The Mediating Role of Dividend Policy on the Effect of Tax Expense and Bonus Mechanism toward Profitability at Plantation and Food Crop Companies on Indonesia Stock Exchange
Period 2017 – 2021

Novianto; Galumbang Hutagalung; Enda Noviyanti Simorangkir

Master of Accounting, Postgraduate Universitas Prima, Indonesia

E-mail: galumbanghutagalung@unprimdn.ac.id

Abstract

Every company aims to gain a profit from its business. The capacity to gain profits can be shown from its profitability. With high profitability, the company becomes valuable for investors. For this reason, this research was conducted to determine the mediating role of Dividend Policy on the effect of Tax Expense and Bonus Mechanism toward Profitability. This research involved plantation and food crop companies on Indonesia Stock Exchange for the period 2017 – 2021. Sample selection was done by using the purposive sampling method. The data used is secondary data from www.idx.co.id. The data analysis process is carried out using the Structural Equational Model - Partial Least Square (SEM-PLS). The results show that Tax Expense has an effect with a negative relation direction to Profitability, Bonus Mechanism has no effect on Profitability, Dividend Policy has an effect with a positive relation direction to Profitability, Tax Expense and Bonus Mechanism have no effect on Dividend Policy, Dividend Policy cannot mediate the influence Tax Expense and Bonus Mechanism on Profitability.

Keywords: *Tax Expense; Bonus Mechanism; Profitability; Dividend Policy*

Introduction

The Plantation is a favorite sector in Indonesia which is the mainstay of the national economy year after year and is the largest contributor to the country's foreign exchange. According to the export commodities data of plantation for the year 2020, showing that the total export of the plantation sector is about USD 28.24 billion if we converted to Rupiah using the exchange rate Rp. 14,582 per USD at that time, the plantation export for the year 2020 was equivalent to Rp. 410.76 trillion. In addition, the plantation sector also contributed to the Gross Domestic Product (GDP) with a growth of 1.33% in 2020. The contribution of the plantation sector is quite large considering that in 2020, Indonesia was still

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stricken by the Covid 19 pandemic (Jamil, 2021). According to the Minister of Agriculture, Syahrul Yasin Limpo, while attending the Indonesia Plantation Expo (Bunex), the plantation sector has succeeded to make Indonesia a strong country and able to face several crisis situations and world recession as shown by the plantation sector has a significant contribution until the third quarter in 2022 with export value Rp. 520.76 trillion. Based on the Central Bureau of Statistics data, the plantation sector includes oil palm plantations, coconut plantations, rubber plantations, coffee plantations, cocoa plantations, sugarcane plantations, tea plantations, and tobacco plantations.

Besides plantations, food crop is also an important commodity in contributing to the Indonesian economy. According to the Minister of Agriculture, Syahrul Yasin Limpo, Indonesia's Gross Domestic Product (GDP) grew 2.20% in the third quarter of 2022 from agriculture with Rp. 550.11 trillion in export. If we compared it to the same period in 2021, there was an increase of 7.37%. According to the Agriculture Department, food crops include rice, corn, wheat, durum wheat, barley, oats, rye, soybeans, peanuts, green beans, tubers, sago, and breadfruit.

The above phenomena explain that the plantation and food crops promise high profits in the future. In line with the company's goal that the welfare of shareholders is important. Shareholders' welfare is reflected by the payment of dividends from the company, which the dividend is paid regularly. Able to pay dividends regularly, the company must be able to gain a profit every year. The ability of a company to gain maximum operating profit is called profitability (Candra, 2019). Companies with high profitability can give guarantees to companies in surviving and developing continuously in the future. In addition, increasing profitability year after year indicates that the company is healthy for investors. Whereas, fluctuating profitability in a company describes that the company is inconsistent in obtaining profits (Masluhah, 2019).

Profitability is a measure of a company's ability to generate profits by utilizing the total assets owned by the company where the total assets have been adjusted to the costs incurred for their procurement (Pondrinal at al., 2020). Also, Profitability is a measure of a company's performance in generating profits at a certain period either through assets, sales, or capital (Anisyah, 2018).

