

OWNERSHIP STRUCTURE AND DEBT POLICY ON DIVIDEND POLICY: THE MEDIATING ROLE OF PROFITABILITY

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Abstract: This study examines the effects of ownership structure and debt policy on dividend policy, with profitability serving as a mediating variable, among energy sector companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2024 period. Ownership structure is measured through institutional ownership (IO) and public ownership (PO), while debt policy is proxied by the Debt-to-Asset Ratio (DAR), profitability by Return on Assets (ROA), and dividend policy by the Dividend Payout Ratio (DPR). Using purposive sampling, 20 companies were selected over four years, yielding 80 panel observations. Data were analyzed through Partial Least Squares–Structural Equation Modeling (PLS-SEM) via WarpPLS 8.0. Findings indicate that institutional ownership exerts no significant influence on profitability or dividend policy, whereas public ownership and debt policy negatively and significantly affect both. Profitability positively and significantly predicts dividend policy. Mediation tests confirm that profitability cannot mediate the relationship between institutional ownership and dividend policy; however, it partially mediates the effects of public ownership and debt policy on dividend policy.

Keywords: Ownership Structure, Debt Policy, Dividend Policy, Profitability, Energy Sector.

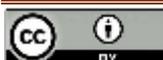
Abstrak: Penelitian ini menganalisis pengaruh struktur kepemilikan dan kebijakan hutang terhadap kebijakan dividen dengan profitabilitas sebagai variabel mediasi pada perusahaan sektor energi yang terdaftar di Bursa Efek Indonesia (BEI) periode 2021–2024. Struktur kepemilikan diprosikan melalui kepemilikan institusional (KI) dan kepemilikan publik (KP), kebijakan hutang melalui Debt to Asset Ratio (DAR), profitabilitas melalui Return on Assets (ROA), dan kebijakan dividen melalui Dividend Payout Ratio (DPR). Dengan teknik purposive sampling, diperoleh 20 perusahaan sampel selama 4 tahun (80 observasi). Analisis data menggunakan PLS-SEM melalui WarpPLS 8.0. Hasil menunjukkan kepemilikan institusional tidak berpengaruh signifikan terhadap profitabilitas dan kebijakan dividen, sementara kepemilikan publik dan kebijakan hutang berpengaruh negatif dan signifikan. Profitabilitas berpengaruh positif dan signifikan terhadap kebijakan dividen. Uji mediasi menunjukkan profitabilitas tidak mampu memediasi pengaruh kepemilikan institusional, namun mampu memediasi secara parsial pengaruh kepemilikan publik dan kebijakan hutang terhadap kebijakan dividen.

Kata Kunci: Struktur Kepemilikan, Kebijakan Hutang, Kebijakan Dividen, Profitabilitas, Sektor Energi

INTRODUCTION

The energy sector constitutes one of Indonesia's most strategic industries, providing a substantial contribution to national economic development. Energy companies listed on the Indonesia Stock Exchange (IDX) operate within a complex financial environment, particularly regarding optimal dividend policy decisions. During the 2021–2024 period, these companies faced heightened challenges arising from global commodity price volatility, the energy transition toward renewables, and post-pandemic economic recovery (Firdauzi et al., 2024). Such dynamics compel energy firms to make sound financial decisions especially concerning shareholder dividend distributions to sustain investor confidence and long-term operational continuity.

Dividend policy is a central issue in corporate financial management, as it directly determines the return received by investors and the availability of funds for reinvestment. Empirical observations reveal an inconsistency in dividend distribution patterns among energy sector companies; some financially healthy firms distribute low or irregular dividends, while others maintain stable payouts



despite less favorable financial conditions (Cita, 2024). This phenomenon suggests that dividend policy is shaped not only by a firm's capacity to generate profit but also by its ownership structure and financing decisions (Putu et al., 2022).

