

# Profitability and Dividend Policy in State-Owned Telecommunications: Evidence from PT Telkom Indonesia

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## ABSTRACT

This study examines the partial and simultaneous effects of Return on Equity (ROE) and Return on Assets (ROA) on Dividend Payout Ratio (DPR) at PT Telkom Indonesia (Persero) Tbk over the 2014–2021 period. A quantitative single-firm case design is employed using purposive-sampled audited annual financial statements ( $n = 8$ ). Simple and multiple linear regression are applied, preceded by Shapiro–Wilk normality testing, Glejser heteroscedasticity testing, and Tolerance/VIF multicollinearity diagnostics. In the simple models, ROE exerts a significant negative partial effect on DPR and ROA also exerts a significant negative partial effect. In the simultaneous model, the overall F-test remains significant, but the ROA coefficient becomes positive and statistically non-significant; this joint specification is therefore interpreted cautiously because the sample is very small and ROE and ROA share substantial common variance. Rather than claiming broad theory extension, the study offers focused case evidence that, in a capital-intensive state-owned enterprise telecommunications context, higher profitability may coincide with earnings retention rather than higher payout. For investors, rising ROE or ROA should not be read mechanically as a leading indicator of a higher DPR. Because the design uses one firm and only eight annual observations, the findings should be treated as contextual evidence; future research should use multi-firm panels, longer time horizons, and additional controls such as leverage, liquidity, and ownership structure.

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## 1. INTRODUCTION

The telecommunications sector has become a core infrastructure industry in emerging markets, while dividend policy remains central to how investors interpret firm maturity, payout stability, and long-run cash-generation capacity (Aivazian et al., 2003; Brav et al., 2005). In Indonesia, publicly listed state-owned

enterprises (SOEs) face a particularly visible trade-off between financing capital expenditure, preserving competitiveness, and distributing earnings to shareholders. In such firms, dividend policy carries strategic and reputational consequences because payout decisions are read by the market as signals about cash-flow strength, investment priorities, and

governance credibility (Narindro & Basri, 2019; Wahjudi, 2020).

The Dividend Payout Ratio (DPR) is a widely used indicator of dividend policy because it captures the share of earnings distributed to shareholders rather than retained within the firm (Lintner, 1956; Brav et al., 2005). A higher DPR is often interpreted as evidence of stable distributable earnings and management's willingness to return cash, whereas a lower DPR may indicate either weaker distributable income or a deliberate retention strategy to finance future growth (Fama & French, 2001; Denis & Osobov, 2008). For PT Telkom Indonesia (Persero) Tbk, DPR fluctuated materially during 2014–2021, indicating that profitability did not move one-for-one with payout decisions and therefore warrants closer empirical examination.

Among profitability indicators, Return on Equity (ROE) and Return on Assets (ROA) remain two of the most informative measures because they reflect the efficiency with which firms convert equity capital and total assets into earnings (Nissim & Penman, 2001; Soliman, 2008). In dividend-policy research, profitability is frequently associated with a greater capacity to distribute cash, yet the sign and magnitude of that relationship vary across settings, ownership structures, and investment cycles (Aivazian et al., 2003; Denis & Osobov, 2008). In PT Telkom Indonesia's case, the movement of ROE, ROA, and DPR across 2014–2021 suggests that higher profitability did not always coincide with a higher payout ratio, making the firm a useful case for testing whether profitability and payout diverge in a capital-intensive SOE context.

This decoupling is further complicated by industry-specific dynamics. Telecommunications firms face heavy capital expenditure commitments, intense competition, and digital infrastructure investment cycles that can favor retention over cash distribution (Aivazian et al., 2003; Narindro & Basri, 2019). For PT Telkom Indonesia, audited annual reports across the observation period indicate continuing investment in network and digital infrastructure, suggesting that profitability improvements do not mechanically translate into a higher DPR.

Prior empirical evidence also remains mixed. Muhammadiyah and Jamil (2015) reported a positive and significant effect of ROA on DPR in Indonesian consumer-goods firms, while Sumampow and Murni (2016) found ROA to be a significant positive determinant of DPR in Indonesian telecommunications firms. By contrast, Oktarina (2018) found that profitability effects can change once other financial constraints are considered, whereas Wahyuni and Hafiz (2018), Arsyad et al. (2021), Narindro and Basri (2019), and Wahjudi (2020) show that dividend policy is shaped by a broader combination of profitability, leverage, liquidity, and firm-specific constraints. These mixed findings

suggest that the profitability-payout nexus cannot be treated as mechanically positive across all firms and sectors.

