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FACTORS AFFECTING DIVIDEND POLICY IN COMPANIES IN THE ERA OF COVID-19 PANDEMIC

Marieta Ariani, Rakendro Wijayanto, Tyas Pambudi Raharjo, Hasnawati, Oktaviani
Universitas Trisakti, Indonesia
Email: marieta@trisakti.ac.id, rakendro@trisakti.ac.id, tyas@trisakti.ac.id, hasnawati@trisakti.ac.id, oktaviani@trisakti.ac.id

KEYWORDS
Dividend Policy, Free Cash Flow, Collateralizable Assets, Debt Policy, Profitability

ABSTRACT
This study aims to examine the effect of free cash flow, profitability, collateralizable asset and debt policy on dividend policy. The method of data analysis in this study uses the method of multiple regression analysis on Eviews program assistance and data collection method using purposive sampling. The data used are secondary data obtained from 81 data financial statements of sector property, real estate and building construction companies listed on the Indonesia Stock Exchange in 2019-2021. The results of this study indicate that the free cash flow and collateralizable assets variable has a positive influence on dividend policy, while profitability and debt policy variable has no postitive effect on dividend policy

INTRODUCTION

Global economic conditions have changed significantly in recent years due to the Covid-19 pandemic. The consequences of the pandemic forced people to work more at home, leading to recessions in economic and industrial sectors. One of the capital markets whose performance has fallen during the pandemic is the Indonesian capital market. According to (Willis, Ezer, Lewis, Bismark, & Smallwood, 2021), from the end of 2019 to the end of 2021, around 5% of issuers in Indonesia experienced a decrease in fundamental returns. This can be seen in many negatively profitable companies as well as in the slower turnover of company assets. As a result of the decline in productivity, many companies are experiencing financial problems.

According to (Sartono & Ardhani, 2016), it is generally very difficult for companies to develop their business without financial support from third parties, namely investors. Therefore, the company always strives to provide positive information to shareholders, one of which is related to the company's ability to maintain the welfare of shareholders in the form of dividend payments. Considering that one of the investment goals set by investors is to maximize the return on available funds.

(Lubis & Ovami, 2020) argue that a company's consistency in meeting dividend obligations attracts investors outside the company to invest immediately by buying shares of the company that can maintain its commitment to investors. The more consistently a company meets its dividend obligations, the easier it is for the company to attract new investors as a source of funding for the company. The outbreak of the Covid-19 pandemic so far is likely to have an impact on the ability of Indonesian issuers to pay cash dividends.

During the COVID-19 pandemic, it was difficult for many companies to maintain their consistency to pay dividends in cash to shareholders. The following companies in the fields of property, real estate, and building construction have carried out the GMS and carried out their obligations in distributing dividends in 2020.

Table 1
Companies That Have Implemented GMS

No	Emit	Stock Code	Divide	CATERPILLAR
1	PT Wijaya Karya (Persero) Tbk.	LANGUAGE	IDR 50,955	09 June 2020
2	PT Waskita Karya (Persero) Tbk.	WSKT	IDR 3.4557	09 June 2020
3	PT PP (Persero) Tbk.	PTPP	IDR 33,842	04 June 2020
4	PT Jaya Konstruksi Manggala Pratama Tbk.	JKON	IDR 2.40	09 June 2020

Source: KSEI and IDX

On the one hand, there are companies that do not actually distribute dividends. The policy not to distribute dividends is carried out by the company, the stability of the company's financial position has been maintained in the face of the increasingly widespread impact of Covid-19.

Table 2
List of Issuers That Do Not Distribute Dividends

No	Emit	Stock Code	Price Per Share
1	PT Adhi Karya (Persero) Tbk.	ADHI	IDR 1,795
2	PT Acset Indonusa Tbk	ACST	IDR 256

Source: KSEI and IDX

From the table above, it can be seen that these companies have advantages but there are differences in dividend distribution policies. In the Annual General Meeting of Shareholders (AGMS) PT Adhi Karya (Persero) Tbk decided that the net profit was entirely used as a reserve or retained earnings.