Ownership structure plays a fundamental role in shaping dividend policy. Within this research, ownership structure is operationalized through two primary dimensions: institutional ownership and public ownership. Institutional ownership refers to the proportion of shares held by entities such as insurance companies, pension funds, mutual funds, and other financial institutions. Public ownership, on the other hand, reflects the proportion held by the broader investment community, including individual retail investors. Each dimension carries distinct characteristics that influence dividend decisions in different ways.

High levels of institutional ownership in energy companies can pressure management to distribute larger dividends as a form of investment return, given that institutional investors typically exercise strong monitoring capacity over managerial performance and maintain a long-term investment orientation (Shleifer & Vishny, 2020). Conversely, dispersed public ownership creates broad and heterogeneous investor bases whose preferences may diverge significantly, thereby requiring firms to maintain consistent and predictable dividend distributions to preserve market confidence and investor sentiment (Wardhana & Muid, 2021).

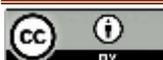
Debt policy is an equally critical determinant of dividend distribution capacity. From the perspective of Pecking Order Theory (Myers & Majluf, 1984), a firm burdened by high levels of debt must prioritize interest and principal repayments, which restricts free cash flow available for dividends. The relationship between debt and dividend policy is further modulated by profitability: firms that generate strong profits internally tend to rely less on external financing, thereby retaining the flexibility to distribute dividends more generously. Prior studies including Miswanto et al. (2022), Ernestina (2022), and Lukna et al. (2024) have consistently documented a negative and significant association between leverage and dividend payout ratios.

Profitability is a key variable mediating the relationship between ownership structure, debt policy, and dividend policy. Companies achieving high profitability possess greater internal funding capacity, which facilitates dividend payments and reduces dependence on external debt financing. Return on Assets (ROA) serves as a comprehensive indicator of how effectively a firm utilizes its total asset base to generate earnings. In energy sector contexts, where capital requirements are substantial and returns subject to commodity price fluctuations, profitability plays an especially pivotal role in determining whether a firm can sustain dividend payouts (Astuti & Yadnya, 2021).

Despite the growing body of literature on dividend determinants, empirical evidence within the Indonesian energy sector remains scarce, particularly regarding the simultaneous examination of institutional ownership, public ownership, debt policy, and profitability's mediating role. This study addresses that gap by analyzing panel data from 20 energy companies listed on the IDX between 2021 and 2024, employing PLS-SEM methodology to capture both direct and indirect effects across the proposed structural model.

Research Objectives

1. To examine the effect of institutional ownership on dividend policy in energy sector companies listed on the IDX, 2021–2024.
2. To examine the effect of public ownership on dividend policy in energy sector companies listed on the IDX, 2021–2024.
3. To examine the effect of debt policy on dividend policy in energy sector companies listed on the IDX, 2021–2024.
4. To examine the effect of institutional ownership on profitability in energy sector companies listed on the IDX, 2021–2024.
5. To examine the effect of public ownership on profitability in energy sector companies listed on the IDX, 2021–2024.
6. To examine the effect of debt policy on profitability in energy sector companies listed on the IDX, 2021–2024.
7. To examine the effect of profitability on dividend policy in energy sector companies listed on the IDX, 2021–2024.



8. To examine the mediating role of profitability in the relationship between ownership structure, debt policy, and dividend policy.

THEORETICAL FRAMEWORK

Pecking Order Theory

Myers and Majluf (1984) introduced Pecking Order Theory, which posits that firms prioritize their sources of financing according to a hierarchy: internal funds first, followed by debt, and equity as a last resort. In the context of dividend policy, this theory explains that firms with high profitability having abundant internal resources are more inclined to distribute dividends because retained earnings exceed investment needs. Conversely, firms that carry substantial debt obligations allocate cash flows toward servicing liabilities rather than distributing dividends (Sari & Budiasih, 2021). The theory thus establishes a direct link between financing structure, profitability, and dividend behavior, providing the theoretical backbone for the proposed mediation model.