This study addresses the gap by offering a focused single-firm case analysis of the ROE–ROA–DPR nexus at PT Telkom Indonesia (Persero) Tbk across 2014–2021. Rather than claiming broad theory extension, the manuscript documents how profitability and payout moved within one capital-intensive SOE context. Using simple and multiple regression frameworks alongside diagnostic checks, the study examines whether the sign and statistical significance of the profitability–payout relationship differs when ROE and ROA are modeled separately versus jointly.

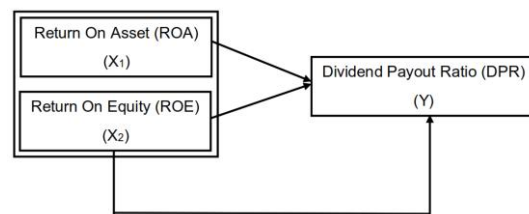


Figure 1. Conceptual Framework

## 2. THEORETICAL FRAMEWORK AND HYPOTHESES

### 2.1 Theoretical Foundations

Dividend policy is one of the most consequential corporate financial decisions because it governs how earnings are allocated between current shareholder distributions and retained funds for future investment (Lintner, 1956; Brav et al., 2005). The core premise of this study is that profitability helps determine both a firm's capacity and its willingness to distribute cash dividends, but that this relationship is conditioned by financing needs, growth opportunities, and management's desire to smooth payouts over time. In dividend-policy theory and evidence, firms often avoid frequent reductions in dividends and therefore balance shareholder reward against internal funding requirements (Lintner, 1956; Brav et al., 2005; DeAngelo et al., 2006).

Empirical work on dividend determinants further indicates that payout policy is shaped not only by current profits, but also by liquidity, leverage, growth, and the firm's stage of development. Emerging-market evidence shows that dividend payments are positively associated with current profitability and liquidity, but negatively associated with leverage and growth opportunities (Aivazian et al., 2003; Jabbouri, 2016). This framework is directly relevant to a telecommunications SOE because high profitability may coexist with strong incentives to retain earnings for network expansion and digital investment rather than mechanically increasing the payout ratio.

### 2.2 Return on Equity and Dividend Payout Ratio

Return on Equity (ROE) measures earnings generated relative to shareholders' equity and is therefore closely related to the return available to owners of the firm (Nissim & Penman, 2001). As a profitability signal, higher ROE generally indicates more efficient use of equity capital and, under conventional dividend logic, a greater capacity to distribute earnings. However, the same increase in ROE can also be accompanied by stronger retention incentives when managers prioritize reinvestment, capital expenditure, or dividend smoothing over immediate payout expansion (Brav et al., 2005; Wahjudi, 2020).

Empirically, evidence on the ROE–DPR relationship is mixed. Narindro and Basri (2019) show that dividend policy in Indonesian government-owned companies interacts with leverage, liquidity, and investment constraints rather than profitability alone, while Wahjudi (2020) finds that profitability is one determinant among several in Indonesian listed firms. In PT Telkom Indonesia, the observed movement of ROE across 2014–2021 does not consistently track DPR, which justifies testing ROE as a formal predictor rather than assuming a uniformly positive effect.

**H<sub>1</sub>:** Return on Equity (ROE) has a significant effect on Dividend Payout Ratio (DPR)

### 2.3 Return on Assets and Dividend Payout Ratio

Return on Assets (ROA) reflects the firm's ability to generate earnings from its overall asset base and is therefore widely used as an indicator of operational efficiency (Nissim & Penman, 2001; Soliman, 2008). Because ROA links profit generation to asset deployment, a higher ROA can indicate stronger internal capacity to pay dividends. At the same time, in asset-intensive businesses such as telecommunications, ROA may coexist with continuing reinvestment needs, meaning that stronger asset efficiency does not necessarily translate into a higher payout ratio.

The ROA–DPR linkage can therefore operate in two directions. On the one hand, higher ROA increases earnings available for distribution. On the other hand, when firms face substantial capital requirements, profitability may be retained to finance future projects and stabilize long-term payout decisions. Indonesian evidence is also mixed: Muhammadinah and Jamil (2015) and Sumampow and Murni (2016) reported positive ROA effects on DPR, whereas Oktarina (2018), Wahyuni and Hafiz (2018), and Arsyad et al. (2021) show that the impact of profitability on payout depends on the broader financial configuration of the firm. This mixed evidence supports re-testing the ROA–DPR relationship in PT Telkom Indonesia.