According to (Brigham & Houston, 2006), company policies to meet dividend obligations can be influenced by a number of variables, namely *free cash flow*, *leverage*, profitability to business risks. In addition, there are several variables that are considered to affect dividend policy in the company, including *collateralizable* assets, and debt policy (Deviyanti & Riyanto, 2021) (Naue, Hayati, Andini, Putri, & Rubiarti, 2021) states that profitability is the ability of a company to make a profit at a certain level of sales, assets, and capital.) The definition of rate of return is a measuring tool used to measure the efficiency of a company in making a profit. (Harun & Jeandry, 2018) examined profitability, *free cash flow*, *leverage*, liquidity and *size* of dividend policies in manufacturing companies listed on the IDX for the period 2011-2015. The results of the analysis show that profitability has a positive effect on dividend policy and *free cash flow* negatively affects dividend policy. Meanwhile, *leverage*, liquidity and *size* do not affect dividend policy. (Kristian, 2021) examined profitability, liquidity, leverage, and company size towards dividend policy The results of the analysis showed that profitability and liquidity were negative. Meanwhile, l*everage* and company size showed positive but not significant results.

Free cash flow is a number of funds derived from excess profits that can be used by the company to carry out various activities including securities investments or make

the excess funds into retained earnings. When a company has a high *free cash flow*, it is likely that the company will be able to fulfill its obligations to shareholders so that mareka will choose to use a cash dividend policy (Sartono & Ardhani, 2016). Research conducted by (Erni Alfisah, 2018), (Arfan & Maywindlan, 2013), and (Lolo & Ricambi, 2019) found that *free cash flow* has a positive effect on dividend policy. However, research by (Mardiyati, Nusrati, & Hamidah, 2014) and (Parsian & Shams Koloukhi, 2014) found that *free cash flow* negatively affects dividend policy. Meanwhile, research by (Efni, 2011), (Giriati, 2016), (Wijaya & Felix, 2017) actually found that *free cash flow* has no effect on dividend policy.

(Darmayanti & Mustanda, 2016) stated that *collateralizable* assets are the amount of assets guaranteed by the company to creditors in making their loans. The higher the *collateral asset* will be able to reduce the *conflict of interest* between shareholders and creditors which will have an impact on increasing the total dividend distributed by the company. Research by (Deviyanti & Riyanto, 2021) shows that *collateralizable assets* have a positive and significant effect on dividend policy.

Debt policy is a policy taken by companies to finance through debt (Isticharoh, 2016). The company's policy to fund its business activities using funds from external to the company will require the company to make payment of obligations. The existence of this obligation will make the company allocate the profit it earns to pay the company's obligations, so that the profit that will be allocated to investors will be used by the company to pay the company's debts. Debt policy is often measured by *debt ratio*. Research by (Ekawati & Siswoyo, 2015), found that debt policy has a positive effect on dividend policy. However, the research of (Mangundap, Ilat, & Pusung, 2018), (Trisnadewi, Rupa, Saputra, & Mutiasari, 2019) found that debt policy negatively affects dividend policy. Meanwhile, the research of (Erni Alfisah, 2018), (Rafique & Zafar, 2012), (Setiawati & Yesisca, 2016) actually found that debt policy has no effect on dividend policy.

Overall, this study refers more to the research conducted by (Deviyanti & Riyanto, 2021). The difference with this study lies in the addition of 1 independent variable, namely profitability and a research period that is more adapted to the situation after the Covid-19 pandemic. Another difference in the population used is that the *property, real estate, and building construction* sectors will certainly change the number of samples used as well.

Agency Theory

The theory of agency, also known as *contracting theory*, was initiated by (Ross & Glomset, 1973) which was later developed by (Jensen & Meckling, 1979) in their research entitled *Theory of the Firm: Managerial Behavior, Agency Costs, and Ownership Structure*. Agency theory is a theory that describes the agency relationship between the owner of capital (*principal*) and the management of the company (*agent*). The owner of the capital (*principal*) delegates their work and decision-making authority to the management of the company (*agent)*. As a representative of the capital owner, the manager must make decisions that can maximize the value of the capital owner and stakeholders. However, based on research conducted by Jensen and Meckling (1976) revealed that managers will look for opportunities to improve personal well-being above the interests of capital owners. This difference in purpose can cause *a conflict of interest* between *principal* and *agent*.

