Effect of Dividend Policy and Leverage on Sustainable Growth Moderated by Managerial Ownership in Energy Sector Companies

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ABSTRACT

This study aims to analyze the effect of dividend policy and leverage on the company's sustainable growth, with managerial ownership as a moderating variable. The dependent variable is the company's sustainable growth, while the independent variables are dividend policy and leverage. Secondary data were obtained from the financial statements of energy sector companies listed on the IDX for the period 2019-2023. This study uses a purposive sampling technique with a sample size of 7 companies. The analysis was carried out using panel data regression with Eviews 13 software. The results of the study indicate that dividend policy and leverage do not have a significant effect on the company's sustainable growth. In addition, managerial ownership does not moderate the relationship between dividend policy and leverage on the company's sustainable growth. This finding indicates that other factors may play a greater role in determining the sustainable growth of energy sector companies. Therefore, further research is needed by considering other variables that can affect company growth, such as profitability, ownership structure, and macroeconomic conditions, to gain a more comprehensive understanding of the factors that drive sustainable growth in the energy sector.

Keywords*: Dividend Policy, Leverage, Managerial Ownership, Sustainable Growth*

ABSTRAK

Penelitian ini bertujuan untuk menganalisis pengaruh kebijakan dividen dan leverage terhadap pertumbuhan berkelanjutan perusahaan, dengan kepemilikan manajerial sebagai variabel moderasi. Variabel dependen adalah pertumbuhan berkelanjutan perusahaan, sedangkan variabel independennya adalah kebijakan dividen dan leverage. Data sekunder diperoleh dari laporan keuangan perusahaan sektor energi yang terdaftar di BEI periode 2019-2023. Penelitian ini menggunakan teknik purposive sampling dengan jumlah sampel sebanyak 7 perusahaan. Analisis dilakukan menggunakan regresi data panel dengan perangkat lunak Eviews 13. Hasil penelitian menunjukkan bahwa kebijakan dividen dan leverage tidak memiliki pengaruh signifikan terhadap pertumbuhan berkelanjutan perusahaan. Selain itu, kepemilikan manajerial tidak memoderasi hubungan antara kebijakan dividen dan leverage terhadap pertumbuhan berkelanjutan perusahaan. Temuan ini mengindikasikan bahwa faktor lain mungkin lebih berperan dalam menentukan pertumbuhan berkelanjutan perusahaan sektor energi. Oleh karena itu, penelitian lebih lanjut diperlukan dengan mempertimbangkan variabel lain yang dapat memengaruhi pertumbuhan perusahaan, seperti profitabilitas, struktur kepemilikan, dan kondisi makroekonomi,

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untuk mendapatkan pemahaman yang lebih komprehensif mengenai faktor-faktor yang mendorong pertumbuhan berkelanjutan di sektor energi.

***Kata kunci**: Kebijakan Dividen, Leverage, Kepemilikan Manajerial, Pertumbuhan Berkelanjutan*

INTRODUCTION

Every company has a vision and mission as the main foundation in determining the direction and goals of the business (Zahro, 2020). The vision describes the ideal future of the company, while the mission explains the main objectives, business focus, and strategies for achieving long-term targets. To survive and thrive, companies must ensure the sustainability of their operations (Sandra, 2021). Growth is the main indicator of a company's success and sustainability (Purwanti, 2021). Companies with rapid growth show increased competitiveness, sales, and market share. In addition, growth reflects management's confidence in the company's long-term strategy and its ability to adapt to market dynamics (Juniarso et al., 2022). Company growth indicates past success and signals future competitiveness. In the energy sector, firms face a dilemma between contributing to the state budget and managing environmental challenges. Despite rising stock prices, revenue growth is not always aligned, raising concerns about sustainability. Evaluating growth requires analyzing financial and operational metrics like sales, profits, and assets (Zahro, 2020). These indicators help assess business strategy effectiveness and long-term value creation (Sandra, 2021). From an agency theory perspective, growth metrics serve as monitoring tools for owners to ensure management aligns with their interests (Erlangga & Hakim, 2022).

