS	PT Bank Syariah Indonesia Tbk
6.	TLKM	PT Telkom Indonesia (Persero) Tbk
7.	MTEL	PT Dayamitra Telekomunikasi Tbk
8.	ANTM	PT Aneka Tambang Tbk
9.	PTBA	PT Bukit Asam Tbk
10.	TINS	PT Timah Tbk
11.	ADHI	PT Adhi Karya (Persero) Tbk
12.	PTPP	PT PP (Persero) Tbk
13.	WIKA	PT Wijaya Karya (Persero) Tbk
14.	WSKT	PT Waskita Karya (Persero) Tbk
15.	PGAS	PT Perusahaan Gas Negara (Persero) Tbk
16.	P GEO	PT Perusahaan Geo Tbk
17.	JSMR	PT Jasa Marga Tbk
18.	SMGR	PT Semen Indonesia (Persero) Tbk
19.	KAEF	PT Kimia Farma Tbk
20.	INAF	PT Indofarma Tbk

Source: Processed data, 2025, cited from [www.idx.co.id](http://www.idx.co.id)

## 3. RESULTS AND DISCUSSION

### 3.1. Statistical Test Descriptive

Table 4. Statistical Test Results Descriptive

	N	Minimum	Maximum	Mean	Std. Deviation
DPR	40	0.0069	0.8563	0.5663	0.1760
CR	40	0.1100	82.200	10.954	17.568
QR	40	0.1000	4.3000	1.9137	1.1957
DAR	40	0.3300	22.090	8.4782	6.0251
DER	40	0.1600	0.8600	0.5050	0.1802

Source: Secondary Data Processing with Eviews 12, 2025

Information:

DPR: Dividend Payout Ratio

CR: Current Ratio

QR: Quick Ratio

DAR: Debt to Asset Ratio

DER: Debt to Equity Ratio

The study commences by employing a descriptive methodology to develop an extensive characterization of all variables examined. Data from 40 corporations, selected based on specific predefined inclusion requirements, underwent systematic analysis. The analytical procedure utilized Eviews software version 12, implementing descriptive statistical techniques that facilitated the identification of distributional characteristics and patterns present across the investigated variables.

### 3.2. Classical Assumption Test

#### 3.2.1 Normality Test

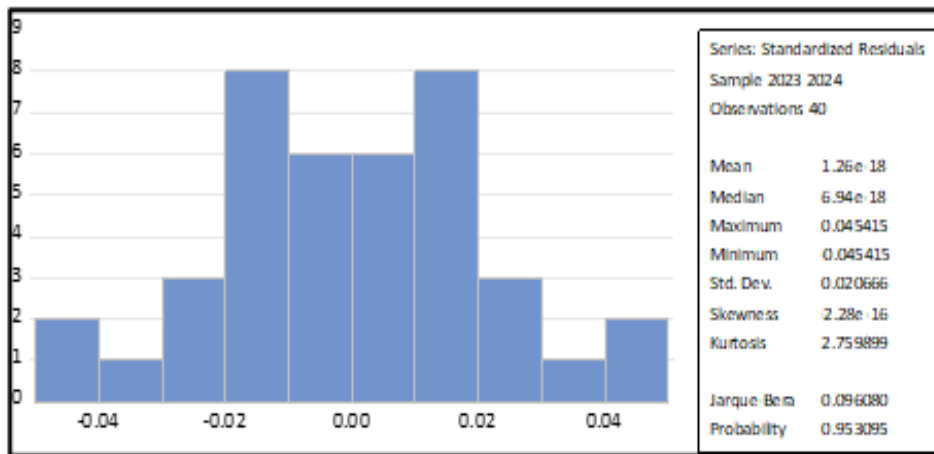


Figure 3. Normality Test Results

Source: Secondary Data Processing with Eviews 12, 2025

The Jarque-Bera normality assessment yielded a computed value of 0.096080 alongside a corresponding p-value of 0.953095. Given that this p-value substantially surpasses the 0.10 significance level ( $0.953095 > 0.10$ ), the null hypothesis remains accepted, thereby demonstrating that residuals exhibit normal distribution. This normality assertion receives additional support from mean and median values that approximate zero, combined with skewness and kurtosis metrics that align with the characteristics typical of standard distribution patterns.