**H<sub>2</sub>:** Return on Assets (ROA) has a significant effect on Dividend Payout Ratio (DPR)

### 2.4 Joint Effect of ROE and ROA on Dividend Payout Ratio

When ROE and ROA are modeled together, they capture overlapping but non-identical dimensions of profitability because both are earnings-based while relying on different capital bases: equity and total assets (Nissim & Penman, 2001; Soliman, 2008). Simultaneous inclusion of both variables therefore allows the analysis to identify whether dividend policy is more closely aligned with shareholder-return efficiency or overall asset-use efficiency. Prior evidence suggests that dividend policy in Indonesian firms is shaped by a combination of profitability and other firm characteristics rather than a single ratio alone (Narindro & Basri, 2019; Wahjudi, 2020).

**H<sub>3</sub>:** Return on Equity (ROE) and Return on Assets (ROA) jointly have a significant effect on Dividend Payout Ratio (DPR)

**Table 1. Summary of Previous Empirical Studies**

Author	Sample	Variables	Key Findings
Muhammadinah & Jamil (2015)	Consumer goods	ROA → DPR	Positive, sig.
Sumampow & Murni (2016)	Telecom firms	ROA → DPR	Positive, sig.
Oktarina (2018)	Indonesian firms	ROA, DER → DPR	Context-dependent
Narindro & Basri (2019)	Indonesian SOEs	Dividend policy	Context matters
Wahyuni & Hafiz (2018)	Manufacturing	CR, DER, ROA → DPR	Broader config.
Arsyad et al. (2021)	Indonesian firms	Ratios → DPR	Combination effects
This study	PT Telkom 2014–2021	ROE, ROA → DPR	Simple: neg.; joint: F sig., ROA n.s.

Source: compiled by the authors from Muhammadinah and Jamil (2015); Sumampow and Murni (2016); Oktarina (2018); Narindro and Basri (2019); Wahyuni and Hafiz (2018); and Arsyad et al. (2021).

## 3. RESEARCH METHOD

### 3.1 Research Design

This study uses a quantitative explanatory design to examine whether profitability ratios are associated with dividend policy over time. The design follows the general logic of prior dividend-policy studies that estimate the influence of profitability and other financial variables on payout behavior using regression-based models (Narindro & Basri, 2019; Wahjudi, 2020). A longitudinal single-firm approach is employed to trace within-firm dynamics at PT Telkom Indonesia across the 2014–2021 period.

### 3.2 Data Source and Sample

The study relies on secondary data drawn from the audited annual financial statements and annual reports of PT Telkom Indonesia (Persero) Tbk for 2014–2021, retrieved from the company's investor-relations reporting portal. The sampling frame is purposive in the sense that only audited, continuously available annual reports covering the full observation period are included, producing eight annual observations.

### 3.3 Data Collection Procedure

Data were collected from the official investor-relations reports portal of PT Telkom Indonesia (Persero) Tbk and official financial reports made publicly available by the company. The ROE, ROA, and DPR series were then organized in Microsoft Excel and analyzed using IBM SPSS Statistics.

### 3.4 Measurement Instruments

**Table 2. Variable Operationalization and Measurement**

Variable	Definition	Formula	Components	Basis
ROE	Profit after tax per equity	Net income after tax ÷ Total equity × 100%	Net income after tax; Total equity	Nissim & Penman; Soliman
ROA	Profit per asset base	Net income before tax ÷ Total assets × 100%	Net income before tax; Total assets	Nissim & Penman; Soliman
DPR	Cash dividend share of EPS	DPS ÷ EPS	Dividend per share; Earnings per share	Lintner; Brav et al.

Source: operationalized by the authors from Nissim and Penman (2001), Soliman (2008), Lintner (1956), and Brav et al. (2005).

**Table 3. Annual Values of ROE, ROA, and DPR — PT Telkom Indonesia (Persero) Tbk, 2014–2021**

Year	ROE (X <sub>1</sub> )	ROA (X <sub>2</sub> )	DPR (Y)
2014	0.216	0.104	0.068
2015	0.206	0.093	0.057
2016	0.229	0.108	0.058
2017	0.239	0.112	0.053
2018	0.182	0.087	0.092
2019	0.187	0.084	0.087
2020	0.203	0.084	0.073
2021	0.204	0.089	0.067
Mean	0.208	0.095	0.069

Source: authors' calculations from PT Telkom Indonesia (Persero) Tbk audited annual reports, 2014–2021.