Company growth is influenced by internal and external factors (Astakoni et al., 2019), but internal factors such as dividend policy and leverage have a more direct and controllable impact. Dividend policy determines the proportion of net profit that will be distributed to shareholders and retained for internal investment (Rahmawati & Sudiyono, 2024). This decision is usually made at a General Meeting of Shareholders (GMS) which represents the interests of owners and management (Sejati et al., 2020). In general, companies with high dividend payments tend to experience lower growth, while companies that retain earnings can allocate funds for future investments (Dempsey et al., 2019). Leverage, or the use of debt in a company's capital structure, is a strategy to increase investment capacity and accelerate business expansion (Erfandi et al., 2024). With leverage, companies can finance large projects without relying entirely on internal capital. However, high levels of leverage also increase financial risks, especially related to the company's ability to meet debt obligations (Hamouri et al., 2018). Strict supervision of the use of leverage is needed to maintain the company's financial stability and avoid excessive liquidity risk (Lestari et al., 2024).

An interesting phenomenon emerged in the energy sector in the first quarter of 2024, where, despite declining revenues compared to the previous year, stock prices actually increased. This was largely due to a stable dividend policy and a carefully managed leverage strategy, which sent a positive signal to investors about the company's financial health. Despite the decline in revenue performance, the company was still able to distribute significant dividends, increasing the attractiveness of energy sector stocks. The stability of the balance sheet, resulting from effective leverage management, also helped maintain market confidence. This condition highlights the importance of an in-depth analysis of the impact of dividend and leverage policies on the sustainable growth of companies in the energy sector. However, previous studies have shown inconsistent results regarding the effects of these policies on company growth. Some studies found that dividend policy positively affects company growth (Mohd & Zaharudin, 2019; Juniarso et al., 2022; Widiasari, 2023). Conversely, Anggraeni & Ardini (2020) concluded that dividend policy has no significant effect. Similar discrepancies are seen in the effect of leverage. While some studies suggest that leverage boosts company growth (Hamouri et al., 2018; Gamlath, 2019; Zahro, 2020; Sandra, 2021), others report a negative impact (Hendarwati & Syarifudin, 2021; Dewi et al., 2022). This inconsistency indicates a research gap that requires further study to better understand the dynamics influencing this relationship.

To address the discrepancies in research findings, the managerial ownership variable can be used as a moderator. Share ownership by managers can influence a company's strategic decisions, as managers who are also shareholders tend to be more cautious when taking risks and focus more on sustainable growth strategies (Martini & Siddi, 2021). This type of ownership also enhances internal supervision and strengthens management's commitment to company performance. According to Jensen and Meckling's (1976) agency theory, managerial ownership can reduce conflicts of interest between managers and shareholders, align their goals, and improve operational efficiency. Research by Hanifah et al. (2020) also supports this view, showing that managerial ownership contributes positively to a company's profit margin. Given the complexity of the relationship between dividend policy, leverage, and managerial ownership in corporate growth, further research is needed to identify optimal financial strategies. This is crucial not only for enhancing corporate competitiveness but also for ensuring long-term sustainability, particularly in the energy sector, which faces environmental challenges and evolving market dynamics.

There are inconsistencies in research results and the phenomenon of declining revenues in 41 of the 66 energy sector companies that have published their first quarter financial reports in 2024, with a revenue decline ratio reaching 62.1%. This is interesting because the trend of increasing stock prices in the energy sector is not in line with the weakening of company revenues, indicating that investors remain optimistic about stocks in this sector, possibly driven by a stable dividend policy and a well-managed leverage strategy. This phenomenon indicates the need for optimal dividend and leverage policies to support the sustainable growth of energy sector companies (Tinungki et al., 2022). In addition, managerial ownership can act as a moderating variable that strengthens the influence of these policies by encouraging managers to focus on the company's long-term interests. Based on this, this study raises the main problem of how dividend and leverage policies affect the sustainable growth of energy sector companies, and how managerial ownership moderates this influence. Based on the problems that have been described, this study raises several questions to support empirical studies, namely: do dividend and leverage policies affect the company's sustainable growth, and does managerial ownership moderate the influence of these two variables. This study aims to analyze the effect of dividend policy and leverage on the company's sustainable growth, and explore the role of managerial ownership in moderating the relationship. This study contributes to financial management by advancing agency theory's monitoring and bonding mechanisms and applying entrenchment theory through managerial ownership. It highlights supervision's role in minimizing conflicts for long-term success. Practically, it guides companies in optimizing dividend policy and leverage for sustainable growth and rational financial decision-making.

