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THE INFLUENCE OF DIVIDEND PAYOUT RATIO AND WINNER/LOSER STOCKS ON EARNINGS SMOOTHING (CASE STUDY ON THE BANKING SECTOR LISTED ON THE INDONESIA STOCK EXCHANGE FROM 2019-2021)

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ABSTRACT

This study aims to analyze how the effect of dividend payout ratio and winner/loser stock on profit equalization (Case study on the banking sector listed on the Indonesia Stock Exchange in 2019-2021). The research method uses a qualitative approach with the Associative method. This study uses manufacturing companies listed on the Indonesia Stock Exchange in 2019-2021 as the population. The sample that met the Purposive Sampling criteria was 29 companies out of 145 companies. The results show that the dividend payout ratio has no significant effect o profit equalization. Meanwhile, winner/loser stock has a significant effect on profit leveling. The dividend payout ratio and winner/loser stock simultaneously have a significant effect on profit equalization. This is evidenced by a p-value of 0.000 which is smaller than the significance level of 0.05. Meanwhile, the determination coefficient test showed a value of 25%. This shows that the variable dividend payout ratio and winner/loser stock can explain the profit equalization variable as much as 25%, while the remaining 75% is explained by other variables outside of this study.

KEYWORDS *Dividend Payout Ratio, Winner/Loser Stock, Profit Equalization*

INTRODUCTION

The era of globalization that is increasingly triggering competition in the business world is getting tighter and more competitive. This is a strong trigger for a company's management to display the best performance of the company. Because it cannot be denied that the good and bad of the company's financial statements will have an impact on the company's market value in the market and also on investors' interest in investing or withdrawing their investment from a company. Therefore, financial statements

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which are one of the means of assessing the company's performance are very important for investors to make decisions, but investors are more likely to be focused on earnings information.

The purpose of financial statements according to SFAC (Statement of Financial Accounting Concept) Number 1 as outlined by the Financial Accounting Standards Board (FASB) in the conceptual framework is to determine relevant concepts and principles which will determine the form, content, type, and structure of financial statements (Yusuf & Soraya, 2004). Investors' great attention to earnings information without paying attention to how the earnings are presented is one of the reasons driving company management to carry out dysfunctional behavior, namely by carrying out earnings smoothing practices (Board, 1978).

According to Belkoui (2000) earnings smoothing is a representation of a part of the company's management efforts to reduce abnormal variations in earnings to the level permitted by sound accounting and management principles. Koch (1981) defines earnings smoothing as a method used by management to reduce fluctuations in reported earnings to match the desired target either artificially through accounting methods, or in real terms through transactions. It can be concluded that earnings smoothing practices include attempts to reduce the amount of reported earnings if actual earnings (realized earnings) are greater than normal earnings, and attempts to increase reported earnings if actual earnings are less than normal earnings.

In the application of earnings smoothing, it is usually caused by certain factors. To date, more than one test has assessed the factors that can influence the application of earnings smoothing, such as bonuses, dividend policy, tax burden, entity risk (financial leverage), Winner/loser stocks, ownership structure, and others. However, in this test, the researcher wishes to focus on the dividend payout ratio and Winner/loser stocks variables (Scott, 1997). This is because a manager or employee of the company is entitled to a dividend payout ratio which is a reward for the comparison between the net profit earned by the company and the dividends given to investors. Financial backers who are going on a short-term venture will generally decide to put resources into an organization with a higher proportion of profit payouts. In contrast, long-term investors usually choose to put their money into businesses with lower dividend payout ratios.

Dividend payout ratio is the ratio between dividends paid and net income earned. This ratio measures the percentage of dividends given by the company to shareholders. The higher the DPR will benefit investors but will weaken the company's internal finances. Conversely, the lower the DPR, the stronger the company's internal finances but the more detrimental it is to investors. Dividend payout ratio (DPR) according to Jogiyanto (2013) is a ratio that shows the amount of dividends distributed from the amount of profit earned by the company. Dividend payout ratio is the proportion of net income per one share paid in the form of dividends to shareholders. To get high dividends, it takes a high share value from the company. an investor will see the value of the stock before deciding to invest.

