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The Influence of Liquidity, Profitability, and Asset Growth on Dividend Policy

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Abstract

This study aims to determine the effect of liquidity, profitability, and asset growth on Dividend Policy in sub-companies of the property and real estate listed on the Indonesia Securities from 2018 to 2021. The independent variables include dividend policy, calculated using the dividend payout ratio model, while the dependent variables are liquidity ratio (current ratio), profitability (return on equity), and asset growth. Sample selection was conducted using purposive sampling, resulting in 11 selected companies from a population of 67. Multiple regression analysis methods and classical assumption tests were employed in this study, with IBM SPSS 26 utilized for data processing. The findings reveal that liquidity negatively impacts dividend policy, profitability positively influences dividend policy, and asset growth also has a positive effect on dividend policy. These results contribute to the advancement of theories regarding dividend policy, providing valuable insights for both investors and companies. Companies that consistently pay dividends are perceived as superior to those that do not.

1 Introduction

The company's goal is to enhance shareholder welfare, achievable through efforts to maximize dividend policy, thereby aiming for future share price growth. Dividend policy is intricately linked to company financing and investment decisions, which directly impact shareholder wealth. Given the significant influence of dividend policy on both investors and companies, prudent consideration by the company is essential. These decisions are regarded as pivotal for managers and companies (Barros et al., 2021).

Dividend policy refers to the company's stance on distributing profits to shareholders or retaining them as earnings (Riki et al., 2022). The stability of dividend payments reflects the company's sound financial state, while instability indicates less favorable conditions (Angela, 2020). Liquidity plays a crucial role in shaping dividend policy, as it determines the company's ability to meet obligations and debts, affecting its ability to pay dividends (Safiah & Kuddy, 2021). Liquidity, defined as the ability to meet short-term financial obligations promptly, is assessed based on current assets, including cash, securities, receivables, and inventories (Pradnyanita Sukmayanti & Triaryati, 2019). The current ratio (CR) serves as an indicator of liquidity, with higher liquidity levels indicating a greater capacity to pay dividends.

Profitability is another key determinant of dividend policy, reflecting the company's profit-generating capability within a specific timeframe (Savitri et al., 2021). Investors are inclined towards companies with higher profitability, anticipating satisfactory returns on their investment. Moreover, profitability demonstrates the company's efficiency in utilizing its assets to generate expected profits. Profitability ratios gauge a company's ability to generate profits over time (Safiah & Kuddy, 2021).

Asset growth is also influential, representing the annual change in a company's total assets (Tandi et al., 2018). Evaluation of a company's potential often involves assessing its asset growth, which indicates future growth prospects. While high asset growth can bolster profit generation and facilitate dividend payments, excessive dividend payouts may impede the company's growth rate.

In recent years, Indonesia's primary economic market has faced a slowdown due to the Covid-19 pandemic, particularly affecting the property and real estate sub-sector. The

Property Price Index (IHPR) in the fourth quarter of 2020 witnessed a decline to 1.43% (yoy) from 1.77% (yoy) in the same period of 2019. However, there has been gradual growth in residential property prices in the primary market, as indicated by the Residential Property Price Index (IHPR) for the fourth quarter of 2021, recording a growth of 1.47% (yoy), slightly higher than the previous year (IHPR 2020 Figure- 2021).

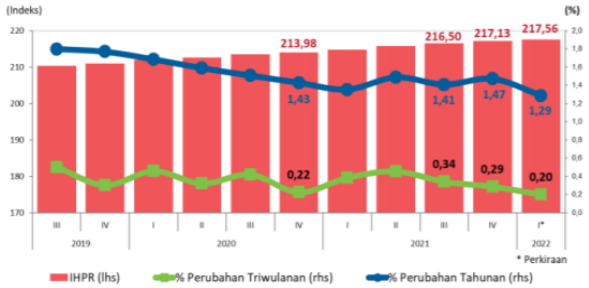

Figure 1. Image of the Residential Property Price Index (IHPR) 2020-2021
Source: www.bi.go.id

Indonesia has recently undergone a challenging period due to the COVID-19 pandemic, significantly impacting various sectors, both social and economic. Sectors such as tourism, transportation, manufacturing, finance, public services, and others have experienced declines or even halts in activity due to the Indonesian government's implementation of physical distancing and work-from-home (WFH) policies to control the spread of COVID-19. This impact has undoubtedly affected the country's economy from both macro and micro perspectives.