LITERATURE REVIEW

Agency theory

The contract between management as an agent and ownership as the principal of the company, Jensen & Meckling (1976) defines the relationship between shareholders (principals) and company managers (agents) as the nexus of contracts. The principal grants the agent the authority to manage the company, but differences in goals can lead to agency problems. To minimize these conflicts, monitoring and bonding mechanisms are necessary. The dividend policy outlined in the General Meeting of Shareholders (GMS) serves as a monitoring mechanism, as dividend payments reduce free cash flow that could be misused by managers (Sejati et al., 2020). The GMS also provides shareholders with strategic control, including authority over dividend distribution. Leverage or debt functions as a bonding mechanism, compelling managers to act more responsibly due to the obligation to pay interest and principal. This promotes efficiency and a focus on enhancing the company's value. An effective monitoring mechanism can reduce agency problems and strengthen the company's long-term interests.

Entrenchment Theory

According to entrenchment theory, the greater the ownership in a corporation, the more power the owner has over the company, thereby reducing the possibility of managerial abuse of control for personal gain and protecting minority stakeholders (Shleifer & Vishny, 1989; Leech & Leahy, 1991). However, this concentration of ownership can also limit the company's flexibility in obtaining funds by increasing its level of debt (leverage). This has implications for the company's financing strategy, where increasing leverage may become the only option to fund growth, albeit with a higher risk to the company's financial stability (Berger et al., 1996). As a result, while the company may avoid the risk of bankruptcy associated with excessive debt, it could potentially miss growth opportunities that competitors, who are more aggressive in utilizing leverage, might exploit (Belinda & Prameswari, 2024). Therefore, entrenchment theory highlights the dilemma between maintaining internal control and facing limitations in accessing external resources, which can impact the company's ability to compete and develop optimally in the market.

Sustainable Growth of the Company

Sustainable corporate growth refers to a company's ability to grow consistently over the long term while maintaining a balance between environmental, social, and economic aspects. Beyond increasing short-term profits, this growth also considers the long-term impact on all stakeholders, including employees, shareholders, consumers, communities, and the environment (Lestari et al., 2024). To achieve sustainable growth, companies need to adopt innovative strategies, adapt to market changes, and manage resources efficiently. According to agency theory, corporate growth is influenced by mechanisms that reduce conflicts between shareholders (principals) and managers (agents) (Jensen & Meckling, 1976). This conflict arises because managers may prioritize personal interests. Therefore, monitoring and restrictions (bonding) are necessary to prevent opportunistic actions. Supervision can be strengthened through management share ownership, aligning managers' interests with those of shareholders (Arianti, 2021). Bonding can also be achieved through increased debt and dividend policies, which encourage more cautious decision-making. This combination of mechanisms enhances managerial discipline and ensures the achievement of corporate goals without compromising the long-term interests of stakeholders (Shaikh & Randhawa, 2022).

Dividend Policy

A company's decision on how to manage its profits—whether to retain them as earnings or distribute them to shareholders in the form of dividends—is known as dividend policy (Juniarso et al., 2022). Dividend payments can take the form of cash dividends, stock dividends, or both. The amount of dividends depends on the company's profit and the implemented dividend policy and is calculated using the Dividend Payout Ratio (DPR), which determines the proportion of net profit distributed to shareholders (Astakoni et al., 2019). Dividends distributed regularly and in line with the company's financial performance indicate that management is responsible in utilizing the company's profits and respects shareholders' rights to receive a portion of those profits (Azizah & Lismawati, 2024). The General Meeting of Shareholders (GMS) plays a crucial role in determining dividend policy (Orbawan & April, 2023). During the GMS, shareholders have the right to decide whether the company's profits will be distributed as dividends or retained to support future operational and investment needs. This decision is typically based on the company's financial performance, working capital requirements, and growth prospects. A well-considered dividend policy can reduce potential conflicts between shareholders and management (Syarifah & Hersugondo, 2024) by ensuring that management does not retain excessive profits for personal gain or unclear purposes. Thus, dividends act as a control mechanism, encouraging managers to be more accountable in managing company resources.