While Winner / Loser stock is a classification owned by companies based on the stock returns owned by each company (Budiasih, 2009). Winner stock is a company with shares with a positive return, but in loser stock it can be interpreted that the company has a share with a negative return (Ashari et al., 1994).

Taking the test period from 2019-2021, based on seeing the situation in that year, namely the covid-19 pandemic which has a huge impact on people's lives in terms of health, economy, and others. Based on observations of the current situation where the Indonesian state, especially the world globally, has been hit by the covid-19 pandemic which has clearly caused changes in the economy, lifestyle and the restrictions that have been given to the Indonesian people. So that the spread of the virus itself and preventive measures to reduce it are the main reasons for the cessation of production and consumption activities (Arianto, 2023).

The subject of this test is an entity that focuses on the banking sector listed on the IDX (Indonesia Stock Exchange). The selection of banking companies as the object of research is because banks are one of the business entities that have the function of collecting and channeling funds through the community in the form of deposits, whether current accounts, deposits or savings, all of which are beneficial to the bank itself, which can then be useful in improving the lives of many people and also to support the implementation of development in order to increase economic growth, equitable development, and national stability towards improving people's welfare for a just and prosperous society (Arfan & Wahyuni, 2010). and the results of observing the financial statements of several banking companies listed on the Indonesia Stock Exchange in 2019-2021, there are companies that have experienced profits and companies that have experienced losses. Below is a report on the profit and loss of banking companies listed on the Indonesia Stock Exchange in 2019-2021:

Table 1. List of Companies with Profits and Losses during the 2019-2021 Period

No.	Company Code	Year		
		2019	2020	2021
1	AGRO	51.061.421	31.260.682	-3.045.701.407
2	AGRS	-248.836	-176.863	12.737
3	AMAR	61.426.524	8.586.126	4.155.012
4	ARTO	-121.966	-189.567	86.024
5	BABP	20.433	10.414	25.331
6	BRIS	74.016.00	2.187.649	3.028.205
7	BBCA	26.569.974	27.147.109	31.440.159
8	BBHI	36.549.663.189	37.011.391.337	192.474.618.193
9	BBKP	216.749	-3.258.109	-2.302.279
10	BBMD	247.573.726.183	325.932.118.524	519.580.026.420
11	BBNI	15.508.583	3.321.442	10.977.051
12	BBRI	34.413.526	18.660.393	30.755.766
13	BBTN	209.263	1.602.358	2.376.227
14	BBYB	16.002.797.471	15.871.502.695	-986.289.462.473

15	BCIC	49.495	-484.441	-445.423
16	BDMN	4.240.671	1.088.942	1.669.280
17	BEKS	-137.559	-308.158	-265.176
18	BGTG	11.841	3.198	10.866
19	BINA	7.155	19.376	39.748
20	BJBR	1.564.492	1.689.996	2.018.654
21	BJTM	1.376.505	1.488.963	1.523.070
22	BKSW	5.277	-422.168	-1.578.777
23	BMAS	59.746.814	66.986.471	80.162.068
24	BMRI	28.455.592	17.645.624	30.551.097
25	BNBA	51.167.901.115	35.053.333.152	44.449.400.923
26	BNGA	3.642.935	2.011.254	4.098.604
27	BNII	1.924.180	1.284.392	1.679.754
28	BNLI	1.500.420	721.587	1.231.127
29	BSIM	6.752	118.522	127.748

Source: Data adapted from research results 2025

Based on the data above, it seems that the application of earnings smoothing also shows different results among other research studies related to the influence of dividend payout ratio and winner / loser stock. This difference can be seen in the test conducted by (Yusuf & Soraya, 2004) which states that earnings smoothing is not affected by bonus compensation. However, these results are inversely proportional to the test conducted by (Nirmanggi & Muslih, 2020) which concluded that bonus compensation does not affect earnings peratan.