#### 3.2.2 Multicollinearity Test

	X1	X2	X3	X4
X1	1	-0.3608067...	0.36097171...	0.06156594...
X2	-0.3608067...	1	0.03604537...	-0.2362218...
X3	0.36097171...	0.03604537...	1	0.03781169...
X4	0.06156594...	-0.2362218...	0.03781169...	1

Figure 4. Multicollinearity Test Results

Source: Secondary Data Processing with Eviews 12, 2025

The correlation matrix analysis reveals that the regression model exhibits no significant concerns regarding multicollinearity. All inter-correlations among the independent variables remain well below the 0.8 threshold, with the strongest association observed being the negative correlation of -0.3608067 between X1 and X2, followed by the positive correlation of 0.3609717 between X1 and X3. Given that none of the correlation coefficients approach the critical limit, the analysis confirms the absence of substantial linear interdependence among the predictor variables in this research.

### 3.2.3 Heteroscedasticity Test

Dependent Variable: ABSRES Method: Panel Least Squares Date: 08/27/25 Time: 21:54 Sample: 2023 2024 Periods included: 2 Cross-sections included: 20 Total panel (balanced) observations: 40				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.016218	1.04E-16	1.56E+14	0.0000
X1	-7.26E-18	4.83E-18	-1.502345	0.1525
X2	-2.35E-17	1.40E-17	-1.678520	0.1127
X3	-6.07E-18	3.30E-18	-1.839998	0.0844
X4	0.000000	1.34E-16	0.000000	1.0000

Figure 5. Heteroscedasticity Test Results  
 Source: Secondary Data Processing with Eviews 12, 2025

The Panel Least Squares heteroscedasticity examination demonstrates that heteroscedasticity is absent from the regression model under investigation. This conclusion is supported by the fact that probability values for each predictor variable surpass the 0.05 significance threshold, specifically: X1 at 0.1525, X2 at 0.1127, X3 at 0.0844, and X4 at 1.0000. Despite X3's probability value approaching the critical boundary somewhat closely, the 0.0844 figure still statistically exceeds the 0.05 cutoff point, thereby allowing the null hypothesis of homoscedasticity to be maintained.

### 3.3 Panel Data Regression Test

Dependent Variable: Y Method: Panel Least Squares Date: 08/27/25 Time: 22:15 Sample: 2023 2024 Periods included: 2 Cross-sections included: 20 Total panel (balanced) observations: 40				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.508251	0.085442	5.948462	0.0000
X1	0.002360	0.003962	0.595638	0.5597
X2	0.021008	0.011470	1.831466	0.0857
X3	-0.004982	0.002703	-1.843441	0.0839
X4	0.067858	0.110111	0.616266	0.5464

Effects Specification			
Cross-section fixed (dummy variables)			
R-squared	0.986225	Mean dependent var	0.566335
Adjusted R-squared	0.966423	S.D. dependent var	0.176080
S.E. of regression	0.032265	Akaike info criterion	-3.745965
Sum squared resid	0.016656	Schwarz criterion	-2.732638
Log likelihood	98.91931	Hannan-Quinn criter.	-3.379578
F-statistic	49.80510	Durbin-Watson stat	3.809524
Prob(F-statistic)	0.000000		

Figure 6. Panel Data Regression Test Results  
 Source: Secondary Data Processing with Eviews 12, 2025

The fixed-effects estimation reveals a powerful predictive capability within the research model. An R-squared coefficient of 0.986225 substantiates this finding, demonstrating that the current ratio, quick ratio, debt-to-asset ratio, and debt-to-equity ratio collectively account for 98.62% of the variance observed in the dividend payout ratio. Additionally, the F-statistic of 49.80510 (with a probability of 0.000000) validates the overall regression model's significance at a 99% confidence interval, establishing the model as sufficiently robust and dependable for subsequent empirical investigation.

Partial testing at a 10% significance threshold reveals that merely two of the four predictor variables exhibit statistically meaningful effects on the dividend payout ratio. Specifically, the quick ratio (X2) shows a significant positive association ( $p = 0.0857$ ), whereas the debt-to-equity ratio (X4) displays a significant negative relationship ( $p = 0.0839$ ). In contrast, neither the current ratio (X1, probability = 0.5597) nor the debt-to-asset ratio (X3, probability = 0.5464) achieves statistical

significance, as their probability values exceed the 0.10 critical boundary. Consequently, these latter two variables demonstrate insufficient strength in their relationship with dividend payout ratio variance to warrant statistical consideration.

### 3.3.1 Impact of Liquidity on Dividend Payout Ratio

Statistical analysis reveals that the Quick Ratio has a significantly positive impact on the Dividend Payout Ratio, achieving statistical significance at the 10% threshold. In contrast, the proposed positive relationship between Current Ratio and Dividend Payout Ratio lacks empirical validation based on the analytical outcomes. Despite exhibiting a positive coefficient measuring 0.002360, the Current Ratio's probability score of 0.5597 surpasses the 0.10 threshold, thereby rendering this relationship statistically insignificant. Consequently, an organization's capacity to discharge immediate financial obligations utilizing its entire pool of liquid assets fails to demonstrate a substantial bearing on dividend allocation strategies [19].