According to (Adnovaldi & Wibowo, 2019), *agents* have more information about the company's operations and performance when compared to *principals*. Therefore, the

owner of capital in this case will find it difficult to effectively control the actions carried out by the management because they have little information available. Conditions like this can lead to *an asymmetric* information because the company's management knows more information about the internals and continuity of the company and does not provide the entirety of the actual information to the owner of the capital According to Jensen & Meckling, 1976 in True *et al (*2020) Another way to mediate agency problems is to increase debt. This argument is supported by the statement that with increasing debt, the smaller the portion of shares that the company will sell and the greater the company's debt, the smaller the idle funds that the company can use for unnecessary expenses. The greater the debt, the more cash the company has to reserve more cash to pay interest and principal on the loan. On the other hand, if the company determines that the payment of its debts is taken from retained earnings, it means that the company must withhold most of the profits from its income for this purpose. This means that only a small percentage of income or earnings can be paid as dividends. In other words, the company must set a low *dividend payout ratio*.

Signalling Theory

According to Sihombing (2018), signaling theory shows that the increase in dividends affects the increase in stock prices in the market and vice versa the decrease in dividends affects the decline in stock prices in the market. This theory focuses on dividend policy relating to the future prospects of the company. This theory states that dividend payments are a signal of the company to investors about the future prospects of the company. When investors consistently pay high dividends, it sends a positive signal to investors that the company's financial position is in good condition, and vice versa. This theory is also called the theory of the information content of dividends, since dividends contain information about, for example, the future prospects of the company. According to the theory of the signal hypothesis, dividends are a means of reducing the asymmetry of information between a company and an investor. With the size of dividend payments, investors can measure the company's financial performance and cash flow, where investors can use dividend payments to predict the company's future prospects.

Effect of Free Cash Flow on Dividend Policy

When the company has excess cash, then what is needed is to fund projects that have a positive *Net Present Value* (NPV). However, it is better for managers to return excess cash to shareholders in the form of dividends in order to maximize shareholders' wealth. This shows that dividends can reduce *agency costs* because they reduce *the free cash flow* available to managers.

The results of previous research conducted by Rostanty (2018) and Sejati et al (2020) revealed that *free cash flow* affects dividend policy. Research by Ginting and Munawarah (2018) and Deviyanti and Riyanto (2021) also shows that *free cash flow* has a positive and significant effect on dividend policy. Dividend availability can only be paid if sufficient cash is available (Alfisah & Kurniaty, 2018). Based on the description, the hypothesis is formulated as follows:

H_1: *Free Cash Flow* has a positive effect on Dividend Policy

The Effect of Profitability on Dividend Policy

Profitability is the ability of an enterprise to make a profit over a certain period of time and can be calculated by comparing sales with total capital. This shows that knowing the profitability of a company is very important for investors and creditors (Putra and Yusra, 2019). Profitability is a company's ability to make a profit in the future and is an indicator of the success of the company's operations (Mardiyati et al., 2014). (Ahmad &

Wardani, 2014; Mardiyati et al., 2014; Wijaya & Felix, 2017) found that Return On Asset (ROA) has a positive effect on Dividend Policy. However, (Nurwulansari & Rikumahu, 2018; Tumiwa & Mamuaya, 2019) found that Return On Asset (ROA) negatively affects Dividend Policy. Meanwhile, Iswahyuni (2018) actually found that Return On Asset (ROA) has no effect on Dividend Policy. Based on the description, the hypothesis is formulated as follows:

$H2$: *Profitability* has a positive effect on Dividend Policy

Effect of *Collateralizable Assets* on Dividend Policy

Based on the agency's theory, it states that if the large number of assets can be pledged it will substantially reduce the conflict of interest between financiers and executives, since the company's assets can be used to secure its debts. A high asset guarantee implies if the company's ability to repay debt will be strong, as a result of which creditors will refrain from imposing restrictions on dividend distribution, ensuring if the company pays large amounts of dividends (Jannah & Azizah, 2019). As a result, it is said that the more collateralized company assets, it will have an impact on the high dividends distributed, and vice versa, the fewer collateralized assets the company has, the lower the dividends distributed (Sidharta & Nariman, 2021).