In line with research from (Supriast 2015) which discusses the dividend payout ratio, which explains that the dividend payout ratio has no significant effect on earnings smoothing. The results of this test are inversely proportional to (Santoso et al., 2016) which states that the dividend payout ratio has a positive effect on earnings smoothing. Tests conducted by (Fauzan et al., 2014) state that the dividend payout ratio affects earnings smoothing. These results are inversely proportional to research conducted by (Ginantra & Putra, 2015) which states that the dividend payout ratio does not have a positive effect on earnings smoothing. In addition, research conducted by (Utari et al., 2017) states that the dividend payout ratio affects earnings smoothing practices. These results are inversely proportional to research conducted by (Afriliana, 2018) which states that the dividend payout ratio (DPR) does not have a significant effect on earnings smoothing practices.

Through the presentation of the background and the differences found between the conclusions of the tests that have been carried out, in this case, the researcher considers it important and has a strong interest in reviewing so that the researcher then has the title "The Effect of Dividend Payout Ratio and Winner / Loser Stock on Earnings Smoothing (Case Study on the Banking Sector Listed on the Indonesia Stock Exchange in 2019-2021).

RESEARCH METHOD

Approach and method

The approach in this study uses a quantitative approach. While the research method used by the author in this research is associative research method. In associative research, the form of relationship used is a causal relationship, namely a causal relationship where one variable (independent) affects another variable (dependent).

Population and Sample

This study uses manufacturing companies listed on the Indonesia Stock Exchange in 2019-2021 as a population. From this population, it was found that the number of samples that met the Purposive Sampling criteria was 29 companies out of 145 population companies (Santoso, 2000).

The purposive sampling criteria in this study are as follows:

a. Manufacturing companies that have been listed on the IDX since 2019 and have never been delisted until 2021.
b. The company has always published complete annual financial statements using the rupiah currency and has been audited during the 2019-2021 period with the financial year ending on December 31.
c. Companies whose shares are active and always pay dividends to investors during the 2019-2021 period.
d. Companies that always earn profits consecutively during the observation period, because the data needed is about profits.
e. Companies that do not conduct *company reconstructing*.

Data Type

The type of data used in this study is secondary data, namely research data sources obtained indirectly through intermediary media (obtained and recorded by other parties). According to its nature, the data used in this study is quantitative data which is data in the form of numbers to be used for statistical analysis. According to the time of collection, this research data uses periodic data (time series data), namely data collected from time to time to see the development of an event or activity during a certain period.

Data Collection

Data collection is a systematic and standardized procedure for obtaining the necessary data. The data collection method used in this research is the observation method by making a direct visit to the Indonesia Stock Exchange (IDX) or by visiting the official website of the Indonesia Stock Exchange, namely www.idx.co.id . The data obtained are in the form of financial reports of the companies studied for the 2019-2021 period: as well as other data needed in the study.

Operations and Measurement
Variables
Dividend Payout Ratio (X1)
Devidend payout ratio is a ratio of the ratio between dividends paid to net income earned to measure the percentage of dividends given by the company to shareholders. Devidend payout ratio is measured by the following formula:

$$Devidend\ Payout\ Ratio = \frac{Devidend\ per\ Share}{Earning\ per\ Share} \times 100\%$$

Winner/Loser Stock (X2)
The winner/loser stocks variable is a dummy variable to classify companies that are winners or losers. The measurement scale used is a scalenominal. Determination of winner/loser stock status is done by calculating the stock return of each company and then comparing it with the market return. The market return in this study is the Indonesia Stock Exchange Composite Stock Price Index (JCI). The calculation is as follows:

$$R_t = \frac{P_t - P_{t-1}}{P_{t-1}} \quad \text{an} \quad R_{mt} = \frac{IHSG_t - IHSG_{t-1}}{IHSG_{t-1}}$$