Leverage

Leverage is an instrument used to increase the owner's expected profit at the expense of greater risk (Dzafic & Polic, 2019). It refers to the use of borrowed money to enhance the effectiveness of invested equity. The more debt a company has, the higher its interest payments, which can negatively impact profits (Sandra, 2021). Leverage is generally measured using the Debt to Equity Ratio (DER), which assesses the ratio between a company's total debt and its total equity. DER provides insight into how much the company relies on debt within its capital structure (Dewi et al., 2022). From an agency theory perspective, leverage can serve as an effective bonding mechanism to minimize conflicts of interest between principals (shareholders) and agents (managers). A high level of leverage can restrict managers from making decisions that are misaligned with shareholders' objectives, due to the obligation to meet interest payments. With increased debt, managers tend to be more disciplined in allocating company funds to profitable investments, driven by pressure from creditors and the risk of bankruptcy. When optimally managed, leverage can incentivize managers to improve operational efficiency and make more prudent decisions (Ardiles & Febriansyah, 2024). However, excessive leverage without proper risk management can heighten the risk of bankruptcy and diminish firm value. Therefore, making appropriate leverage decisions is crucial as part of the bonding mechanism to prevent the misuse of company funds by managers and to enhance overall company performance.

Managerial Ownership

Managerial ownership refers to the percentage of shares owned by a company's commissioners and managers. A higher proportion of managerial share ownership typically leads to better company performance. This is because managers have a stronger motivation to increase company income when they hold a direct financial interest in its success (Hanifah et al., 2020). Managerial ownership plays a crucial role as part of an effective internal control mechanism (Shaikh & Randhawa, 2022). When managers own shares in the company, they are incentivized to enhance its performance, as their personal gains are directly tied to the company's success. This alignment of interests between managers and shareholders helps minimize potential conflicts of interest and promotes more responsible decision-making (Azizah & Lismawati, 2024). Additionally, managerial ownership reduces the risk of opportunistic behavior, where managers might act for personal gain at the expense of corporate interests, such as manipulating financial statements or committing fraud (Shaikh & Randhawa, 2022).

Logical Connection between Variables and Hypothesis Formulation

Companies that pay high dividends tend to experience lower future growth, and only a small group of companies can achieve high dividend payments alongside high growth (Dempsey et al., 2019). Large dividends reduce the availability of internal funds that could be used for investments in expansion, new technology, and product development, potentially hindering the company's ability to capitalize on long-term growth opportunities and weakening its competitiveness in a changing market. A company's growth depends on several factors, with financial resources being a crucial aspect, as highlighted in various empirical and theoretical studies (Hamouri et al., 2018). High leverage can lead to better employment rates, and fluctuations in these rates may indicate improved cash flow and increased sales. In other words, appropriate and strategic leverage can support company growth, especially when managed effectively.

Managers who are also shareholders have a direct interest in receiving dividends, which can increase their personal income (Anggraeni & Ardini, 2020). This motivates them to ensure that the company pays stable or increasing dividends. Companies that allocate most of their profits to dividend payments will have fewer funds available for further business investments (Permanawati et al., 2022). This can hinder the company's ability to finance new projects, research and development, or expansions needed to drive long-term growth. Therefore, the negative effect of dividend policy on the sustainable growth of the company can be intensified by the level of managerial ownership. Significant managerial ownership can align the interests of shareholders and managers, making managers more likely to make decisions that support the company's long-term growth. In the context of leverage, managers who own shares tend to be cautious when taking on debt, considering that high leverage can increase the company's financial risk (Hanifah et al., 2020). Consequently, they strive to optimize the capital structure to maximize the company's value without hindering growth through excessive financial risk (Sandra, 2021). Additionally, managerial ownership can enhance internal supervision and operational efficiency, ultimately strengthening the positive effect of leverage on company growth.