Based on the above explanation that said profitability is a measure so that profitability can be measured by the profitability ratio. Recording of financial statement transactions is also related to profitability ratios. This ratio is used by investors and creditors to assess investment returns that will be gained by investors, and the amount of company profits to assess a company's ability to pay debts to creditors by using assets and other resources so that the company's efficiency will be known. The efficiency and effectiveness of the company can be seen from the profits of the company's sales and investment. The higher profitability ratio means the company is in good condition because high value describes a high profit and high company efficiency and also shown by its income and cash flow (Maulida, 2021).

Tax can affect company profitability. So, tax is a burden for a company which can reduce company profits. From this point, the tax expense has an influence on company profits. According to the government, tax is a source of financing so increasing tax for a country can make a large budget in financing. On the other hand, companies usually look for tax savings through tax planning. As we know, the awareness of paying taxes for Indonesian people is still weak. To increase the awareness of the citizens in paying tax, only giving the complete explanation of the information that tax is very important for financing, so that the country can develop until the results are useful for all citizens. Even so, taxes can be enforced by the country, and taxpayers do not have a reward (Ayza, 2018: 22).

Tax is required retribution from citizens to their country without any compensation while the country is using it for financing (Rachmat, 2019). Tax expense is a tax that is collected from individual

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taxpayers and corporate taxpayers and must be paid to the country according to how much their income (Murtato & Bonita, 2021).

Bonus is one of the variables that can affect company profits, so it is important to know because there is a connection with profitability too. Bonus is corporate rewards that are given to company management, which means top management who have a good performance. Bonus can be given by the company every year through the General Meeting of Shareholders (Rachmat, 2019). For this reason, a board of directors and managers who have an honest personality are needed to avoid fraud in case of manipulating company profits (Setyorini & Nurhayati, 2022).

Bonus is an additional income outside of the salary given to employees because their good performance makes the company gain profits (Faradilla, 2021). The benefits of giving bonuses are to increase achievement, performance, loyalty, motivation, and welfare for employees (Faradilla, 2021). The bonus mechanism is the method used in providing compensation by the company to top management when the company earns profits, this decision is determined at The General Meeting of Shareholders (Nuradila & Wibowo, 2018). Of course, giving bonuses is based on an assessment of the performance of top management who really contribute well.

Dividend policy is also considered to have an influence on profitability. Therefore, in this study, dividend policy is used as a Mediation Variable. The complexity of dividend policy lies in the involvement of many parties who have related interests. While the purpose of investment is to increase shareholders' welfare which is shown in the return on investment that has been made. Return on investment includes dividends that are paid to investors. The dividend policy is decided through The General Meeting of Shareholders. A company that pays dividends regularly describes important information to attract investors for reinvesting their cash into the company (Purwani & Oktavia, 2018).

Dividends are the returns received by shareholders from company profits in accordance with the number of shares owned by each shareholder. Dividends are paid according to The General Meeting of Shareholders (Wijayanti, 2019). The payment of Dividends by a company is used as an evaluation for investors. Companies that pay dividends regularly have a good image among investors (Purwani & Oktavia, 2018). A dividend policy is a policy taken by the company in deciding the payment of dividends (Putri & Andayani, 2017). The dividend policy determines whether profits will be distributed to shareholders as dividends or profits will be held as retained earnings (Puspaningsih, 2022).

The hypotheses of this study are:

H_1: Tax Expense has an influence toward Profitability at plantation and food crop companies on Indonesia Stock Exchange from 2017 – 2021.

H_2: Bonus Mechanism has an influence toward Profitability at plantation and food crop companies on Indonesia Stock Exchange from 2017 – 2021.

H_3: Dividend Policy has an influence toward Profitability at plantation and food crop companies on Indonesia Stock Exchange from 2017 – 2021.

H_4: Tax Expense has an influence toward Dividend Policy at plantation and food crop companies on Indonesia Stock Exchange from 2017 – 2021.

H_5: Bonus Mechanism has an influence toward Dividend Policy at plantation and food crop companies on Indonesia Stock Exchange from 2017 – 2021.