Description:
Rt = Stock return in year t
Rmt = Market return in year t
Pt = Average monthly closing stock price in year t
Pt-1 = Average monthly closing stock price in year t-1
JCIt = JCI closing price in year t
JCIt-1 = JCI closing price in year t-1
When:

1) Rt > Rmt, then the company has a status as a winner stock (given a value of 1)
2) Rt < Rmt, then the company is a loser stock (given a value of 0)

Earnings Smoothing (Y)
The dependent variable in this study is earnings smoothing. The measurement scale used is a nominal scale. Earnings smoothing is a dummy variable. The group of companies that do earnings smoothing is given a value of 1.

While the group of companies that do not perform earnings smoothing is given a value of 0. Earnings smoothing action is measured by the Eckel index. Eckel uses the Coefficient Variation (CV) of the income variable and the net sales variable. The earnings smoothing index is calculated as follows:

$$Indeks\ Perataan\ Laba = \frac{CV\Delta I}{CV\Delta S}$$

Where:

CV : Coefficient of variation of the variable i.e. standard deviation divided by the expected value.
ΔI : Change in profit in one period
ΔS : Change in sales in one period
CVΔI: Coefficient variation for change in profit
CVΔS: Coefficient of variation for change in sales

Data Analysis Technique

To test the hypothesis, multiple regression tests were used. The regression model developed to test the hypothesis that has been formulated in this study is:

$$PL = a + \beta_1 DPR + \beta_2 WLS + \epsilon$$

Description:
α = Constant
DPR = *Dividend Payout Ratio*
WLS = *Winner/Loser Stock*
β = Regression Coefficient, where i=1,2,3,4,5
ϵ = Error

RESULT AND DISCUSSION

Description of Research Objects

The population in this study were 145 manufacturing companies listed on the Indonesia Stock Exchange. However, after the population is adjusted to the sample criteria, the manufacturing companies that can be used as samples are 29 companies.

Table 2. Sample Selection

Description	Total
Population	145
Companies that have been listed on the IDX since 2009 and have never been *delisted* until 2021.	(4)
The company always publishes complete annual financial statements using the rupiah currency and has been audited.	(50)
Companies whose shares are active and always pay dividends to investors during the 2019-2021 period	(58)
Companies that always earn profits consecutively during the observation period.	(4)
Companies that do not experience *company reconstructing*.	(0)
Sample	29

Descriptive Statistics Test

Descriptive statistics serve to provide an overview of the object under study.

Table 3. Descriptive Statistical Test

Statistic

		DER	DPR
N	Valid	116	116
	Missing	0	0 .5994
Mean		.6917	.4500
Median		.4750	.30[a]
Mode		.28	.58781
Std. Deviation		.56565	.346
Variance		.320	.03
Minimum		.10	4.06
Maximum		2.49	116

P

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not a Profit	54	46.6	46.6	46.6
	Leveler	62	53.4	53.4	100.0
	Profit Averaging				
	Total	116	100.0	100.0	

WL

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Loser Stock	36	31.0	31.0	31.0
	Winner Stock	80	69.0	69.0	100.0
	Total	116	100.0	100.0	

Data Normality Test

Table 4. Data Normality Test

One-Sample Kolmogorov-Smirnov

	PL	WLS	DPR
N	116	116	116
Normal Parameters[a,b] Mean	.5345	.6897	.6509
Std. Deviation	.50097	.46464	.59000
Most Extreme Differences Absolute	.358	.438	.169
Positive	.323	.252	.169
Negative	-.358	-.438	-.146
Kolmogorov-Smirnov Z Asymp. Sig.	3.857	4.713	1.825
(2-tailed)	.000	.000	.003

a. Test distribution is Normal.
b. Calculated from data.

