CHAPTER 5

CONCLUSION AND RECOMMENDATIONS

This chapter discusses about the research's resume and also the limitation occurs in the research, other than that, this chapter will also provide some recommendations to any following researches in the future.

5.1 Conclusion

As to what have been explained in the previous chapters, this research discusses about the factors that have a potential effects to dividend payout ratio. The results from this research have been explained in the previous chapter and the conclusions are:

1. This research shows in general that not all of the factors in the research have a significant effect towards dividend payout ratio (DPR). From three variables that have been assumed has an effect to affect dividend payout ratio, only one variable that affected dividend payout ratio significantly, which is liquidity ratio (LR).
2. Simultaneously, all three independent variables which are liquidity ratio (LR), profitability ratio (PR), and capital structure (CS), has affected dividend payout ratio (DPR)
3. Partially, the variable liquidity ratio (LR) has the positive and significant effect towards dividend payout ratio (DPR).
4. For profitability, it has a positive and not significant effect towards dividend payout ratio (DPR). Nevertheless, this variable has a supportive regression

coefficient for the theory so that the company's capability to give out more dividend to their stockholder.

5. As for capital structure (CS), the result is it shows a negative effect and not significant to dividend payout ratio (DPR). Where it has the meaning that the company's performance is good regarding to any of the company's debts so dividend payout are possible for the company's stockholder.

5.2 Limits

This research study cannot be concluded as perfect, there are still some gaps and limits that can be found, which are:

1. This research study is only looking to a short-term period where the author has only took three years of the sample data. It could be better if anyone who would like to make a similar research is considering on looking through the long-term effects. Thus, it will hopefully be more useful for the investor who likes long-term investments better than short-term investments.
2. This research study only took three sample variables that can be affecting dividend payout ratio. Therefore it would be better for some future researchers to take more than three variables.

5.3 Recommendations

With the conclusions that have been discussed above, the author would like to give recommendations based on the outcome of the research and also advices that could overcome any limits so that this research could be useful for investors and for other researchers in any upcoming period, also for any noteworthy party.

1. Based on the research's result which shows that liquidity make a significant effect to dividend payout ratio, then any management who would like to maximize their dividend payout to the stockholders, should consider on concentrating to that variable.
2. To put as a recommendation, factors other than the ones mentioned in this research are also important to be considered at. Although the liquidity factor regarding the outcome in the findings would be a suggestion to be considered, it is also important to look at factors such as balance sheet and other financial factors.
3. For academician and future researchers, this research can still be developed to advanced research. Other factors aside from the ones being studied in this research is suggested to be added up which are considered relevant towards dividend payout ratio (DPR).