This is in line with the research of Deviyanti and Riyanto (2021) showing that *collateralizable assets* have a positive effect on dividend policy. Likewise, in Lubis's research (2017), it shows that *collateralizable assets* have a positive impact on dividend policy. Based on the description, the hypothesis is formulated as follows:

H_3: *Collateralizable Assets* positively affect dividend policy

Effect of Debt Policy on Dividend Policy

Debt policy has an influence on dividend policy can be due to signal theory which argues that dividends are used as a tool to predict the condition of the company in the future. There is a tendency that the stock price will rise if there is an announcement of an increase in cash dividend and the stock price will fall if there is an announcement of a decrease in dividends. This certainly affects investors' decisions in investing their shares in the company.

Debt is an obligation of a business entity or company to a third party that is paid through the delivery of company assets or services within a certain period of time in accordance with the agreement where this obligation occurs as a result of past transactions. Financing with debt is an alternative in supporting the need for funds to ensure the success of the company's investment decisions. Debt can also increase or decrease the rate of return for equity holders. In difficult times the rate of return of equity holders is reduced through the use of debt, but if the opposite happens, the rate of return increases. If the company has large obligations and must be paid immediately, shareholders must be sacrificed, that is, to postpone or reduce the payment of dividends.

Research conducted by Sejati et al (2020) shows that debt policy has a negative and significant influence on dividend policy. Likewise, the research of Ginting and Munawarah (2018) shows that debt policy has a significant effect on dividend policy. Based on the description, then the hypothesis can be summed up as follows:

H_4: Debt Policy negatively affects Dividend Policy

METHOD RESEARCH

RESEARCH PLAN

This study is a secondary study that will test conjectures consisting of 4 hypotheses. While the data uses secondary data obtained from the annual report, the selection uses the purposive sampling method based on the criteria needed to obtain the data.

Population and Sample

The population of this study is Property, Real Estate and Building Construction Sector Companies listed on the Indonesia Stock Exchange. The data used is secondary data with the research time is 2019-2021 on property, *real estate, and building construction* sector companies listed on the Indonesia Stock Exchangea.

Table 3
Research Samples

No	Information	Sum
1.	Property, real estate, and building construction sector companies listed on the Indonesia Stock Exchange (IDX) during the 2019-2021 period	83
2.	Companies with inactive shares traded between the period 2019-2021	(14)
3.	Companies that decide not to distribute dividends between the 2019-2021 period	(20)
4.	Companies that suffered losses in the 2019-2021 period	(20)
5.	Companies that do not use Rupiah in financial statements in the 2019-2021 period	(2)
6.	Number of samples used	27
7.	Observation period during 2019-2021	3
8.	Total samples used in the study	81

OPERATIONAL DEFINITION OF VARIABLES AND MEASUREMENTS

Dividend policy

Dividend policy is a decision whether the profit earned by the company will be distributed to investors in the form of dividends or will be held for investment in the future. In this study, dividend policy was proxied with *a dividend payout ratio*. Iswahyuni (2018) revealed that *the Dividend payout ratio* is a comparison between dividends paid and net profit earned and is usually presented in percentage terms. *Dividend Payout Ratio* can be measured by the following formula:

$$Dividen\ Payout\ Ratio = \frac{Total\ Dividen}{Earning\ After\ Tax}$$

Free Cash Flow

Free Cash Flow is the amount of cash flow available to investors (creditors and owners) after the company has met all operating needs and is paid for investment in net fixed assets and current assets (Prasetio and Suryono, 2016):

$$Free\ Cash\ Flow = \frac{Net\ Cash\ Flow\ Operational}{\text{Total Asset}}$$

Return On Asset (ROA)