Dividend distribution by companies in the property and real estate sub-sector experienced fluctuations and economic slowdowns during the 2018–2021 period. This situation arises as Indonesia grapples with the impact of the COVID-19 pandemic, which affects all sectors and introduces instability into the economy as a whole. This slowdown has repercussions across various sectors, including the property and real estate sub-sector, aligning with people's cautious spending habits during the pandemic. However, declining property prices do not always yield negative consequences. Such reductions can present opportunities for individuals still in need of property as a primary necessity.

This presents an excellent opportunity for companies to leverage profitability, as measured through Return on Equity (ROE). A higher ROE percentage indicates better company conditions, increasing the confidence and interest of potential investors. Investors in the capital market are likely to respond positively, as such conditions can lead to share price increases (Fitriyani, 2022). A company's ability to meet financial obligations also influences its dividend policy. Difficulties in sourcing funds may render some companies unable to fulfill their debt obligations, potentially leading issuers to request postponements of debt payment obligations (PKPU).

Every company needs to strategize and innovate to attract investors and mitigate negative impacts from the COVID-19 outbreak. Investor evaluation of company performance plays a crucial role before they decide to invest capital. Positive financial performance indicates favorable company conditions, particularly for companies effective and efficient in asset management. Companies with sound financial performance typically possess higher dividend distribution capabilities alongside increasing profits. This phenomenon is the focal point of research, aiming to better comprehend the influence of liquidity, profitability, and asset growth on dividend policy in the property and real estate sub-sector during the COVID-19 pandemic.

Several studies have examined the relationship and impact of liquidity, profitability, and asset growth on dividend policy, yielding diverse findings. Ardiansyah (2020) asserts a positive influence of liquidity on dividend policy, consistent with Akbar & Fahmi (2020) and Ratnasari & Purnawati (2019). In contrast, Septika et al. (2021) and Ginting (2018) argue that liquidity has no effect on dividend policy. Safiah & Kuddy (2021) find profitability to have a positive effect on dividend policy, supported by Sari & Suryantini (2019) and Madyoningrum (2019). Conversely,

Bawamenewi & Afriyeni (2019) suggest a negative effect of profitability on dividend policy, in line with Annisa & Fitria (2019).

Perwira & Wiksuana (2018), Iswara (2017), and Purnasari et al. (2020) maintain that asset growth positively influences dividend policy, whereas E. Devi & Mispiyanti (2020), and Veronika & Munandar (2022) contend that asset growth has a negative influence. Given the disparate outcomes of previous research, the researcher seeks to review the study entitled "The Influence of Liquidity, Profitability, and Asset Growth on Dividend Policy in Property and Real Estate Sub-Sector Companies on the Indonesia Stock Exchange (BEI) for the 2018-2021 Period".

2 Literature Review

2.1 Liquidity

"Liquidity refers to a company's capability to meet its short-term obligations, which can be determined by examining its working capital, comprising current assets and current liabilities" (Panjaitan, 2020). Another perspective is provided by Kasmir (2019), who defines liquidity, or often termed as the working capital ratio, as a metric used to gauge a company's liquidity level. This ratio involves comparing elements from the balance sheet, particularly total current assets against total current liabilities (short-term debt). Such assessment can be conducted over various periods to track changes in a company's liquidity over time.

As per Kasmir (2019), the liquidity ratio, synonymous with the working capital ratio, serves as a benchmark to evaluate a company's liquidity. This ratio functions as an indicator, showcasing the company's ability to meet all short-term financial obligations upon maturity by utilizing its current assets effectively. Liquidity not only mirrors a company's overall financial health but also encompasses its capacity to convert a portion of current assets into cash.

2.2 Profitability

The profitability ratio holds significant importance as it reflects a company's ability to sustain itself. As noted by Kasmir (2019), profitability ratios are pivotal in assessing a company's profit-making capacity. Without profits, attracting external capital becomes challenging. These ratios serve to gauge a company's profit-generation capability over a specific period and offer insights into management effectiveness in executing operational activities. Profits derived from sales and investments serve as key metrics for measuring effectiveness, indicating the policy adopted by a company in profit determination.

