

ABSTRACT

The dividend policy is a company's decision in determining the distribution of profits to shareholders, both in the form of cash dividends and retained earnings. This topic has become relevant in line with the phenomenon of PT Telkom Indonesia Tbk (TLKM) which consistently distributes dividends every year with a ratio above 60%, reflecting its commitment to investor protection, transparency, and compliance with the principles of good corporate governance in accordance with POJK No. 29/POJK.04/2016.

This study aims to analyze the influence of profitability, leverage, and institutional ownership on dividend policies in High Dividend 20 companies listed on the Indonesia Stock Exchange (IDX) during the 2019-2023 period. Profitability is measured by Return on Equity (ROE), which shows a company's ability to generate a return on equity. Leverage is measured by the Debt-to-Equity Ratio (DER), which represents the use of debt as a source of financing. While institutional ownership refers to the proportion of share ownership by an institution or organization.

The object of this research is 40 companies classified as High Dividend 20 index, with secondary data obtained from annual reports. The analysis was carried out using panel data regression with the help of the Eviews 12 software.

The results of the study show that simultaneously, profitability, leverage, and institutional ownership affect dividend policy. However, partially, only profitability has a significant and positive effect on dividend policy. Leverage and institutional ownership did not show significant influence.

This study has limitations because it only includes companies in the High Dividend 20 index, so it cannot be generalized for all sectors. In addition, the variables used do not include all factors that affect dividend policy. Therefore, researchers are further advised to extend the study period and consider additional variables to obtain more comprehensive results.

Keywords: Dividend Policy, Profitability, Leverage, and Institutional Ownership.