Profitability is the ability of an enterprise to make a profit on invested capital. This study proxies the company's profitability with Return on total Assets (ROA). Return On Asset (ROA) is the profitability ratio to calculate the effectiveness of a company ROA expressed as a comparison of net profit (after tax) to total assets (Iswahyuni, 2018)

$$\text{Profitability} = \frac{Earning\ After\ Tax}{Total\ Asset}$$

Collateralizable Assets

Collateralizable Assets is the ratio of fixed assets to total assets which is considered a proxy for collateral assets (collateral) for agency costs that occur due to conflicts between shareholders and creditors. Collateral assets are measured by the ratio of *net fixed* assets to total assets in the consolidated financial position statements. According to Arfan & Maywindlan (2013) This ratio is proxied by:

$$Collateralizable\ Assets = \frac{\text{Fixed Asset}}{\text{Total Asset}}$$

Debt Policy

According to (Permana, 2016), the company's debt policy is a policy taken by the management in order to obtain sources of financing (funds) from third parties to finance the company's operational activities. *Debt to equiiy* ratio is the ratio between total debt and equity in a company that provides an overview of the comparison between total debt and the company's own capital (equity). Debt policy is measured using the debt to equity ratio, which is the *ratio* of total debt to total equity that reflects the extent to which the company uses debt compared to its own capital. Based on the description above, the debt policy is proxied with a leverage ratio using the *Debt toEquity Ratio* (DER):

$$\text{DER} = \frac{\text{Total Liabilities}}{\text{Total Equity}}$$

DATA ANALYSIS METHODS

This study tested the hypothesis using multiple regression analysis and using the EVIEWS tool. Multiple Linear Regression Analysis Hypothesis testing in this study used multiple linear regression analysis. Multiple linear regression analysis is a method for testing used to determine whether or not there is a functional relationship or a causal relationship between independent variables and dependent variables (Ghozali,2016). The multiple linear regression method in this study has a model, namely:

Dividend Policy = α + β1 *Free Cash Flow*+ β2 Profitability + β3 *Collateralizable Assets* + β4Debt Policy + e

Determination of Model Estimation Model estimation atas regression using panel data, namely by determining the best model through 3 (three) tests, namely Common Effect or Pooled Least Square (PLS), Fixed Effect Model (FEM), and Random Effect Model (REM). The determination of the best model was carried out using chow test, thirst test, and Lagrange Multiplier. The three tests are looked at the degree of probability so

that the best model can be determined whether it is a common effect, or a fixed effect model, or a random effect model. The lagrange multiplier test is only used when the chow test and the hausman test show different results. The chow test shows the right model to use is common effect while the hausman test shows the right model to use is random effect. Testing using a lagrange multiplier is needed to determine which of the two models is the most appropriate to use. If the results of the chow test and the hausman test show the same result, then the lagrange multiplier test does not need to be done. Hypothesis Test The hypothesis testing technique used to determine whether there is a significant influence of free variables on company values with the F Statistical Test and the T Statistical Test which uses a significance level of 0.05 (α = 5%). Testing of the quality of the model in this study using adj R2 and simultaneous static test (F test), to see the test results of the hypothesis given based on the results of the Significant Individual Parameters test (Statistical Test t). Decision-making on the statistical test F and the statistical test t can be done by looking at their significant value at a confidence level of 0.05. If the significant value is > 0.05 then the independent variable has no significant effect on the dependent variable, while if the significant value is < 0.05 then the independent variable has a significant effect on the dependent variable.

RESULT AND DISCUSSION

Descriptive statistics are used to describe or describe a data viewed from a statistical point of view in the form of mean, median, mode, standard deviation, maximum and minimum values of each variable. Based on the descriptive analysis that has been carried out by the researcher, the following results were obtained:

Table 4
Descriptive Statistics

	DPR	FCF	LIKE	THE	PROFIT
Mean	0.270988	0.056543	0.176173	0.271358	0.049570
Median	0.090000	0.030000	0.080000	0.450000	0.032053
Maximum	3.230000	0.430000	0.860000	3.480000	0.382095
Minimum	0.000000	0.000000	0.000000	-21.06000	0.000120
Std. Dev.	0.511531	0.078885	0.231962	2.759302	0.069787
Observation	81	81	81	81	81

Source: Eviews 9 Data Processing Results

The results of the descriptive statistical test show that the dividend policy variable has a minimum value of 0.00 0017 owned by PT Duta Anggada Realty Tbk in 2020 and a maximum value of 3.23 owned by PT Plaza Indonesia Realty Tbk in 2019 . The average dividend paid on net profit earned in the sector of the company studied was 0.0900 and the standard deviation was 0.511 As for the standard deviation value that was greater than the average value, it showed varying data.