### 3.5 Model Specification

Three regression models are estimated to address the three research hypotheses. Models 1 and 2 test partial effects through simple linear regression; Model 3 tests the joint simultaneous effect through multiple linear regression.

Model 1 — Partial effect of ROE on DPR (H<sub>1</sub>):

$$DPR = \beta_0 + \beta_1 ROE + \varepsilon$$

Model 2 — Partial effect of ROA on DPR (H<sub>2</sub>):

$$DPR = \beta_0 + \beta_1 ROA + \varepsilon$$

Model 3 — Joint effect of ROE and ROA on DPR (H<sub>3</sub>):

$$DPR = \alpha + \beta_1 ROE + \beta_2 ROA + \varepsilon$$

Where DPR is the Dividend Payout Ratio (dependent variable); ROE is Return on Equity (X<sub>1</sub>); ROA is Return on Assets (X<sub>2</sub>);  $\alpha$  and  $\beta_0$  are constant terms;  $\beta_1$

and  $\beta_2$  are partial regression coefficients; and  $\varepsilon$  is the error term (Sugiyono, 2017).

### 3.6 Analytical Procedure and Diagnostic Tests

Prior to hypothesis testing, the study applies normality, multicollinearity, and heteroskedasticity diagnostics. Because the dataset contains only eight annual observations, normality is assessed primarily with the Shapiro–Wilk test, which is commonly preferred for small samples, while the interpretation remains cautious because formal normality tests have limited power in very small datasets. Multicollinearity is evaluated using tolerance and variance inflation factor diagnostics, but these are interpreted contextually rather than by mechanical cut-offs alone. Heteroskedasticity is assessed through the Glejser procedure.

## 4. RESULTS AND DISCUSSION

### 4.1 Descriptive Statistics

Table 4 presents descriptive statistics for all three study variables across the eight-year observation window (2014–2021). ROE has a mean of 0.208 and standard deviation of 0.019, indicating modest inter-annual variability around a relatively stable central tendency. The positive skewness (0.277) and platykurtic kurtosis (−0.610) indicate a right-leaning, relatively flat distribution. ROA exhibits a mean of 0.095 and standard deviation of 0.011, confirming that asset-wide operational efficiency was more stable across the period than equity-specific returns. DPR has a mean of 0.069 and standard deviation of 0.014, with the 2018 spike constituting the most notable departure from the central tendency (see Table 4).

**Table 4. Descriptive Statistics — ROE, ROA, and DPR (2014–2021)**

Statistic	ROE	ROA	DPR
N (Valid)	8	8	8
Mean	0.208	0.095	0.069
Median	0.205	0.091	0.068
Mode	0.18	0.08	0.05
Std. Dev.	0.019	0.011	0.014
Skewness	0.277	0.551	0.632
Kurtosis	-0.610	-1.656	-0.829
Minimum	0.182	0.084 (2019–2018)	0.053 (2017)
Maximum	0.239 (2017)	0.112 (2017)	0.092 (2018)
Range	0.057	0.028	0.039
Sum	1.666	0.761	0.555

Source: authors' calculations based on the study dataset.

### 4.2 Bivariate Correlations

The Pearson correlation matrix reveals substantive associations among all three variables. ROE and DPR are strongly and negatively correlated, indicating that years of higher equity returns coincided with lower payout ratios in the sample. ROA and DPR are also negatively correlated, although less strongly. ROE

and ROA are themselves highly intercorrelated, which is unsurprising given that both are profitability measures constructed from related accounting information (Nissim & Penman, 2001; Soliman, 2008).

**Table 5. Pearson Correlation Matrix**

	ROE	ROA	DPR
ROE	1.000	0.914** (p=0.001)	-0.888** (p=0.003)
ROA	0.914** (p=0.001)	1.000	-0.733* (p=0.038)
DPR	-0.888** (p=0.003)	-0.733* (p=0.038)	1.000

Source: authors' calculations based on the study dataset. \*\* Significant at 0.01 level; \* Significant at 0.05 level (2-tailed). R-table (n = 8, α = 0.05) = 0.707.

**4.3 Classical Assumption Diagnostics**

Given the very small sample, the diagnostic results are interpreted as supportive rather than decisive. The Shapiro–Wilk results do not indicate strong departures from normality for ROE, ROA, or DPR. The tolerance and VIF statistics do not mechanically require dropping either predictor, but the high ROE–ROA correlation (r = 0.914) indicates substantial shared variance; accordingly, the joint model is retained only for cautious exploratory interpretation. The Glejser results do not indicate heteroskedasticity.