Profitability serves as a yardstick to evaluate a company's adeptness in utilizing working capital efficiently to attain expected profit levels. Beyond merely achieving profits, the focus lies on profitability, as it signifies efficient company operations. Thus, companies should not solely prioritize profit maximization but rather emphasize enhancing profitability, reflecting sustained operational efficiency.

2.3 Asset Growth

Asset growth, denoting the expansion of assets utilized in company operations, impacts the necessity for funds to sustain this expansion. A heightened company growth rate corresponds to an augmented requirement for funds to facilitate this progression. Consequently, the larger the proportion of earnings retained within the company, the lesser the dividends disbursed.

Assets encompass resources employed in a company's operational endeavors. A larger asset base is anticipated to yield superior operational performance. Augmented assets, coupled with enhanced operational outcomes, foster heightened trust from external stakeholders in the company. Increased trust, particularly from creditors, tends to elevate the proportion of debt relative to equity. This confidence stems from creditors' confidence that their investments in the company are secured by the substantial assets owned by the company (Ariyasa et al., 2020).

2.4 Dividend Policy

According to Sartono (2017), dividend policy revolves around deciding whether a company's profits should be distributed to shareholders as dividends or retained as earnings to support future investments. Opting to distribute profits as dividends diminishes retained earnings and consequently reduces total internal funding sources.

Mnune & Purbawangsa (2019) further define dividend policy as a financial decision concerning whether a company's profits will be disbursed to shareholders as dividends or retained to fortify the capital structure. They emphasize that the crux of dividend policy lies in determining the optimal allocation between dividend payments and profit retention. The proportion of dividends disbursed to shareholders may vary over time, depending on the prevailing investment opportunities accessible to the company. During periods of ample investment prospects, dividend payments are typically curtailed, whereas in the absence of such opportunities, dividends may encompass 100% of profits. This underscores the imperative for dividend policy to factor in funding and investment decisions.

2.5 Hypothesis Development

a. The influence of liquidity on dividend policy

Liquidity stands as a crucial consideration in numerous dividend policies. Since dividends represent cash outflows for a company, a robust cash position and liquidity enhance the company's capacity to pay dividends (Sartika Sari, 2015). This finding is corroborated by research conducted by Akbar & Fahmi (2020), who explored liquidity variables and found that liquidity partially exerts a positive and significant influence on dividend size. Similarly, Ratnasari & Purnawati (2019) affirm that liquidity positively impacts dividend policy, indicating that higher liquidity corresponds to a more generous dividend policy, and vice versa.

H1: Liquidity influences dividend policy.

b. The influence of liquidity on dividend policy

Profitability serves as a yardstick for financial performance and aids investors in evaluating a company's success in generating profits. Higher levels of profitability translate to greater earnings, which can be distributed to shareholders as dividends. Consequently, management endeavors to optimize profits to bolster dividend-paying capacity (AAAMV Devi & Suardikha, 2014). Further reinforcing this notion, research by Madyoningrum (2019) indicates that profitability exerts a positive and significant influence on dividend policy. This suggests that the model employed to assess profitability is fitting, or in other words, the regression model can be utilized to predict dividend policy.

H2: Profitability influences dividend policy..

c. The influence of Asset Growth on dividend policy

Investors typically prefer a dividend distribution policy characterized by stability in the correlation between Asset Growth and dividend income. This stability enhances investors' confidence in allocating their funds to the company. However, management must also consider growth aspirations when formulating dividend policy. Companies experiencing high growth rates tend to exhibit low dividend payout ratios, whereas those with low growth rates tend to have high ratios.

The relationship between Asset Growth and dividends, as highlighted in research by E. Devi & Mispiyanti (2020) and Veronika & Munandar (2022), indicates that Asset Growth exerts a negative and significant influence on the dividend payout ratio. Specifically, companies with high growth rates tend to maintain low dividend payout ratios, while those with low growth rates tend to exhibit higher ratios.

H3: Asset Growth influences dividend policy.

3 Research Methods

The research employed a quantitative method, relying on concrete data, particularly

numerical data, which was measured using statistical tools to address the research problem and draw conclusions (Sugiyono, 2022).