H_6: Dividend Policy is able to mediate the influence of Tax Expense toward Profitability at plantation and food crop companies on Indonesia Stock Exchange from 2017 – 2021.

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H_7: Dividend Policy is able to mediate the influence of Bonus Mechanism toward Profitability at plantation and food crop companies on Indonesia Stock Exchange from 2017 – 2021.

Method

The research method is a scientific method that is used by researchers to obtain data with specific aims and objectives (Sugiyono, 2019). The researcher's approach in this study is a quantitative approach. It means the research method is collecting data by using research instruments and data analysis such as quantitative or statistical to test the hypothesis determined by the researcher for its population or sample (Sugiyono, 2019).

The type of this study is quantitative descriptive. Quantitative descriptive is a research method that describes and explains the independent variables toward the dependent variable to know whether there is an effect or not (Sugiyono, 2019).

The objects in this study are tax expense, bonus mechanism, dividend policy, and profitability. While the subjects in this study were plantation and food crop companies listed on Indonesia Stock Exchange for the period 2017 – 2021.

The data collection technique in this study is documentation techniques, which means data usage in this study is annual financial statements of plantation and food crop companies listed on Indonesia Stock Exchange for the period 2017 – 2021.

The type of data used in this study is secondary data. Secondary data is data obtained indirectly from objects or subjects but through third parties such as print media, online media, and other documentation (Sugiyono, 2019). Thus, the secondary data source in this study was obtained by accessing Indonesian Stock Exchange's website www.idx.co.id.

A population is a group of objects or subjects that have certain qualities and characteristics that are used by researchers to make conclusions after conducting research on the specified objects and subjects (Sugiyono, 2019). The population in this study are plantation and food crop companies listed on Indonesia Stock Exchange for the period 2017 to 2021, totaling 20 companies. The sample is the part selected by the researcher that has the quality and characteristics of the population (Sugiyono, 2019). The sample for this study is the annual financial statements of plantation and food crop companies listed on Indonesia Stock Exchange for the period 2017 – 2021. In this study, researchers used a purposive sampling method. The purposive sampling technique is a sampling technique base on certain considerations (Sugiyono, 2019). Some of the criteria established by the researcher include:

No	Criteria	Total
1	Plantation and Food Crop Companies on Indonesia Stock Exchange Period 2017 – 2021.	**20**
2	Plantation and Food Crop Companies that do not routinely pay dividends Period 2017 – 2021.	**(14)**
The number of plantation and food crop companies that routinely pay dividends is used as the research sample		**6**
Number of samples x 5 years		**30**

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Variables and measurements in this study are presented in the following table:

Variable	Ratio	
Tax Expense (X₁)	$ETR = \dfrac{Total\ Tax\ Expense}{Earnings\ before\ Tax}$ x 100%	(Gloria, 2020)
Bonus Mechanism (X₂)	$ITRENDLB = \dfrac{Net\ Profit\ Year\ t}{Net\ Profit\ Year\ t-1}$	(Refgia, 2017)
Dividend Policy (Z)	$DPR = \dfrac{Dividen\ per\ Share}{Earnings\ per\ Share}$	(Ramadhani et al., 2018)
Profitability (Y)	$ROA = \dfrac{Net\ Profit}{Total\ Asset}$	(Hery, 2018)

The analysis in this study uses Structural Equational Model - Partial Least Square (SEM-PLS). The structural Equational Model is an analysis that combines factor analysis, structural analysis, and path analysis (Sugiyono, 2019). Meanwhile, Partial Least Square is a powerful data analysis method because there is no need for data assumptions at a certain scale with the aim of obtaining latent variable values in research (Ghozali, 2018).

The stages in this study starting from: (1) Descriptive Statistical Analysis, is an analysis carried out by describing or describing research data with the aim of drawing general conclusions (Sugiyono, 2019); (2) Normality Test with Kolmogorov-Smirnov Test, using $D = maximum\ |F_0(X) - S_N(X)|$ if D < K-S Table means data is distributed normally; (3) Coefficient Determination Test, is shown by its R-Square that R-Square more than 0.67 is categorized as strong, R-Square more than 0.33 but less than 0.67 is categorized as moderate, and R-Square more than 0.19 but less than 0.33 is categorized as weak (Ghozali, 2018): (4) Hypothesis Test, using t-test if T-statistics > 1.96 with significance 5% then the hypothesis is accepted and using p-value if p-value < 0,05 then the hypothesis is accepted (Ghozali & Latan, 2015).