**Table 6. Classical Assumption Diagnostics Summary**

Test	Var	Stat	Ref	Result
Shapiro–Wilk	ROE	W=.958 p=.788	p>.05	OK
Shapiro–Wilk	ROA	W=.869 p=.149	p>.05	OK
Shapiro–Wilk	DPR	W=.918 p=.413	p>.05	OK
VIF/Tol.	ROE	Tol=.165 VIF=6.08	Context	Caution
VIF/Tol.	ROA	Tol=.165 VIF=6.08	Context	Caution
Glejser	ROE	p=.542	p>.05	OK
Glejser	ROA	p=.418	p>.05	OK

Source: authors' SPSS output based on the study dataset.

**4.4 Hypothesis Testing**

**4.4.1 Effect of ROE on DPR (Simple Regression, Model 1)**

The estimated simple regression equation for Model 1 is:  $DPR = 0.204 - 0.647 ROE + \epsilon$ . The slope coefficient for ROE is negative and statistically significant. Comparing the absolute t-statistic with the critical value indicates rejection of the null hypothesis. ROE alone explains 78.887% of the variation in DPR over the observation period, confirming a strong negative linear association within the sample. H<sub>1</sub> is therefore accepted.

**Table 7. Simple Regression Results — H<sub>1</sub>: ROE → DPR**

Variable	Coeff	Std. Err	Beta	t-stat	Sig.
Constant	0.204	0.029	—	7.146	0.000
ROE	-0.647	0.137	-0.888	-4.735	0.003

R<sup>2</sup> 0.789  
Adj. R<sup>2</sup> 0.754

Source: authors' SPSS output based on the study dataset. Pearson r = -0.888 (p = 0.003); t-table (dk = 6, α = 0.05) = 2.446.

**4.4.2 Effect of ROA on DPR (Simple Regression, Model 2)**

The estimated simple regression equation for Model 2 is:  $DPR = 0.157 - 0.920 ROA + \epsilon$ . The slope coefficient for ROA is negative and statistically significant at the 5% level, with the absolute t-statistic exceeding the critical value. ROA alone explains 53.770% of DPR variance, which is lower than the share explained by ROE, indicating that ROE is the stronger individual predictor in this sample. H<sub>2</sub> is therefore accepted.

**Table 8. Simple Regression Results — H<sub>2</sub>: ROA → DPR**

Variable	Coeff	Std. Err	Beta	t-stat	Sig.
Constant	0.157	0.033	—	4.706	0.003
ROA	-0.920	0.348	-0.733	-2.642	0.038
R <sup>2</sup>	0.538				
Adj. R <sup>2</sup>	0.461				

Source: authors' SPSS output based on the study dataset. Pearson r = -0.733 (p = 0.038); t-table (dk = 6, α = 0.05) = 2.446.

**4.4.3 Joint Effect of ROE and ROA on DPR (Multiple Regression, Model 3)**

The estimated multiple regression equation for Model 3 is:  $DPR = 0.213 - 0.965 ROE + 0.599 ROA + \epsilon$ . The partial coefficient for ROE remains negative and statistically significant after controlling for ROA, whereas the ROA coefficient turns positive and is not individually significant in the joint specification. The F-test indicates that the model is significant overall, but with only eight observations and substantial overlap between ROE and ROA, the joint coefficients should be interpreted cautiously as exploratory rather than as strong evidence of distinct partial effects. H<sub>3</sub> is therefore accepted only at the level of overall model significance.

**Table 9. Multiple Regression Results — H<sub>3</sub>: ROE + ROA → DPR**

Variable	Coeff	Std. Err	Beta	t-stat	Sig.
Constant	0.213	0.030	—	7.177	0.001
ROE	-0.965	0.335	-1.325	-2.883	0.034
ROA	0.599	0.577	0.478	1.040	0.346
F-stat	11.900	—	—	F-table = 5.14	0.013
R	0.909	—	—	—	—
R <sup>2</sup>	0.826	—	—	—	—
Adj. R <sup>2</sup>	0.757	—	—	—	—

Source: authors' SPSS output based on the study dataset. F-table (N<sub>1</sub> = 2, N<sub>2</sub> = 6, α = 0.05) = 5.14. R-table (n = 8) = 0.707.

**Table 10. Summary of Hypothesis Testing Results**

Statement	Main result	Signif.	Decision
ROE → DPR	Negative	p=.003	H <sub>1</sub> acc.
ROA → DPR	Negative	p=.038	H <sub>2</sub> acc.
ROE+ROA → DPR	F sig.; mixed partial signs	p=.013	H <sub>3</sub> acc.