Agency Theory

Jensen and Meckling (1976) developed Agency Theory to explain conflicts of interest between shareholders (principals) and managers (agents). In the context of ownership structure, institutional investors are assumed to perform active monitoring of managerial behavior, potentially substituting dividend payments as an alternative mechanism to reduce agency costs. La Porta et al. (2000) proposed the substitution hypothesis, which holds that strong monitoring by institutional shareholders may render dividend payouts less necessary as a disciplinary tool. This framework helps explain why institutional ownership does not always translate into higher dividend distributions especially in capital-intensive industries such as energy, where reinvestment needs are paramount (Wardani & Hermuningsih, 2021).

Ownership Structure

Institutional ownership refers to shares controlled by organizations such as banks, mutual funds, pension funds, and insurance companies. These investors possess significant voting power and sophisticated analytical capabilities, enabling them to monitor management decisions and influence corporate policy. Public ownership encompasses shares distributed among individual retail investors and the broader public, typically characterized by dispersed holdings and limited individual monitoring power. According to Ramly et al. (2024), ownership structure shapes corporate governance effectiveness and ultimately affects key financial decisions, including dividend policy.

Debt Policy

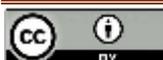
Debt policy reflects a firm's strategic decisions regarding the proportion of external financing used to fund its operations and investments. It is typically proxied by leverage ratios such as the Debt-to-Asset Ratio (DAR), which measures the share of total assets financed by liabilities. High leverage elevates financial risk, increases interest burden, and constrains the firm's capacity to distribute dividends (Hery, 2021). Brigham and Houston (2021) emphasize that an optimal capital structure balances the tax shield benefits of debt against the financial distress costs it imposes, with implications for profitability and dividend policy alike.

Profitability

Profitability measures a firm's ability to generate earnings relative to its revenue, assets, or equity. Return on Assets (ROA), defined as net income divided by total assets, is widely adopted in empirical research as a comprehensive indicator of operational efficiency. Kasmir (2021) notes that high profitability signals sound managerial performance and creates surplus cash flows that can be channeled toward dividend payments. Empirical evidence consistently confirms that profitability is among the strongest predictors of dividend policy (Astuti & Yadnya, 2021; Dewi & Abundanti, 2021).

Dividend Policy

Dividend policy entails managerial decisions regarding the proportion of net income distributed to shareholders versus the amount retained for reinvestment. The Dividend Payout Ratio (DPR) dividends per share divided by earnings per share is the most widely used proxy for dividend policy (Hery, 2021). According to Brigham and Houston (2021), optimal dividend policy strikes a balance between current distributions and future growth, thereby maximizing firm value. Teo et al. (2022) further emphasize that sound dividend policy must consider both shareholder return expectations and the firm's capital expenditure requirements.



Conceptual Framework and Hypotheses

Drawing on Pecking Order Theory and Agency Theory, this study proposes that ownership structure (institutional and public ownership) and debt policy (DAR) influence dividend policy (DPR) both directly and indirectly through profitability (ROA) as a mediating variable. The following hypotheses are advanced:

H1a: Institutional ownership has a positive effect on dividend policy.

H1b: Public ownership has a positive effect on dividend policy.

H2: Debt policy has a negative effect on dividend policy.

H3a: Institutional ownership has a positive effect on profitability.

H3b: Public ownership has a positive effect on profitability.

H4: Debt policy has a negative effect on profitability.

H5: Profitability has a positive effect on dividend policy.

H6a: Profitability mediates the effect of institutional ownership on dividend policy.

H6b: Profitability mediates the effect of public ownership on dividend policy.

H7: Profitability mediates the effect of debt policy on dividend policy.

RESEARCH METHOD

This study employs a quantitative research design based on secondary panel data. The research population comprises all energy sector companies listed on the IDX. Purposive sampling was applied using the following criteria: (1) the company must be classified under the energy sector and consistently listed on the IDX throughout 2021–2024; (2) the company must have distributed dividends at least once during the observation period; and (3) complete financial data must be accessible. These criteria yielded a final sample of 20 companies observed over four years, generating 80 firm-year observations.