Results and Discussion

Results of Data Analysis

A. Descriptive Statistical Analysis

The results of the Descriptive Statistical Analysis are shown as follows:

Variable	n	Minimum	Maximum	Mean	Standard Deviation
Tax Expense (X₁)	30	0,191703	0,631346	0,271388	0,083482
Bonus Mechanism (X₂)	30	0,160206	3,668607	1,283658	0,780298
Dividend Policy (Z)	30	0,090909	0,746269	0,357985	0,150963
Profitability (Y)	30	0,009032	0,153789	0,059475	0,036030

Source: Processed secondary data, 2022

The table above explains that the variable Tax Expense (X₁) has a minimum value of 0.191703 and the maximum value is 0.631346. Meanwhile, the average value of Tax Expense is 0.271388 (27.1388%) meaning that 30 samples of analysis data and observation data during the period 2017 – 2021 show an average Tax Expense of 27.1388 %. While the standard deviation is 0.083482, which means that during the study period, the measure of the spread or deviation from the average variable Tax Expense is 0.083482 times during the period 2017 – 2021.

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The table above explains that Bonus Mechanism (X_2) has a minimum value of 0.160206 and a maximum value of 3.668607. While the average value of Bonus Mechanism is 1.283658 (128.3658%), meaning that 30 samples of analysis data and observation data during the period 2017 – 2021 show an average Bonus Mechanism of 128, 3658%. While the standard deviation is 0.780298, which means that during the study period, the measure of the spread or deviation from the average Bonus Mechanism is 0.780298 times during the period 2017 – 2021.

The table above explains that Dividend Policy variable (Z) has a minimum value of 0.090909 and the maximum value is 0.746269. Meanwhile, the average dividend policy value is 0.357985 (35.7985%), meaning that 30 samples of analysis data and observation data during the period 2017 – 2021 show an average dividend policy of 35.7985%. While the standard deviation is 0.150963 which means that during the study period, the measure of the spread or deviation from the average dividend policy is 0.150963 times during the period 2017 – 2021.

The table above explains that the Profitability (Y) has a minimum value of 0.009032 and the maximum value is 0.153789. Meanwhile, the average Profitability value is 0.059475 (5.9475%) meaning that 30 samples of analysis data and observation data during the period 2017 – 2021 show an average Profitability of 5.9475%. While the standard deviation is 0.03603, which means that during the study period, the measure of the spread or deviation from the average Profitability variable is 0.03603 times during the period 2017 – 2021.

B. Normality Test

The results of the Kolmogorov-Smirnov Normality Test are shown as follow:

Variable	D	Sign	K-S Table	Description
Tax Expense (X_1)	0,199016	<	0,242	Normal
Bonus Mechanism (X_2)	0,160872	<	0,242	Normal
Dividend Policy (Z)	0,150335	<	0,242	Normal
Profitability (Y)	0,135143	<	0,242	Normal

Source: Processed secondary data, 2022

The table above explains that all of the variables in this study are normally distributed data. It shows the calculation of D is less than K-S Table (0,242).

C. Coefficient Determination Test

The results of The Coefficient Determination Test by using SmartPls Software are shown as follows:

Variable	R-Square
Profitability (Y)	0.643

Source: Processed secondary data, 2022

The table above shows that the coefficient of determination for the Profitability variable is equal to R-Square value of 0.643 and is categorized as moderate. This explains that the independent variables have an influence on profitability that is equal to 64.3% while the other 35.7% is influenced by other variables not examined in this study.