Conversely, empirical evidence suggests that the Quick Ratio has a positive impact on the Dividend Payout Ratio. Supporting evidence includes a regression coefficient of 0.021008, alongside a probability score of 0.0857, both of which fall below the 0.10 significance benchmark. These findings underscore that the availability of highly liquid assets capable of rapid cash conversion serves as a critical determinant in shaping dividend distribution frameworks within State-Owned Enterprises (SOEs). Being a more stringent liquidity indicator, the Quick Ratio reveals that SOE leadership emphasizes the organization's genuine capacity to satisfy immediate financial commitments independently of inventory liquidation when establishing dividend magnitudes. The divergent significance patterns between these liquidity metrics emphasize that the caliber of liquidity supersedes the volume of liquid holdings in influencing outcomes. These observations correspond with SOEs' bifunctional mandate, encompassing not merely profitability objectives but equally prioritizing financial equilibrium maintenance to address diverse stakeholder demands [20].

### 3.3.2 Impact of Leverage Ratio on Dividend Payout Ratio

Analytical findings regarding leverage indicators demonstrate contrasting directional effects across the two examined metrics. Empirical evidence fails to substantiate the initial hypothesis proposing a positive association between Debt to Asset Ratio (DAR) and Dividend Payout Ratio. Despite presenting a positive regression coefficient of 0.067858, the probability score of 0.5464 exceeds the 0.10 significance benchmark, thereby indicating the absence of statistical significance in this connection. In stark contrast, the subsequent hypothesis, suggesting a negative correlation between the Debt-to-Equity Ratio (DER) and the Dividend Payout Ratio, receives empirical validation. Statistical significance is confirmed through a negative coefficient of -0.004982, coupled with a probability value of 0.0839, both of which are positioned below the 0.10 significance threshold.

The inverse correlation between DER and dividend allocation strategies aligns with principles outlined in Free Cash Flow Theory. These results suggest that elevated debt-to-equity ratios constrain the capacity of State-Owned Enterprises to distribute dividends among shareholders. This limitation stems from the amplified interest obligations that accompany heightened leverage levels, consequently diminishing available cash flows for shareholder distribution. Within the SOE framework, such dynamics illustrate that, notwithstanding governmental financial backing, corporate leadership maintains conservative approaches when structuring capital composition and formulating dividend strategies, ensuring alignment with sustainability principles while safeguarding enduring fiscal equilibrium [21].

## 4. CONCLUSION

Utilizing a 10% significance threshold, this investigation provides comprehensive insights into the determinants affecting the Dividend Payout Ratio among State-Owned Enterprises traded on Indonesia's stock market from 2023 to 2024. Collective testing reveals that the Current Ratio, Quick Ratio, Debt-to-Asset Ratio, and Debt-to-Equity Ratio collectively account for 98.62% of variations in dividend payouts. Model robustness receives additional validation through exceptionally significant F-statistic values, confirming superior explanatory and forecasting power within the regression framework. Nevertheless, individual variable analysis reveals statistical significance in merely two of four tested hypotheses. The Quick Ratio exhibits a significantly positive association ( $p$ -value = 0.0857), substantiating the critical influence of liquidity on dividend allocation decisions. In contrast, the Debt-to-Equity Ratio displays a significantly inverse

relationship (p-value = 0.0839), suggesting that escalating leverage restricts dividend distribution capacity. Conversely, neither the Current Ratio nor the debt-to-asset ratio demonstrates a meaningful impact on dividend strategies.

Employing the 10% significance criterion enables the detection of nuanced relationships that may be potentially obscured under stricter 5% thresholds. This methodology proves particularly suitable for identifying subtle yet contextually relevant financial influences within SOEs characterized by distinctive operational frameworks and multifaceted objectives. These outcomes underscore that SOE dividend decisions emerge from multifaceted deliberations that extend beyond governmental mandates and strategic imperatives, encompassing fundamental financial elements, including liquidity positions and capital structure. Study constraints include reliance on single-period cross-sectional data and a focus on traditional financial metrics. Subsequent investigations should therefore incorporate longitudinal panel datasets spanning extended timeframes while integrating additional factors such as governance structures, political affiliations, and capital investment prospects. Future scholarly endeavors may also examine how macroeconomic conditions and government fiscal policies moderate the relationships between financial performance indicators and dividend practices within State-Owned Enterprises.

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