Next, the *free cash flow* variable has a minimum value of 0.0 00 owned by PT Aksara Global Development Tbk in 2020 and a maximum value of 0.43 owned by PT Puradelta Lestari Tbk in 2020. The average amount of cash flow available after the company has met all operating needs in the company sector under study is 0.0565 and the standard deviation is 0.07. As for the standard deviation value greater than the average value, it shows that the data varies.

Next, the *profitability* variable has a minimum value of 0.0 00121 owned by PT Bumi Citra Permai Tbk, in 2021 and a maximum value of 0.382 owned by PT Duta Anggada Realty Tbk in 2019. The average amount of *profitability* available in the company sector studied was 0.0565 and the standard deviation was 0.07. As for the standard deviation value greater than the average value, it shows that the data varies.

Next, the *collateralizable assets* variable has a minimum value of 0.00 0 1 which is owned by PT Agung Semesta Sejahtera Tbk in 2021 and a maximum value of 0.86 owned by PT Plaza Indonesia Realty Tbk in 2019. The average collateral assets in the company sector studied were 0.1762 and the standard deviation was 0.2319. As for the standard deviation value greater than the average value, it shows varied data.

Next, the debt policy variable has a minimum value of -21.0600 owned by PT Binakarya Jaya Abadi Tbk in 2021 and a maximum value of 3.48 owned by PT Megapolitan Developments Tbk in 2020. The average company using debt compared to its own capital in the company sector studied was 0.049570 and the standard deviation was 0.069. As for the standard deviation value greater than the average value, it shows varied data.

Selection of Panel Data Regression Models.

In order to select a panel data regression model between fixed effect model, common effect model, and random effect model, this study will use the Chow, Hausman and Lagrange Multiplier tests for further analysis. After testing the fixed effect model and common effect model, the test results in Table 5 and Table 6 with Chow and Hausman tests showed that the fixed effect model on panel data regression is the best model to determine the effect of *free cash flow, profitability, collateralizable assets* and debt policy on dividend policy in the *property, real estate, and building construction* sector companies listed on the Indonesia Stock Exchangea. The Lagrange Multiplier test is not applied in the selection of this model.

Table 5
Fixed Effect Model (Uji Chow)

Effects Test	Statistic	D.F.	Prob.
Cross-section F	3.229599	(26,50)	0.0002
Cross-section Chi-square	79.832774	26	0.0000

Source: Eviews 9 Data Processing Results

This test is carried out to select a better or suitable model for estimating panel data between the Pooled Least Square Model (Common Effect Model) and the Fixed Effect Model. From the results of the Chow test, a probability value of 0.0000 or less than 0.05 was obtained. This means that Ho is rejected or the best model used is the Fixed Effect Model.

Table 6
Common Effect Model (Uji Hausman)

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	**21.095234**	4	0.0003

Source: Eviews 9 Data Processing Results

This test aims to select the right model to estimate panel data between the Fixed Effect Model or Random Effect Model. Hausman's test results showed a probability value of random cross section of 0.0000 or less than 0.05 so Ho was rejected. This shows that the best model used is the Fixed Effect Model.

Table 7
Hypothesis Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.	Conclusion
C	0.109148	0.039645	2.753148	0.0082	
FCF	0.310295	0.117155	2.648594	0.0108	H1 accepted
PROFIT	-2.011772	0.530175	-3.794545	0.0004	H2 rejected
LIKE	1.348419	0.356530	3.782066	0.0004	H3 accepted
THE	0.023819	0.003899	6.108953	0.0000	H4 rejected

Source: Eviews 9 Data Processing Results

Effect of *Free Cash Flow* on Dividend Policy

Based on the test results in Table 7 above, it shows that the probability of the Free Cash Flow variable is below 0.05 and the coefficient value is 0.310295 which means that *Free Cash Flow* has a significant positive effect on dividend policy. That is, the more cash a company increases, the higher the dividend policy carried out. This is in line with research conducted by Deviyanti and Riyanto (2021) which shows that *free cash flow* has a significant positive influence on dividend policy.