D. Hypothesis Test

The results of The Hypothesis Test by using SmartPls Software are shown as follows:

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	Original Sample (O)	T-Statistics	P-Values	Result
Tax Expense → Profitability	-0,500	3,803	0,000	H_1 accepted
Bonus Mechanism → Profitability	0,041	0,311	0,756	H_2 rejected
Dividend Policy → Profitability	0,627	5,198	0,000	H_3 accepted
Tax Expense → Dividend Policy	0,002	0,011	0,991	H_4 rejected
Bonus Mechanism → Dividend Policy	-0,039	0,210	0,834	H_5 rejected
Tax Expense → Dividend Policy → Profitability	0,001	0,011	0,991	H_6 rejected
Bonus Mechanism → Dividend Policy → Profitability	-0,024	0,204	0,838	H_7 rejected

Source: Processed secondary data, 2022

Hypothesis Test:

H_1 Hypothesis test

The original sample value is -0.500 with t-statistic value of 3.803 > 1,96 and p-values 0,000 < 0,05, indicating that tax expense has a negative effect toward profitability. The first hypothesis is accepted.

H_2 Hypothesis Test

The original sample value is 0,041 with t-statistic value of 0,311 < 1,96 and p-values 0,756 > 0,05, indicating that bonus mechanism has no effect toward profitability. The second hypothesis is rejected.

H_3 Hypothesis Test

The original sample value is 0,627 with t-statistic value of 5,198 > 1,96 and p-values 0,000 > 0,05, indicating that dividend policy has a positive effect toward profitability. The third hypothesis is accepted.

H_4 Hypothesis Test

The original sample value is 0,002 with t-statistic value of 0,011 < 1,96 and p-values 0,991 > 0,05, indicating that tax expense has no effect toward dividend policy. The fourth hypothesis is rejected.

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H_5 Hypothesis Test

The original sample value is -0,039 with t-statistic value of 0,210 < 1,96 and p-values 0,834 > 0,05, indicating that bonus mechanism has no effect toward dividend policy. The fifth hypothesis is rejected.

H_6 Hypothesis Test

The original sample value is 0,001 with t-statistic value of 0,011 < 1,96 and p-values 0,991 > 0,05, indicating that dividend policy cannot mediate the effect of tax expense toward profitability. The sixth hypothesis is rejected.

H_7 Hypothesis Test

The original sample value is -0,024 with t-statistic value of 0,204 < 1,96 and p-values 0,838 > 0,05, indicating that dividend policy cannot mediate the effect of bonus mechanism toward profitability. The seventh hypothesis is rejected.

Discussion of Research Results

The Influence of Tax Expense toward Profitability

The study results show that tax expense has a negative relationship to profitability in plantation and food crop companies on Indonesia Stock Exchange for the period 2017 – 2021. The direction of the negative relationship indicates that increasing tax expenses will decrease the profitability of a company.

Tax expense is an expense paid by every entrepreneur who earns profits. This is an obligation for every taxpayer, both individual taxpayers and corporate taxpayers. Because this study took a sample of corporate taxpayers, so tax expense becomes a deduction from company profits. Increasing tax expense paid by the company makes profitability of the company become smaller, as well as decreasing tax expense that is paid by the company, makes profitability of the company become higher. The results of this study make the statement above become tightened, where this study shows that there is an effect of tax expense on profitability with a negative relationship.

The results of this study support research conducted by Anwar & Ihsan (2021) and Amelia & Mukhtaruddin (2019) which state that taxes have a negative effect on profitability. But the results of this study do not support the research conducted by Nnamdi & Ugwu (2020) and Olaoye & Alade (2019) which states that taxes have a positive effect on profitability. The existence of this difference is because there are differences in the company sectors studied so the characteristic of the companies is different too. The research by Nnamdi & Ugwu (2020) examined Food and Beverage Companies, while Olaoye & Alade's research (2019) was conducted at selected companies that did not mention which company they were engaged in. However, in this study, researchers used plantation and food crop companies listed on Indonesia Stock Exchange. In addition, there is also a difference in the analysis period where research by Nnamdi & Ugwu (2020) examines secondary data for the period 2009 – 2018 and research by Olaoye & Alade (2019) examines secondary data for the period 2007 – 2016. Meanwhile, this study uses secondary data period 2017 – 2021. Then, research conducted by Nnamdi & Ugwu (2020) and Olaoye & Alade (2019) was conducted in Nigeria, so the policies of the Tax Authority in Nigeria must have been different when compared to the Tax Authorities in Indonesia. The ratio has a difference too, researchers Namdi & Ugwu (2020) used Company Income Tax and Education Tax for Tax Expenses and Asset Turnover Ratio for profitability ratio. Researchers Olaoye & Alade (2019) used Corporate Tax Rate ratio for Tax Expenses and the Profit After Tax ratio for Profitability. Whereas in this study, the researcher used Effective Tax Rate for Tax Expenses and Return on Assets for Profitability.