Classical Assumption Test
Normality Test

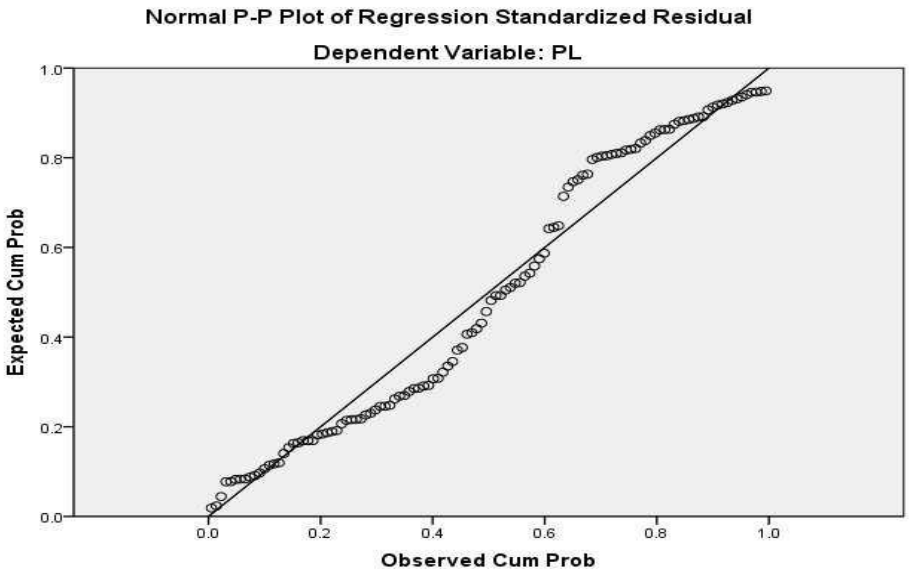

Figure 2. Regression Normality Test

By looking at the normal P-Plot graph display above, it can be concluded that the normal P-Plot graph shows the points spread around the diagonal line, and the distribution follows and approaches the diagonal line. That way, the regression model is declared feasible to use.

Multicollinearity Test

Table 5. Multicollinearity Test

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	WLS	916	1.092
	DPR	.993	1.007

Based on the table above, it can be seen that the VIF value is below 10 and the tolerance value is above 0.10. This shows that the variables are free from the classic assumption of multicollinearity.

Autocorrelation Test

Table 6. Autocorrelation Test

Model Summary[b]

Model	Durbin-Watson
1	1.274[a]

From the table above, can be seen that the DW value produced by the regression model is 1.274, which means that the DW number it is between -2 to 2, so it can be concluded that there is no autocorrelation in the regression model.

Hypothesis Test

Statistical Parameter Significance Test (t-test)

Table 7. Test t

Coefficients [a]

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	sig
1		.716	-	-2.375	.019
(constant	-1.702	.025	.315	3.479	.001
DPR	.052	.070	.061	. .743	459
WLS	-.338	.077	-.040	-.463	.644

a. Dependent Variable: PL

From the table above, the regression equation is obtained as follows:

PL = 1.702 + 0.052 DPR + 0.338 WLS+e

From the results above, can be seen that for testing the first hypothesis (H1) with a P-value of the dividend payout ratio variable, the company size is 0.459 or greater than it (5%), it can be concluded that the dividend payout ratio has no significant effect on earnings smoothing, which means that H1 is rejected.α

As for testing the second hypothesis (H2) with the P-value of the winner / loser stock variable is 0.000 or smaller than α (5%), it can be concluded that winner / loser stock has a significant effect on earnings smoothing, which means H2 is accepted.

Simultaneous Significance Test (Test f)

Table 8. Test f

ANOVAb

Model	Sum of Squares	df	Mean Square	F	Sigh
1 Regression	7.202	2	1.800	9.226	
Residuals	21.660	111	.195		
Total	28.862	115			.000a

a. Predictors: (Constant), DPR, DER, WLS

From table 4.8 above, it can be seen that the significance of 0.000 which is smaller than 0.05 indicates that Ha is accepted, which means that together there is a significant influence between the dividend payout ratio and winner / loser stock, (independent variable) on earnings smoothing (dependent variable) or in other words H3 is accepted.