This hasil shows that in accordance with the t eori agentsi states that the *conflict of interest* that occurs within the managers and owners of capital, especially companies with *substantial free cash flow*. If there is high *free cash flow* available, then the manager will increase the amount of his dividend to be paid to be able to reduce conflicts that can occur. Companies engaged in the *property, real estate, and building construction* sectors that have *free cash flow* will distribute it to financiers, namely dividends to improve the company's performance. Managers will use the free cash as a dividend payment to avoid negative investments that adversely affect a company, with the availability of free cash *flow* will increase dividends for stock growers.

Effect of *Profitability* on Dividend Policy

Based on the test results in Table 7 above, it shows that the probability of variable profitability is below 0.05 and the coefficient value is -2.011772 which means that profitability has a significant negative effect on dividend policy. That is, the higher the profit that the company achieves, the lower the dividend distribution. However, based on the hypothesis that profitability has a positive effect on dividend policy, h2 is rejected. This indicates that ROA does not have an effect on dividend distribution. It is assumed that a mature or mature company already has a lot of profit reserves that can be used, either to be reinvested or distributed in the form of dividends, without having to change the proportion of dividends for shareholders. Thus, a mature or mature company does not depend on the amount of ROA obtained by the company. Companies with high profitability will have a large investment opportunity and the company will choose to allocate it into retained earnings in order to make profitable investments with the aim of being able to continue to makeprofits and increase the value of the company. Hail this research is not in line with the research conducted by Ahmad & Wardani, 2014; Mardiyati

et al., 2014; Wijaya & Felix, 2017. However, the results of this study are in line with research conducted by Nurwulansari & Rikumahu (2018) and Tumiwa & Mamuaya (2019) which found that Return On Asset (ROA) negatively affects dividend policy

Effect of *Collateralizable Assets* on Dividend Policy

The results of the t test show that the probability of the Collateralizable Assets variable is below 0.05 and the coefficient value is 1.3484199 which means that *Collateralizable Assets* have a significant positive influence on dividend policy so that diterimaH_3 . This hasil is in line with the research of Deviyanti and Riyanto (2021) which shows that *collateralizable assets* have a positive effect on dividend policy. Likewise, in Lubis's research (2017), it shows that *collateralizable assets* have a positive impact on dividend policy. The results of this study are in line with the *theory of collateralizable assets* and the grand theory in this study, namely "*agency theory*" where it is said that looking at the large number of asset guarantees will reduce conflicts between financiers and executives because the company will not be given a limit by creditors regarding dividend payments. The findings of this study show that the size of assets that can be pledged has a significant effect on the size of dividend payments because judging from the characteristics of the company, the sample of this study is a large company and creditors also pay great attention to assets that can be pledged in determining whether to provide loans. Thus, pledgeable assets are one of the main tolls used by management to determine the amount of dividends to be distributed.

Effect of Debt Policy on Dividend Policy

From the results of the t test above, it shows that the probability of the Debt Policy variable is below 0.05 and the coefficient value is 0.023819 which means that the Debt Policy has a significant positive effect on dividend policy. That is, the higher the company's debt ratio, the lower the dividend distribution. However, based on the hypothesis that the debt policy negatively affects the dividend policy, h4 is rejected. Itwas concluded that the Debt Policy (DER) did not negatively affect the Dividend Policy (DPR). These results do not support the research conducted by Sejati et al (2020) and Ginting and Munawarah (2018), but these results are in line with research conducted by Kristian and Viriany (20 21) which shows that debt policy has no significant effect on dividend policy.

This does not support *signaling theory* where the size of dividend payments indicates a certain signal for shareholders. This is because the greater the debt equity ratio owned by the company, which is identified with a large debt value, has no effect on the dividend policy of a company. The absence of debt on dividend policy due to the company's commitment to make dividend payments regularly causes the ability to pay dividends not to be affected by the size of the company's debt. Dividend distribution is the company's consistency with shareholders by prioritizing the distribution of company profits in the form of more stable dividends as well as a sign of the company's success in recording profits. So that the size of a company's leverage ratio will not affect its devidend payout ratio (Lestari & Sulistyawati, 2017).

CONCLUSION

The results of this study show that:
Free cash flow has a positive effect on dividend policy
Profitability has a non-positive effect on dividend policy

Collateralizable assets have a positive effect on dividend policy
Debt Policy does not have a positive effect on dividend policy

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