Data were sourced from audited annual financial reports and IDX disclosures. Variables are operationalized as follows: institutional ownership (KI) is measured as the percentage of shares held by institutional investors; public ownership (KP) is the percentage held by the general public; debt policy (DAR) is total liabilities divided by total assets; profitability (ROA) is net income after tax divided by total assets, multiplied by 100%; and dividend policy (DPR) is dividends per share divided by earnings per share, multiplied by 100%.

Data analysis was conducted using Partial Least Squares–Structural Equation Modeling (PLS-SEM) via WarpPLS 8.0 software. PLS-SEM is particularly appropriate for this study given its capacity to simultaneously assess multiple path relationships and to handle models with both reflective and formative constructs under relatively small sample conditions (Hair et al., 2021). The analytical procedure followed Hair et al.'s (2021) six-step PLS-SEM process: (1) model conceptualization; (2) algorithm selection; (3) resampling method determination; (4) path diagram construction; (5) model evaluation encompassing measurement and structural models; and (6) result reporting.

Model fit was assessed via the Goodness of Fit (GoF) index, while structural model quality was evaluated using Adjusted R-Squared (R^2_{adj}) and the Q-Squared predictive relevance statistic. Effect sizes (f^2) were classified according to established thresholds: ≤ 0.02 as weak, 0.02–0.15 as small, 0.15–0.35 as medium, and ≥ 0.35 as large. Mediation analysis followed a two-step procedure comparing direct and indirect path coefficients, classifying outcomes as no mediation, partial mediation, or full mediation based on changes in path significance after introducing the mediator.

RESULTS AND DISCUSSION

Goodness of Fit

The overall model fit was evaluated through the Average Path Coefficient (APC), Average R-Squared (ARS), and Average Adjusted R-Squared (AARS). Results indicate that $APC = 0.235$ ($p < 0.001$), $ARS = 0.354$ ($p < 0.001$), and $AARS = 0.330$ ($p < 0.001$), all satisfying the threshold requirements ($p < 0.05$). The Average Variance Inflation Factor (AVIF) of 2.341 and Average Full Collinearity VIF (AFVIF) of 2.678 both remain below the maximum threshold of 3.3, confirming the absence of multicollinearity in the model. These results confirm that the structural model achieves an acceptable level of fit and predictive validity for hypothesis testing.



Table 1. Goodness of Fit Summary

Fit Index	Value	Threshold	Status
APC	0.235	$p < 0.05$	Acceptable
ARS	0.354	$p < 0.05$	Acceptable
AARS	0.330	$p < 0.05$	Acceptable
AVIF	2.341	≤ 3.3	Acceptable
AFVIF	2.678	≤ 3.3	Acceptable

Source: WarpPLS 8.0 Output (2026)

Adjusted R-Squared and Q-Squared

The Adjusted R-Squared (R^2_{adj}) for the ROA equation is 0.338, indicating that approximately 33.8% of the variance in profitability is explained by institutional ownership, public ownership, and debt policy. For the DPR equation, $R^2_{adj} = 0.371$, meaning that the predictor variables and mediator collectively account for 37.1% of the variation in dividend policy. The Q-Squared values are 0.348 for ROA and 0.374 for DPR, both exceeding zero, which confirms the model's predictive relevance (Hair et al., 2021). Although the remaining variance is attributable to external factors, the model provides meaningful explanatory power within the scope of the variables examined.

Effect Size and VIF

Table 2 presents the effect sizes (f^2) and Variance Inflation Factors (VIF) for each predictor criterion relationship in the model.

Table 2. Effect Size (f^2) and VIF Results

Path	Effect Size (f^2)	Category	VIF
KI → DPR	0.015	Weak	1.078
KP → DPR	0.188	Medium	1.305
DAR → DPR	0.050	Small	1.486
KI → ROA	0.003	Negligible	1.078
KP → ROA	0.346	Large	1.305
DAR → ROA	0.081	Small	1.486
ROA → DPR	0.154	Medium	1.935

Source: WarpPLS 8.0 Output (2026)

The effect size for institutional ownership on dividend policy ($f^2 = 0.015$) falls in the weak category, suggesting that institutional ownership has a limited practical role in determining dividend distributions. Public ownership exhibits a medium effect on dividend policy ($f^2 = 0.188$) and a large effect on profitability ($f^2 = 0.346$), indicating its dominant practical importance in the model. Debt policy shows small effect sizes on both dividend policy and profitability, while profitability demonstrates a medium-sized effect on dividend policy, confirming its relevance as a mediating variable. All VIF values remain below 3.3, confirming the absence of problematic collinearity.