Secondary data collected from financial reports of the property and real estate sector listed on the Indonesian stock exchange from 2018 to 2021 was utilized for this study. The data was sourced from www.idx.co.id. The purposive sampling method was applied to select samples based on specific criteria outlined in Table 1. Out of 67 companies initially considered, only 11 companies in the property and real estate sub-sector met the criteria and were included as samples for the Variable Definition and Measurement phase of the research. This was due to 56 companies not distributing dividends consecutively during the 2018-2021 period.

Dividend policy, as defined by Mnune & Purbawangsa (2019), encompasses financial decisions concerning whether profits earned by a company will be disbursed to shareholders as dividends or retained to bolster the capital structure. The dividend policy was calculated using the formula: "DPR = Total Dividen / Laba bersih." Liquidity, denoting a company's capacity to meet short-term obligations, was assessed using the formula: "CR = Aset Lancar / Hutang Lancar" (Panjaitan, 2020).

Profitability, serving as an indicator of a company's profit-making ability, was determined using the formula: "ROE = Laba Bersih / Total Ekuitas" (Kasmir, 2019). Asset Growth, indicating the expansion of assets utilized for company operational activities, was calculated using the formula: "AG = (Total Asset-Total Asset t-1) / Total Asset t-1."

Data analysis was conducted using Microsoft Excel 2021 and IBM SPSS Statistics 26. Descriptive statistical analysis, classic assumption tests (including normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test), multiple linear regression analysis, and hypothesis testing (F test, T test, and coefficient of determination) were performed as part of the analysis stages.

4 Results and Discussion

Table 2. Results of Descriptive Statistical Analysis

CR: Liquidity, ROE: Profitability, AG: Asset Growth, DPR: Dividend Policy

	N	Minimum	Maximum	Mean	Std. Deviation
CR	44	0.49	12.77	2.50	1.90
ROE	44	-53.99	0.24	-1.15	8.15
AG	44	-0.17	0.20	0.08	0.07
DPR	44	-2.07	6.49	2.02	1.83
Valid N (listwise)	44				

Source: SPSS, 2023

The results of descriptive statistical analysis show that the total number of research samples is 11 companies with 44 observations, namely 11 companies multiplied by 4 periods, with 3 independent variables using a ratio scale. The dependent variable, namely dividend policy, has a minimum value of -2.07, namely for INPP companies, a maximum value of 6.49, namely for MKPI companies, and an average value of 2.02 with a standard deviation of 1.83. The first independent variable, namely liquidity (CR), has a minimum value of 0.49, namely for INPP companies, a maximum value of 12.77, namely for DMAS companies, and an average value of 2.50 with the number of observations of 44 companies studied in the 2018-2021 period. This shows that the liquidity of the 11 companies studied during the 2018-2021 period can be said to be quite good because the average value is above 1. The second independent variable, namely profitability (ROE), has a minimum value of -53.99, namely for the PLIN company, the value the maximum is 0.24, namely for DMAS companies, and the

average value is -1.15 with a total of 44 observations of companies studied in the 2018-2021 period. This shows that the liquidity of the 11 companies studied during the 2018-2021 period can be said to be safe because the average value is below 1. And the third independent variable, namely asset growth (AG), has a minimum value of -0.17, namely for the PLIN company, The maximum value is 0.20, namely for the DUTI company, and the average value is 0.08 with the number of observations of 44 companies studied in the 2018-2021 period. This shows that the liquidity of the 11 companies studied during the 2018-2021 period can be said to be safe because the average value is below 1 .

4.1 Initial Normality Test

Table 3. Normality Test

		Unstandardized Residuals
N		44
Normal Parameters [a, b]	Mean	,0000000
	Std. Deviation	1.71311544
Most Extreme Differences	Absolute	,158
	Positive	,158
	Negative	-,074
Statistical Tests		,158
Asymp. Sig. (2-tailed)		.007 [c]

Source: SPSS, 2023

Based on the information provided, it appears that the data is not normally distributed, as indicated by an asymp.sig value of 0.007, which is less than the conventional significance level of 0.05. Consequently, it's necessary to employ a procedure to eliminate outlier data in order to achieve a more desirable distribution. Following the removal of outlier data, a normality test can be conducted to reassess the distribution of the data.

4.2 Normality Test After Outlier Data is Discarded

After removing outliers from 44 data points to 40 data points, the normality test reveals an asymp.sig value of 0.200, which is greater than the significance level of 0.05. Consequently, it can be concluded that the regression model is normally distributed, indicating that it can proceed to the next stage of analysis.