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The Influence of Bonus Mechanism toward Profitability

The study results show that Bonus Mechanism has no effect on Profitability in Plantation and Food Crop Companies on Indonesia Stock Exchange for the period 2017 – 2021. This means that the amount of Bonus Mechanism has no impact on Profitability, whether high or low.

The results of this study do not support the research conducted by Fauziah et al. (2020) which states that Bonus Mechanism has a significant positive effect on Profitability. The difference in the results of this study is due to the different analysis periods where the research by Fauziah et al. (2020) examined the period 2010 – 2019, while in this study used the period 2017 – 2021. In addition, research by Fauziah et al. (2020) was conducted on 255 companies from various sectors listed on Indonesia Stock Exchange, while this research was conducted on plantation and food crop companies listed on Indonesia Stock Exchange. This difference also lies in the ratios used, especially the profitability ratio, researchers Fauziah et al. (2020) use Return on Equity while this study uses Return on Assets.

The Influence of Dividend Policy toward Profitability

The study results show that Dividend Policy has a positive relationship to Profitability in Plantation and Food Crop Companies on the Indonesia Stock Exchange for the period 2017 – 2021. The direction of a positive relationship in this study shows that an increase in Dividend Policy will make Profitability increase too.

The results are in accordance with the theory by Purwani & Oktavia (2018) which states that dividends paid by a company can make investors consider that companies that paid dividends regularly have good value for investors thought. Dividends are an indicator of shareholder prosperity. Dividends that are paid regularly will consider investors to reinvest in shares. This can increase the company's operational capabilities become higher because the production capacity becomes increase too. So, the company's sales will be high and profitability increases higher.

The results support research conducted by Henny (2017), Amelia and Mukhtaruddin (2019), and Fauziah et al. (2020) which states that Dividend Policy affects Profitability. However, the results do not support the research conducted by Maulano (2018) which states that dividend policy has no effect on profitability.

The difference in the results is caused by a different analysis period in which research by Maulano (2018) examines secondary data for the period 2012 – 2016, while this study uses secondary data for the period 2017 – 2021. Then there are differences in the company sector studied so that the characteristics are also different. Maulano (2018) examines Manufacturing Companies listed on Indonesia Stock Exchange. However, in this study, researchers used plantation and food crop companies listed on Indonesia Stock Exchange. Another difference is Maulano (2018) uses the Return on Equity Ratio for Profitability while in this study, researchers use the Return on Assets Ratio for Profitability Ratios.

The Influence of Tax Expense toward Dividend Policy

The study results show that Tax Expense has no effect on Dividend Policy in Plantation and Food Crop Companies on Indonesia Stock Exchange for the period 2017 – 2021. For this, it can be interpreted that the amount of Tax Expense has no impact on Dividend Policy either high or low.

The results are in accordance with the theory by Putri & Irawati (2019) which states that investors will consider tax expense to the payment of dividends. However, tax expense in Indonesia is a final tax for personal taxpayers and not corporate tax expenses. Because this research data is secondary data from

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Plantation and Food Crop Companies, the company's tax expense high or low has no impact on the dividend policy.

This study support research conducted by Putri & Irawati (2019) which states that tax expense has no effect on dividend policy. However, the results do not support the research conducted by Hutagaol et al. (2019), researchers Suhaimi & Haryono (2021), and researchers Amelia & Mukhtaruddin (2019) who state that taxes have an effect on dividend policy.