H1: Dividend policy has a negative effect on the company's sustainable growth.
H2: Leverage has a positive effect on the company's sustainable growth.
H3: Managerial ownership is able to moderate the effect of dividend policy on the company's sustainable growth.
H4: Managerial ownership is able to moderate the effect of leverage on the company's sustainable growth

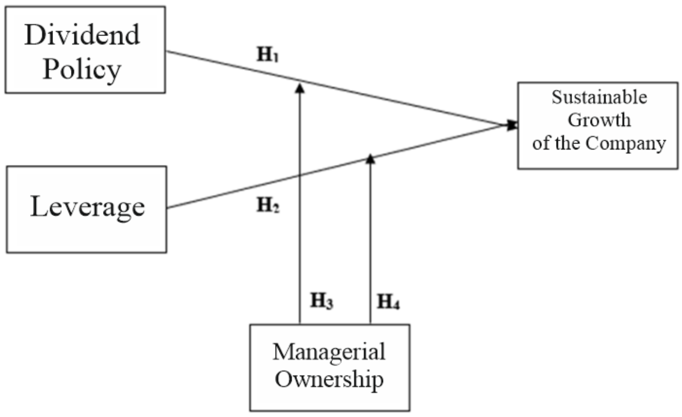

Figure 1. Theoretical Framework of Thought

METHODS

This study adopts a quantitative approach to collect and analyze data in the form of numbers or statistics, derived from a specific population group or sample (Sugiyono, 2017). This study uses financial data from companies listed on the Indonesia Stock Exchange (IDX) between 2019 and 2023 as research material through a longitudinal panel survey. The population studied is in the energy sector incorporated in the Indonesia Stock Exchange (IDX) from 2019 to 2023. A reflection of a company's ability to maintain its business continuity can be seen through the growth it achieves. Data for this study were obtained through an analysis of annual reports published by companies in the energy sector listed on the IDX. Data collection in this study was carried out by applying the documentation method. The documentation method allows data collection through examination of information available in the form of records or documents that have been recorded. The analysis technique applied in this study is panel data regression analysis using Eviews software version 13. Descriptive statistics are used to understand the characteristics of the sample studied and describe the variables in the study. In the research conducted, the panel data analysis method has been chosen as a method of investigation. This is due to the use of data from various sectors as well as time series data in the study.

RESULTS

The sample in this study consists of energy sector companies listed on the Indonesia Stock Exchange (IDX) that meet several criteria. The first criterion is the publication of an annual report as of December 31 for the 2019–2023 financial years. The second criterion is the recording of positive profits during the observation period. The third criterion is the consistent distribution of dividends during that period. The fourth criterion is the availability of relevant information related to leverage. The fifth criterion is the availability of data on managerial ownership. Based on the data collection process, seven companies were found to meet these criteria. With a research period of five years, the total number of samples analyzed was 35 data points.

Table 1. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Growth	35	0.02	1.15	0.2902	0.29223
Dividend Policy	35	0.14	1.31	0.6682	0.28436
Leverage	35	0.21	1.15	0.6864	0.27853
Managerial Ownership	35	0.00	0.68	0.1608	0.23660
Valid N (listwise)	35				

Based on Table 1, the company's sustainable growth has an average of 0.2902, with a minimum value of 0.02 and a maximum of 1.15. The standard deviation is 0.29223, which is greater than the average value (0.2902). This indicates that the data exhibits a high level of variation and is not evenly distributed. The dividend policy has an average of 0.6682, with a minimum value of 0.14 and a maximum of 1.31. The standard deviation is 0.28436, which is smaller than the average value (0.6682). This suggests that the data has a lower level of variation and tends to be evenly distributed. Leverage has an average of 0.6864, with a minimum value of 0.21 and a maximum of 1.15. The standard deviation is 0.27853, which is smaller than the average value (0.6864). This indicates that the data has relatively low variation and tends to be evenly distributed. Managerial ownership has an average of 0.1608, with a minimum value of 0.00 and a maximum of 0.68. The standard deviation is 0.23660, which is greater than the average value (0.1608). This shows that the data has a high level of variation and is not evenly distributed.