Table 4. Normality test after outlier data has

		Unstandardized Residuals
N		40
Normal Parameters [a, b]	Mean	,0000000
	Std. Deviation	1.47446089
Most Extreme Differences	Absolute	,106
	Positive	,106
	Negative	-,103
Statistical Tests		,106
Asymp. Sig. (2-tailed)		,200 [c,d]

been removed

Source: SPSS, 2023

4.3 Multicollinearity Test

Table 5. Multicollinearity Test

		Collinearity Statistics	
		Tolerance	VIF
1	CR	,841	1,190
	ROE	,797	1,254
	AG	,882	1,134

a.Dependent Variable: Publication Speed

Source: SPSS, 2023

Based on the results of calculating the Variance Inflation Factor (VIF) for each independent variable, it has been determined that the VIF values for all independent variables are smaller than 10. Therefore, it can be concluded that there is no significant multicollinearity present among the independent variables.

4.4 Heteroscedasticity Test

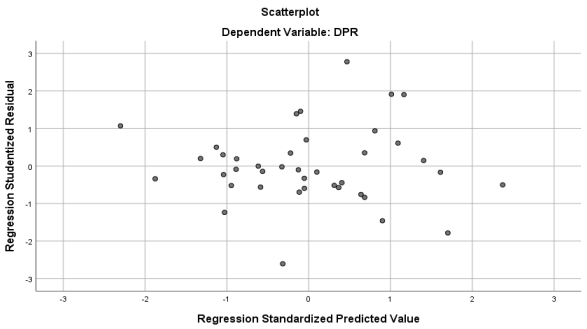

Figure 2. Heteroscedasticity test

Source: SPSS, 2023

By testing heteroscedasticity using a scatterplot similar to the image provided, it appears that there is no discernible pattern, and the data points are evenly distributed both above and below the zero point. This suggests that there is no heteroscedasticity issue present in the regression model. To further bolster the scatterplot test, another method known as the Glejser test was conducted, yielding the following results.

4.5 Autocorrelation Test

Table 6. Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,520 [a]	,271	,210	1.53467	2,264

Source: SPSS, 2023

Based on the provided table, the Durbin-Watson (DW) statistic is calculated to be 2.264. Since the DW value falls between the values of the lower critical bound (dU) of 1.6589 and the upper critical bound (4 - dU) of 2.3411, it indicates that there is no autocorrelation present in the data. Therefore, it can be concluded that the multiple linear regression analysis can be continued without concerns about autocorrelation.

4.6 Multiple Linear Regression Analysis

Table 7. Multiple Linear Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,038	,588		3,464	,001
	CR	-,599	,250	-,372	-2,394	,022
	ROE	10,558	4,846	,347	2,179	,036
	AG	9,290	4,561	,309	2,037	,049

Source: SPSS, 2023

Based on the calculation results provided in the table, the multiple linear regression equation is as follows:

Dividend Policy= 2.038 − 0.599×CR + 10.558× ROE+9.290×AG+e

Here are the interpretations for each coefficient:

1. The regression coefficient for the intercept (2.038) represents the estimated value of the dividend policy when all independent variables (liquidity, profitability, and asset growth) are zero.
2. The regression coefficient for the liquidity variable (CR) is negative (-0.599), indicating that for every one unit decrease in liquidity, the dividend policy is estimated to decrease by -0.599 units, holding other variables constant.
3. The regression coefficient for the profitability variable (ROE) is positive (10.558), suggesting that for every one unit increase in profitability, the dividend policy is estimated to increase by 10.558 units, holding other variables constant.
4. Similarly, the regression coefficient for the asset growth variable (AG) is positive (9.290), meaning that for every one unit increase in asset growth, the dividend policy is estimated to increase by 9.290 units, holding other variables constant.

These interpretations provide insights into how changes in the independent variables affect the dividend policy, holding other factors constant in the regression model.

4.7 F test

Table 8. F test

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31,484	3	10,495	4,456	,009 [b]
	Residual	84,787	36	2,355		
	Total	116,271	39			

Source: SPSS, 2023

Based on the output above, it is known that the significance value for the simultaneous influence of X1 and simultaneous with Y.