Hypothesis Testing

Table 3 presents the path coefficients, p-values, and significance conclusions for all hypothesized relationships

Table 3. Path Coefficient and Significance Results

Hypothesis	Path	Coefficient	P-Value	Decision
H1a	KI → DPR	0.040	0.345	Rejected
H1b	KP → DPR	-0.356	<0.001	Rejected*
H2	DAR → DPR	-0.142	0.077	Accepted
H3a	KI → ROA	0.006	0.478	Rejected
H3b	KP → ROA	-0.557	<0.001	Rejected*
H4	DAR → ROA	-0.217	0.014	Accepted
H5	ROA → DPR	0.297	0.001	Accepted

Source: WarpPLS 8.0 Output (2026)

Mediation Analysis

Table 4 summarizes the indirect effects examined in the mediation analysis.

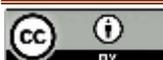


Table 4. Indirect Effects through Profitability (ROA)

Indirect Path	Coefficient	P-Value	Significance	Mediation Type
KI → ROA → DPR	0.040	0.345	Not Significant	No Mediation
KP → ROA → DPR	-0.360	<0.001	Significant	Partial
DAR → ROA → DPR	-0.142	0.008	Significant	Partial

Source: WarpPLS 8.0 Output (2026)

DISCUSSION

Effect of Institutional Ownership on Dividend Policy

Institutional ownership does not significantly influence dividend policy in Indonesian energy sector companies (path coefficient = 0.040; $p = 0.345$). This finding is consistent with the substitution hypothesis proposed by La Porta et al. (2000), which suggests that in firms with effective institutional monitoring, shareholder oversight and dividend payments serve as substitute mechanisms for reducing agency costs. In the energy sector's capital-intensive environment, institutional investors appear to prioritize strategic reinvestment and long-term value creation over short-term dividend distributions.

Wardani and Hermuningsih (2021) found that when firms face high investment opportunities is characteristic of energy companies engaged in exploration and infrastructure development institutional investors tend to support profit retention policies. The very small effect size ($f^2 = 0.015$) further confirms that institutional ownership contributes negligibly to explaining variation in dividend policy. Saputra and Kusuma (2024) similarly found that in capital-intensive sectors, institutional investors are more tolerant of conservative dividend policies because they understand the reinvestment requirements necessary for sustaining operational competitiveness and long-term growth.

Effect of Public Ownership on Dividend Policy

Public ownership exerts a significant negative influence on dividend policy (path coefficient = -0.356; $p < 0.001$), contrary to the positive direction hypothesized. According to Agency Theory (Jensen & Meckling, 1976), dispersed public ownership creates a collective action problem: when shares are distributed among numerous small investors, no individual holder has sufficient incentive to incur the cost of monitoring managerial behavior. This governance vacuum allows management to adopt conservative profit retention strategies, reducing dividend payouts to preserve financial flexibility and fund long-term energy investments.

From a Stewardship Theory perspective, Putra and Mulyadi (2023) argue that stringent transparency demands from public shareholders impose significant administrative and compliance costs on firms. In the highly volatile energy sector, these bureaucratic requirements constrain managerial agility, limiting the firm's ability to capitalize on market opportunities and thereby suppressing profitability and, ultimately, dividends. Nugroho and Wulandari (2023) similarly found that in sectors requiring substantial capital investment, management tends to adopt conservative dividend policies to preserve financial flexibility.