The difference in the results because of the different analysis periods in which the study by Hutagaol et al. (2019) examined secondary data for the period 2012 – 2016 and research by Suhaimi & Haryono (2021) examined secondary data for the period 2017 – 2019, while this study used secondary data for the period 2017 – 2021. Then there are differences in the company sector studied so that the characteristics are also different. The research by Hutagaol et al. (2019) examined 1,688 companies listed on Indonesia Stock Exchange during the period of observation and researchers Suhaimi & Haryono (2021) examined companies listed on Jakarta Islamic Index, while researchers Amelia and Mukhtaruddin (2019) examined 57 manufacturing companies listed on Indonesia stock exchange. However, in this study, researchers used plantation and food crop companies listed on Indonesia Stock Exchange. Regarding the ratio, Hutagaol et al. (2019) use Corporate Income Tax Ratio for Tax Expenses, Suhaimi & Haryono (2021) uses Tax Rate Ratio for tax expenses and researchers Amelia and Mukhtaruddin (2019) also use Tax Rate Ratio for Tax Expenses, while in this study, researchers use Effective Tax Rate for Tax Expense.

The Influence of Bonus Mechanism toward Dividend Policy

The study results show that Bonus Mechanism has no effect on Dividend Policy in Plantation and Food Crop Companies on Indonesia Stock Exchange for the period 2017 – 2021. This means that the amount of Bonus Mechanism has no impact on Dividend Policy, whether high or low.

The results of this study do not support the research conducted by Fauziah et al. (2020) which states that Bonus Mechanism has an effect on Dividend Policy. The difference in the results is different analysis periods where the research by Fauziah et al. (2020) examined the period 2010 – 2019, while this study used the period 2017 – 2021. Then there are differences in the company sectors studied so that the characteristics are also different. The research by Fauziah et al. (2020) examined 255 companies from various sectors listed on Indonesia Stock Exchange. However, in this study, researchers used plantation and food crop companies listed on Indonesia Stock Exchange.

The Influence of Tax Expense toward Profitability with Dividend Policy as Mediation

The study results show that Tax Expense has no effect on Profitability through Dividend Policy in Plantation and Food Crop Companies on Indonesia Stock Exchange for the period 2017 – 2021. This means that a high or low dividend policy will not change the amount of tax expense on profitability. In other words, dividend policy is unable to mediate between tax expense and profitability.

The results do not support the research conducted by Amelia and Mukhtaruddin (2019) which states that dividend policy is able to mediate the effect of tax expense on profitability. The difference in the results was caused by the different types of companies studied where Amelia and Mukhtaruddin (2019) examined manufacturing companies while this research examined plantation and food crop companies. This difference is also caused by researchers Amelia and Mukhtaruddin (2019) using the Tax Rate Ratio for Tax Expenses while in this study using the Effective Tax Rate for Tax Expenses.

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The Influence of Bonus Mechanism toward Profitability with Dividend Policy as Mediation

The study results show that Bonus Mechanism has no effect on Profitability through Dividend Policy in Plantation and Food Crop Companies on Indonesia Stock Exchange for the period 2017 – 2021. This means that a high or low Dividend Policy will not change the amount of Bonus Mechanism on Profitability. In other words, Dividend Policy is unable to mediate between Bonus Mechanism and Profitability.

This study does not support the research of Fauziah et al. (2020) which states that dividend policy is able to mediate the effect of bonus mechanism on profitability. The difference in the results is caused by the difference in the type of company studied where researcher Fauziah et al. (2020) examined 255 companies from various sectors listed on Indonesia Stock Exchange while this study examined plantation and food crop companies listed on Indonesia Stock Exchange. In addition, Researcher Fauziah et al. (2020) used Return on Equity for Profitability while researchers used Return on Assets for Profitability.

Conclusion

From this research, it can be concluded that: (1) Tax expense has a negative effect toward Profitability, (2) Bonus Mechanism has no effect toward Profitability, (3) Dividend Policy has a positive effect toward Profitability, (4) Tax Expense has no effect toward Dividend Policy, (5) Bonus Mechanism has no effect toward Dividend Policy, (6) Dividend Policy cannot mediate the effect Tax Expense toward Profitability, (7) Dividend Policy cannot mediate the effect Bonus Mechanism toward Profitability.

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