Table 2. Results of the Common Effect Model CEM

Model	Variable	Coefficient	Std. Error	t-Statistic	Prob.	R^2
CEM	C	0.019854	0.171558	0.115726	0.9086	0.114394
	X1	0.341789	0.170971	1.999104	0.0541	
	X2	0.061184	0.174551	0.350520	0.7282	
FEM	C	-0.002358	0.174895	-0.013482	0.9893	0.606691
	X1	0.201116	0.154842	1.298852	0.2054	
	X2	0.230477	0.180298	1.278312	0.2124	
REM	C	0.008143	0.183435	0.044392	0.9649	0.095184
	X1	0.226935	0.148936	1.523702	0.1374	
	X2	0.190047	0.168177	1.130042	0.2669	

Based on Table 2, the Common Effect Model test shows no variables that show significance in the individual test (t-test) with a significance level of $\alpha = 5\%$. The R^2 value of 0.114 indicates that the independent variables in this study are only able to explain 11.4% of the variation in the dependent variable, while the remaining 88.6% is influenced by other factors not included in this study. In the Fixed Effect Model Test, there are no variables that show significance in the individual test (t-test probability) with a significance level of $\alpha = 5\%$. The R^2 value of 0.606 indicates that the independent variables in this study can explain the dependent variable by 60.6%, while the remaining 39.4% is influenced by other factors not included in this study. In the Random Effect

Model Test, there are no variables that show significance in the individual test (t-test probability) with a significance level of α = 5%. The R^2 value of 0.095 indicates that the independent variables in this study can only explain the dependent variable by 9.5%, while the remaining 91.5% is influenced by other factors not included in this study.

Table 3. Chow and Hausman Test

Test	Effects Test	Statistic	d.f.	Prob.
Chow	Cross-section F	5.423950	(6.26)	0.0010
	Cross-section Chi-square	28.408693	6	0.0001
Hausman	Cross-section random	1.334901	2	0.5130

Based on Table 3, the probability of the cross-section chi-square of 0.0001 is lower than 0.05. Based on the decision criteria, the hypothesis H1 is accepted with the formulation H0: Common Effect Model and H1: Fixed Effect Model. Thus, it can be concluded that the fixed effect model is more appropriate than the common effect model. The Hausman test is used to determine which model is more appropriate between fixed effect or random effect. The results show the probability of the random cross-section of 0.5130 is greater than 0.05. This means that, based on the Hausman test, the decision taken is to accept H0 (p-value> 0.05) with the hypothesis H0: Random Effect Model and H1: Fixed Effect Model. The results of the Hausman test show that the random effect model is more appropriate, so the next step is to conduct further testing with the Lagrange multiplier (LM) test. This test aims to determine whether the random effect model is better than the common effect model.

Table 4. Lagrange multiplier test

	Cross-section	Time	Both
Breusch-Pagan	11.36850	1.309018	12.67752
	(0.0007)	(0.2526)	(0.0004)

Based on Table 4, the Breusch-Pagan cross-section value is 0.0007, which is smaller than 0.05. This indicates that the model used is a random effect model. The panel data regression approach using EViews is carried out by testing the General Effects Model, Fixed Effects Model, and Random Effects Model. The tests carried out include the Chow Test, Hausman Test, and Lagrange Multiplier Test. Based on the test results, it can be concluded that the most appropriate regression model used in this study is the random effect model.

Table 5. R-square Test and F Test

Analysis	Value
R-squared	0.122920
Prob(F-statistic)	0.397638

Based on Table 5, the R-squared value is 0.122 or 12.2%, which means that the dependent variable, namely the company's sustainable growth, can be explained by dividend policy and leverage by 12.2%. The remaining 87.8% is influenced by other variables not included in this study. In addition, the probability value of the F statistic of 0.397 is greater than 0.05. Thus, H0 is accepted and Ha is rejected, indicating that dividend policy and leverage do not have a significant effect on the company's sustainable growth.