Source: : authors' SPSS output based on the study dataset.

#### 4.5 Discussion

The negative and significant effect of ROE on DPR is noteworthy because conventional dividend theory often links stronger profitability to stronger payout capacity (Lintner, 1956; Denis & Osobov, 2008). In the present case, however, the inverse relationship is consistent with dividend smoothing and earnings retention: when profitability improves, management may prefer to preserve financing flexibility rather than increase payouts immediately. This interpretation is aligned with evidence that managers are reluctant to cut dividends and therefore adjust payouts conservatively relative to earnings changes (Lintner, 1956; Brav et al., 2005).

This finding does not support a uniformly positive ROE–DPR relationship and instead suggests an important industry and ownership boundary condition. Indonesian evidence has also shown that dividend policy is not driven by profitability alone, especially when firms face competing financing, liquidity, and leverage considerations (Narindro & Basri, 2019; Wahjudi, 2020). For a capital-intensive telecommunications SOE such as PT Telkom Indonesia, higher profitability can plausibly strengthen retained-earnings capacity more than immediate cash distribution.

The negative and significant effect of ROA on DPR is directionally consistent with the ROE result and also compatible with the capital-allocation logic of telecommunications firms. Where asset productivity improves in a setting with sustained infrastructure investment, earnings may be retained to support future network and digital expansion rather than translated directly into higher payout ratios. This interpretation differs from the positive ROA–DPR findings reported by Muhammadiyah and Jamil (2015) and Sumampow and Murni (2016), indicating that sectoral and institutional context matters.

The simultaneous model suggests that ROE is more closely aligned with DPR than ROA in this sample, but that inference should be treated cautiously. ROE and ROA are highly correlated and the sample contains only eight annual observations, so the sign reversal and non-significance of ROA in the joint model may partly reflect shared variance rather than a stable economic effect. The joint model is therefore more useful as a bounded specification check than as a basis for strong causal ranking between the two profitability ratios.

### 5. CONCLUSIONS

#### 5.1 Conclusions

This study investigated the effect of ROE and ROA on DPR at PT Telkom Indonesia (Persero) Tbk over 2014–2021. First, ROE exerts a significant negative partial effect on DPR, indicating that stronger equity-return efficiency is associated with lower payout ratios in this sample. Second, ROA also exerts a

significant negative partial effect on DPR in the simple regression model. Third, the simultaneous model is statistically significant overall, but its mixed partial coefficients should be interpreted cautiously because ROE and ROA share substantial common variation in an eight-observation sample.

#### 5.2 Theoretical Implications

This manuscript should be read as contextual case evidence rather than as a broad theory-extending contribution. Within a capital-intensive SOE telecommunications context, the results suggest that higher profitability may coincide with earnings retention rather than distribution escalation. The findings therefore refine, rather than overturn, the conventional profitability–payout expectation by showing how ownership setting, financing structure, and investment intensity can shape the observed relationship in a single-firm case.

#### 5.3 Practical Implications

For investors pursuing dividend income from PT Telkom Indonesia, rising ROE or ROA should not be interpreted as a reliable leading indicator of a higher DPR. Investors should instead pay closer attention to the company's explicit payout stance, retained-earnings policy, and capital-expenditure cycle, consistent with broader evidence that managers smooth payouts and avoid abrupt dividend adjustments (Brav et al., 2005). For management and SOE policymakers, the results underline the importance of clearly communicating why profits are retained during investment-intensive periods, because dividend policy reflects strategic financing choices as much as accounting profitability (Wahjudi, 2020).

#### 5.4. Research Limitation

This study has several limitations. First, the single-firm longitudinal design limits external generalizability. The inverse profitability–payout dynamic observed here may be specific to a large-cap SOE telecommunications firm in Indonesia and may not generalize to private firms, smaller operators, or other regulatory environments. Future studies should extend the analysis to multi-firm panels and comparative emerging-market settings, as recommended in broader dividend-policy literature (Aivazian et al., 2003; Jabbouri, 2016).

Second, the eight-observation sample constrains statistical power and limits the reliability of diagnostic and coefficient-level inference in the joint model. Third, the two-variable model leaves part of DPR variation unexplained, indicating that future research should incorporate additional determinants such as leverage, liquidity, growth opportunities, and ownership structure. More broadly, comparative evidence shows that dividend decisions are typically shaped by interacting firm characteristics rather than by profitability alone.

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