Effect of Debt Policy on Dividend Policy

Debt policy exhibits a significant negative effect on dividend policy (path coefficient = -0.142; $p = 0.077$), in alignment with Pecking Order Theory (Myers & Majluf, 1984). Firms carrying higher debt burdens face elevated interest obligations that constrain their free cash flow, leaving less available for distribution to shareholders. Debt covenants may also directly restrict dividend payments, as creditors seek to protect their claims by ensuring that cash is retained within the firm. This finding is corroborated by Miswanto et al. (2022), Ernestina (2022), and Debora and Pardistya (2024), all of whom document negative leverage–dividend relationships.

In the energy sector specifically, the combination of large capital expenditure requirements, volatile commodity revenues, and substantial existing debt creates a financing environment that systematically suppresses dividend payments. Winarko et al. (2020) confirmed that in energy companies, high debt levels directly reduce the cash available for dividends as firms prioritize debt servicing to maintain financial solvency and avoid distress.

Effect of Institutional Ownership on Profitability

Institutional ownership does not significantly affect profitability (path coefficient = 0.006; $p = 0.478$), with a negligible effect size ($f^2 = 0.003$). This unexpected outcome suggests that in the energy sector, profitability is predominantly determined by external macroeconomic and regulatory factors such



as global commodity price movements, energy policy changes, and exchange rate fluctuations rather than internal governance structures. Wijaya and Permana (2023) similarly concluded that commodity price volatility overwhelms any governance-based profitability effect in energy firms.

Moreover, many Indonesian energy companies retain substantial government or state-linked ownership, which may constrain the effectiveness of institutional monitoring in improving operational efficiency. Sari and Budiman (2023) demonstrated that the impact of institutional oversight on firm performance is highly contingent on the degree of independence of institutional investors from the controlling shareholder, a condition frequently unmet in the state-linked energy sector.

Effect of Public Ownership on Profitability

Public ownership significantly and negatively affects profitability (path coefficient = -0.557; $p < 0.001$), with a large effect size ($f^2 = 0.346$). As explained through the lens of Agency Theory, dispersed ownership creates free-rider problems that weaken monitoring effectiveness and allow managerial opportunism, ultimately eroding operational efficiency (Lestari, 2023). The Resource-Based View also contributes an explanation: Rahman and Wijaya (2022) argue that excessive transparency requirements in publicly-owned firms can inadvertently disclose strategic information to competitors, undermining the firm's competitive advantage.

The phenomenon of short-termism exacerbates this dynamic. Wulandari and Setiawan (2024) document that firms with dispersed public ownership face persistent pressure to meet short-term earnings expectations, diverting capital from long-term energy projects critical for future profitability. Kusuma and Andayani (2023) further found that the elevated agency costs associated with managing communications with a large, fragmented investor base impose a measurable negative impact on corporate profitability.

Effect of Debt Policy on Profitability

Debt policy negatively and significantly affects profitability (path coefficient = -0.217; $p = 0.014$). Consistent with Pecking Order Theory (Myers & Majluf, 1984), high debt usage signifies insufficient internal funding capacity, with a correspondingly high fixed interest burden that erodes net income and reduces ROA. This relationship is particularly salient in the energy sector, where commodity price volatility amplifies financial risk for highly-leveraged firms (Pratama & Kusumawati, 2024). Nuraeni and Hadiwibowo (2020) and Setiawan and Wijaya (2023) likewise report significant negative debt–profitability relationships, with the effect especially pronounced during periods of depressed energy prices.

Effect of Profitability on Dividend Policy

Profitability positively and significantly influences dividend policy (path coefficient = 0.297; $p = 0.001$). This finding strongly supports Pecking Order Theory, which predicts that firms generating high internal earnings will distribute dividends rather than accumulate unproductive cash reserves. The medium effect size ($f^2 = 0.154$) confirms profitability's meaningful practical role in determining dividend distributions. Astuti and Yadnya (2021) and Dewi and Abundanti (2021) both document consistent positive profitability–dividend relationships, reinforcing the primacy of earnings capacity as a dividend driver.