Coefficient of Determination

Table 9. Coefficient of Determination

Model Summary

model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	**500a**	**250**	**222**	**.44175**	**1274**

a Predictors: (Constant), DPR, DER, WLS, UP

b. Dependent Variable: PL

Based on table 9 the R square value is 25%. This shows that the variation of the independent variable, namely dividend payout ratio and winner / loser stock, in explaining the dependent variable, namely earnings smoothing is 25%. While 75% (100% - 25%) is explained by other variables or factors outside this study.

Discussion

Dividend Payout Ratio Its Effect on Earnings Smoothing

Dividend payout ratio is the ratio between dividends paid and net income earned. This ratio measures the percentage of dividends given by the company to shareholders. The higher the DPR will benefit investors but will weaken the company's internal finances. Conversely, the lower the DPR, the stronger the company's internal finances but detrimental to investors.

The results of testing the first hypothesis (H1), show that the dividend payout ratio has no significant effect on earnings smoothing. These results indicate that the size of the dividend payout ratio does not make management to perform earnings smoothing. This is possible because dividend payments are the result of a decision by the general meeting of shareholders which is not necessarily detected by management.

Winner/Loser Stock Effect on Earnings Smoothing

The results of testing the second hypothesis (H2) show that winner / loser stock has a significant effect on earnings smoothing. Winner companies and loser companies will tend to practice earnings smoothing. Stable earnings will affect stable stock price changes. And also gives investors the perception that the expected stock return is high with a low level of stock portfolio risk so that the company's performance level will look good. Winner companies will carry out earnings smoothing practices to maintain their status in winner stock and try to avoid moving to loser stock by smoothing earnings to maintain fluctuations in profits generated. Meanwhile, loser companies will carry out earnings smoothing practices to get their place in the winner stock by paying attention to the fluctuations in the profits they make. However, it seems that loser stock companies will tend to be higher in smoothing earnings. This can be proven by the beta coefficient which points towards negative.

Yulianto (2007) in his research revealed that when the company is in the winner stocks status, the company will maintain its status by avoiding profit fluctuations. This is motivated by the interests of the management of the winner stocks company to maintain shareholder's value. Meanwhile, loser stocks companies do earnings smoothing with the aim of increasing the value of the company so that they can achieve a position in the winner stocks.

Dividend Payout Ratio and Winner/Loser Stock Effect on Earnings Smoothing

The results of testing the third hypothesis (H3), show that the dividend payout ratio and winner / loser stock simultaneously have a significant effect on earnings smoothing. This is evidenced by the p-value of 0.000 which is smaller than the significance level of 0.05. Meanwhile, the coefficient of determination test shows a value of 25%. This shows that the dividend payout ratio and winner / loser stock variables can explain the earnings smoothing variable by 25%, while the remaining 75% is explained by other variables outside of this study. The results of this study support research from Arfan and Wahyuni (2010) that company size, winner / loser

stock, debt to equity ratio simultaneously have a significant effect on earnings smoothing.

CONCLUSION

Based on the discussion of the research that has been carried out with tests statistical using the SPSS program with a sample of non-financial companies listed on the IDX in 2019-2021, it is concluded that the dividend payout ratio has no significant effect on earnings smoothing. Meanwhile, winner / loser stock has a significant effect on earnings smoothing. The dividend payout ratio and winner / loser stock simultaneously have a significant effect on earnings smoothing. This is evidenced by the p-value of 0.000 which is smaller than the significance level of 0.05. Meanwhile, the coefficient of determination test shows a value of 25%. This shows that the dividend payout ratio and winner / loser stock variables can explain the earnings smoothing variable by 25%, while the remaining 75% is explained by other variables outside of this study.

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