

## CHAPTER V

### CONCLUSIONS AND IMPLICATION

#### A. CONCLUSION

Based on the discussion in CHAPTER IV, several conclusions are drawn as follows:

1. The test results from the t test on the effect of tax avoidance on dividend policy (H1) are rejected. It can be concluded that when a company practices tax avoidance, this will not affect the company's decision on its dividend policy. This is also related to agency theory where each party has its own interests. In agency theory, investors are not concerned when companies practice tax avoidance, investors are more concerned about how much the return on investment is. So even though the company is doing legal tax avoidance, it will not have a major effect on the decision to pay dividends by the IDX80 company.
2. The results of the t test on the positive influence of company profitability on dividend policy (H2) are accepted. The results of the H2 test conclude that companies that are able to pay large dividends indicate that these companies have large enough profits to distribute profits to shareholders. This hypothesis supports the signaling theory in which this theory argues that dividend policy can provide information to investors about the profitability and quality of the company.

3. The results of the t test on the negative effect of company leverage on dividend policy (H3) are accepted. The results of the H3 test conclude that the greater the leverage owned by the company, the smaller the dividends that will be distributed by the company. This is because the company must first pay its debt obligations before distributing dividends to shareholders.
4. The results of the liquidity hypothesis test can moderate the relationship between profitability and dividend policy (H4) received. Concluding that liquidity can weaken or strengthen the relationship between profitability and dividend policy. This relates to the theory that when companies obtain high profitability, coupled with good liquidity, the greater the amount of dividends distributed by the company. And vice versa, when a company has small company liquidity, the profitability also decreases, the smaller the amount of dividends that will be distributed.

## **B. IMPLICATIONS**

### **1. Managerial Implications**

The results of this study have several benefits. The hope is that companies on the IDX 80 list can maintain their dividend distribution so that investors are interested in buying shares. Profitability that is stable and does not drop is also a factor in how big the dividend will be distributed. By maintaining the company's profitability every year, the dividends distributed will also be maintained, because when investors get a signal about the company's dividends, investors get a positive signal that the company's prospects are good. In addition the company's leverage must also

be maintained, that if the liabilities (debt) paid by the company are low, then the net profit that will be given as dividends will also be high.

When a company is able to maintain its profitability levels, leverage ratio, and liquidity, it sends a positive signal to investors. They perceive that the company has good future prospects and may choose to invest in its stocks, expecting to receive worthwhile returns.

## 2. Theoretical Implications

This research can provide benefits and serve as a reference for academics and stakeholders. Additionally, it can contribute as literature, insights, and knowledge about various factors that influence corporate dividend policies. However, because the population used in this study consists of many sectors (mining, manufacturing, food and beverages, pharmaceuticals, etc.), the population is not focused on just one sector. For further research, it is hoped that research can be focused on one sector, such as the agricultural or mining sectors. Then this research can be developed by using other independent variables such as investment opportunities, managerial ownership or making liquidity as independent variables (because liquidity defined as quasi moderator). As well as including tax avoidance as the dependent variable (remembering that tax avoidance as an independent variable in this research does not affect the dependent variable). And the last suggestion is that further research is expected to be developed in companies that pay dividends so that more samples are used.

### C. RESEARCH LIMITATIONS

This research has several limitations. First, the test was carried out only on 30 companies that diligently distributed their dividends for a period of 4 years (2018 – 2021), so only 96 samples were obtained (by removing outlier data). Adding the observation period (to 5 years or more) can increase the number of samples obtained, so it also increases how generally acceptable the results are. Second, banking sector companies in IDX80 were not sampled in this study, because the financial statements of banking sector companies did not contain indicators to calculate their liquidity ratios (Current Ratio).