In the energy sector context, Amtiran et al. (2021) emphasize that profitable energy companies are able to balance reinvestment needs with shareholder return expectations. High profitability not only provides the raw financial resources for dividend payments but also signals financial health to the market, reducing information asymmetry and reinforcing investor confidence. Peter and Tanadi (2020) further confirm that ROA is among the most robust predictors of DPR across diverse industry settings.

Mediation Analysis

Profitability does not mediate the relationship between institutional ownership and dividend policy, as the first-stage path (KI → ROA) is non-significant ($p = 0.478$), precluding the formation of a complete mediation chain. This outcome is consistent with the broader finding that institutional ownership lacks explanatory power for profitability in the energy sector. Prabowo and Wijaya (2023) note that institutional investors in strategic sectors primarily function as monitors of operational stability and regulatory compliance rather than as drivers of short-term profitability.

Profitability partially mediates the relationship between public ownership and dividend policy: public ownership negatively affects profitability ($p < 0.001$), which in turn negatively affects dividend policy ($p = 0.001$), and the direct path from public ownership to dividend policy remains significant



after the mediator is introduced. The partial mediation structure implies two transmission channels: a direct path in which dispersed ownership creates governance challenges that suppress dividend distributions, and an indirect path in which ownership dispersion reduces profitability through elevated agency costs, which subsequently constrains dividend capacity (Sari & Widhiyani, 2023).

Similarly, profitability partially mediates the negative relationship between debt policy and dividend policy (indirect coefficient = -0.142; $p = 0.008$). The dual-pathway mechanism operates through: (1) a direct financial constraint channel, where high debt reduces cash available for dividends through mandatory debt servicing; and (2) an indirect channel, where the interest burden of debt depresses profitability, which subsequently limits the firm's dividend-paying capacity. Nugroho and Mutmainah (2022) and Wijaya and Sedana (2022) provide supporting evidence for this mediation structure, confirming that the debt dividend relationship is at least partially transmitted through its effect on profitability.

CONCLUSION

This study investigated the direct and indirect effects of ownership structure and debt policy on dividend policy, with profitability as a mediating variable, among energy sector companies listed on the IDX during 2021–2024. The following conclusions are drawn:

1. Institutional ownership does not significantly influence dividend policy, as institutional investors in Indonesia's capital-intensive energy sector prioritize long-term reinvestment over dividend distribution.
2. Public ownership exerts a significant negative effect on dividend policy. Dispersed ownership creates collective action and governance problems, enabling management to adopt conservative dividend retention strategies.
3. Debt policy negatively and significantly affects dividend policy, as high leverage constrains free cash flow and diverts resources toward debt servicing rather than shareholder distributions.
4. Institutional ownership does not significantly affect profitability, as energy sector performance is predominantly driven by external commodity and regulatory factors rather than governance mechanisms.
5. Public ownership significantly and negatively affects profitability through elevated agency costs, free-rider problems, and the short-termism pressures imposed by a fragmented investor base.
6. Debt policy negatively and significantly affects profitability, as high interest burdens reduce net income and constrain operational investment capacity.
7. Profitability positively and significantly influences dividend policy, confirming that earnings capacity is among the strongest proximate determinants of dividend distributions.
8. Profitability partially mediates the effects of public ownership and debt policy on dividend policy, but does not mediate the institutional ownership–dividend policy relationship.

Suggestions

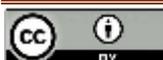
1. Energy sector companies should pursue strategies to enhance asset utilization efficiency and reduce reliance on high-cost debt to simultaneously improve profitability and dividend-paying capacity.
2. Companies with dispersed public ownership structures should invest in robust investor relations programs and transparent financial communication to reduce information asymmetry and mitigate agency costs.
3. Management and boards of directors should establish clearly articulated dividend policies that balance shareholder return expectations with the firm's long-term strategic investment requirements.
4. For future researchers, it is recommended to extend this model by incorporating additional variables such as firm size, liquidity, growth opportunities, and board independence and to examine sector-level heterogeneity in the determinants of dividend policy.

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