Table 6. T-Test Results and Random Effect Model Data Regression Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.	Description	Accepted/Rejected
X1	0.141337	0.179105	0.789130	0.4362	Not significant	Rejected
X2	0.239837	0.226598	1.058425	0.2983	Not significant	Rejected
X1M	0.468122	0.510288	0.917367	0.3663	Not significant	Rejected
X2M	-0.114110	0.500435	-0.228021	0.8212	Not significant	Rejected

Based on Table 6, the results of the T-test are obtained, the probability value of variable X1 (dividend policy) is 0.4362> 0.05, causing H0 to be accepted and H1 to be rejected. Thus, it can be concluded that dividend policy does not have a significant effect on the company's sustainable growth. The probability value of variable X2 (leverage) is 0.2983> 0.04, causing H0 to be accepted and H1 to be rejected. Thus, it can be concluded that leverage does not have a significant effect on the company's sustainable growth. The probability value of the interaction variable X1M (dividend policy and managerial ownership) is 0.3663> 0.05, causing H0 to be accepted and H1 to be rejected. Thus, it can be concluded that the interaction variable between dividend policy and managerial ownership does not have a significant effect on the company's sustainable growth. The probability value of the interaction variable X2M (leverage and managerial ownership) is 0.8212> 0.05, causing H0 to be accepted and H1 to be rejected. Thus, it can be concluded that the interaction variable between leverage and managerial ownership does not have a significant effect on the company's sustainable growth.

The regression test obtained the beta coefficient value of the dividend policy variable (X1) of 0.141, which means that if the value of other variables is constant and variable X1 increases by one unit, then the company's sustainable growth variable (Y) will increase by 0.141. The beta coefficient value of the leverage variable (X2) is 0.239, which means that if the value of other variables is constant and variable X2 increases by one unit, then the company's sustainable growth variable (Y) will increase by 0.239. The beta coefficient value of the interaction variable of dividend policy and managerial ownership (X1M) is 0.468, which means that if the value of other variables is constant and variable X1M increases by one unit, then the company's sustainable growth variable (Y) will increase by 0.468. The beta coefficient value of the interaction variable of leverage and managerial ownership (X2M) is -0.114, which means that if the value of other variables is constant and variable X2M increases by one unit, then the company's sustainable growth variable (Y) will decrease by -0.114.

DISCUSSION

The Influence of Dividend Policy on Sustainable Company Growth

The first hypothesis in this study states that dividend policy has a negative effect on the company's sustainable growth. However, the test results show a positive regression coefficient of 0.141 with a significance value of 0.436 (> 0.05) which indicates that the hypothesis cannot be accepted. These results can be explained through the Agency Theory by Jensen & Meckling (1976) which highlights the conflict of interest between managers and shareholders. Managers tend to retain profits to ensure the availability of funds for long-term investment and to navigate market uncertainty. Lack of capital due to profit allocation for dividends can hinder company growth. Conversely, low dividend payments can reduce investor confidence, making it difficult for companies to obtain additional funding, which is in line with previous results (Anggraeni & Ardini, 2020). However, these results contradict previous research findings (Mohd & Zaharudin, 2019; Juniarso et al., 2022; Widiasari, 2023).

The Effect of Leverage on Company Sustainable Growth

The second hypothesis in this study states that leverage has a positive effect on the company's sustainable growth. However, the test results show a positive regression coefficient of 0.239 with a significance value of 0.298 (> 0.05), indicating that the hypothesis cannot be accepted. Companies with low DER have greater financial flexibility and can avoid the risks associated with large debt payments, allowing them to focus on internal investments such as profit reinvestment. In accordance with Entrenchment Theory, managers tend to avoid increasing leverage to maintain financial freedom and reduce dependence on external parties. Low dependence on debt also makes the company more stable and financially independent. This indicates that leverage is not the main factor driving growth. On the contrary, the efficiency of internal capital use and business strategy play a more significant role in determining the company's sustainable growth. These results align with the research by Rahayu &

Sitohang (2019), which states that leverage has no effect on company growth. However, this finding contrasts with previous studies that reported different results regarding the relationship between leverage and company growth (Zahro, 2020; Sandra, 2021; Hendarwati & Syarifudin, 2021; Dewi et al., 2022).

The Role of Managerial Ownership in Moderating the Effect of Dividend Policy on Sustainable Company Growth

The third hypothesis proposed in this study states that managerial ownership can moderate the effect of dividend policy on sustainable company growth. However, based on the test results, a positive regression coefficient of 0.468 and a significance value of 0.366 (> 0.05) were obtained. This indicates that the third hypothesis, which suggests that managerial ownership can moderate the effect of dividend policy on sustainable company growth, cannot be accepted. Decisions regarding dividends are generally determined at the General Meeting of Shareholders (GMS), which is dominated by the majority shareholder. According to agency theory, majority shareholders, who hold greater control, typically have a more significant influence on strategic decisions such as dividend policy. In contrast, managers with smaller managerial ownership tend to lack the power to influence these decisions. Therefore, even though managers may hold shares, their influence on dividend policy is limited and insufficient to moderate the relationship between dividend policy and sustainable company growth. The results of this study align with the research conducted by Anggraeni & Ardini (2020), which states that managerial ownership has no effect on company growth. However, these findings contradict the research conducted by Martini & Siddi (2021).

The Role of Managerial Ownership Moderates the Effect of Leverage on Sustainable Company Growth

The fourth hypothesis states that managerial ownership can moderate the effect of leverage on sustainable corporate growth. However, the test results show a negative regression coefficient of -0.114 with a significance value of 0.821 (> 0.05), indicating that this hypothesis is not supported. According to entrenchment theory, low managerial ownership reduces managers' incentives to focus on long-term interests. Additionally, strategic decisions are more influenced by majority shareholders than by managers, who have limited control, resulting in suboptimal use of leverage for growth (Shleifer & Vishny, 1989). These results are consistent with previous research by Indana & Pangestuti (2024). However, the findings of Wahyuni & Prayogi (2019) contradict the results of this study. This study also found that managerial ownership does not moderate the relationship between dividend policy, leverage, and growth. Managerial ownership, often provided through ESOP schemes, is generally not substantial enough to influence strategic decisions. This creates a two-tier governance structure in which majority shareholders hold greater dominance. As a result, decisions tend to align more with the short-term goals of the majority shareholders rather than the long-term growth of the company.

CONCLUSION

The results of the study indicate that dividend policy does not have a significant effect on the sustainable growth of companies in the energy sector. This is due to the tendency of companies to allocate profits to strategic investments that support operational sustainability amidst sector challenges, such as commodity price fluctuations and environmental demands. Additionally, leverage also has no significant effect because low leverage limits companies from optimally utilizing external funding, thereby hindering the financing of large projects that have the potential to boost growth. Managerial ownership likewise does not moderate the relationship between dividend policy, leverage, and sustainable growth, suggesting that management ownership is not yet effective in aligning the interests of the Board of Directors and the Board of Commissioners. In Indonesia’s two-tier governance system, the Board of Directors is responsible for operational management, while the Board of Commissioners plays a role in strategic supervision. However, this structure increases the potential for conflicts of interest, which can undermine governance effectiveness in supporting sustainable growth. The managerial entrenchment effect can further exacerbate this issue, as management may focus more on securing their positions than on pursuing risky policies that could drive growth. Therefore, a better governance design is needed, such as strengthening external supervision and providing more appropriate incentives. The managerial implications of this study include prioritizing profit reinvestment in strategic projects, optimizing the use of leverage, and increasing managerial share ownership to incentivize strategic decision-making. To reduce conflicts of interest, stronger collaboration between the Board of Directors and the Board of Commissioners is essential. Furthermore, future research is recommended using the SEM-PLS method, incorporating additional variables such as majority shareholders, and expanding the sample to include more companies listed on the Indonesia Stock Exchange (IDX) to enhance the generalizability of the findings.

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