4.8 T test

Table 9. T test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,038	,588		3,464	,001
	CR	-,599	,250	-,372	-2,394	,022
	ROE	10,558	4,846	,347	2,179	,036
	AG	9,290	4,561	,309	2,037	,049

Source: SPSS, 2023

Based on the results of the T-tests:

1. The significance value for the influence of the liquidity variable on dividend policy was 0.022, which is smaller than the significance level α (0.05). Additionally, the calculated t-value of -2.394 is greater than the critical t-value of 2.028. Therefore, H1 is accepted, indicating that liquidity has a partial negative effect on dividend policy.
2. The significance value for the influence of the profitability variable on dividend policy was 0.036, smaller than α (0.05). Moreover, the calculated t-value of 2.179 is greater than the critical t-value of 2.028. Thus, H2 is accepted, suggesting that profitability has a partial positive effect on dividend policy.
3. The significance value for the influence of the asset growth variable on dividend policy was 0.049, smaller than α (0.05). Furthermore, the calculated t-value of 2.037 is greater than the critical t-value of 2.021. Hence, H3 is accepted, indicating that the asset growth variable has a significant partial influence on dividend policy.

These results affirm the significance of liquidity, profitability, and asset growth variables in affecting dividend policy, highlighting their individual impacts in the regression model.

4.9 Coefficient of Determination

Table 10. Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,520 [a]	,271	,210	1.53467

Source: SPSS, 2023

The table above shows the results of the determination test that the adjusted R2 value is 0.271, which means that 27.1% of the dividend policy is influenced by liquidity, profitability and asset growth.

4.10 The influence of liquidity on dividend policy

The research findings indicate a significant negative influence of the liquidity ratio on dividend policy, as evidenced by the coefficient value of -0.599. This suggests that for every one unit decrease in liquidity, the dividend policy is expected to decrease by -0.599. The calculated t-value being greater than the critical t-value indicates a partial influence between liquidity and dividend policy.

These results are consistent with previous studies conducted by Yusuf & Suherman (2021) and Attahirah et al. (2020). Their research also found that liquidity, as determined by the current ratio (CR), has a significant negative impact on dividend policy. They observed that higher liquidity values lead to reduced dividends being distributed, as management tends to favor retaining earnings rather than distributing dividends. This preference for retained earnings is driven by the need to allocate funds towards fulfilling other financial obligations such as debt repayment or business expansion. Thus, the current research findings align with and are supported by the findings of prior studies, reinforcing the understanding of the relationship between liquidity and dividend policy in corporate decision-making.

4.11 The influence of profitability on dividend policy

The research findings reveal a significant positive influence of the profitability variable, as

indicated by the coefficient value of 10.558. This implies that for every one unit increase in profitability, the dividend policy is expected to increase by 10.558. With the calculated t-value being greater than the critical t-value, it indicates a partial influence between profitability and dividend policy.

These results are in line with previous studies conducted by Perwira & Wiksuana (2018) and Lestari et al. (2016), which also found a positive effect of profitability, as measured by return on equity (ROE), on dividend policy. Profitability, being closely linked to profit, serves as the foundation for distributing dividends. A company's higher profitability typically translates to larger dividends being distributed. ROE holds significant importance in assessing a company's financial performance in meeting shareholder expectations, where a higher ROE generally signifies better performance.

Thus, the current research findings are consistent with the findings of prior studies, reinforcing the understanding of the positive relationship between profitability and dividend policy in corporate financial decision-making.

4.12 The influence of asset growth on dividend policy

The research findings indicate a significant positive influence of the asset growth variable, as indicated by the coefficient value of 9.290. This suggests that for every one unit increase in asset growth, the dividend policy is expected to increase by 9.290. With the calculated t-value being greater than the critical t-value, it indicates a partial influence between asset growth and dividend policy. These results are consistent with proprietary research conducted by Hardi & Andestiana (2018) and Perwira & Wiksuana (2018), which also found a significant positive effect of asset growth (AG) on dividend policy. This positive relationship suggests that higher asset growth leads to an increase in a company's dividend policy. As companies experience growth in their asset base, they tend to have more resources available to distribute dividends to shareholders. Thus, the current research findings align with and are supported by the findings of prior studies, strengthening the understanding of the positive relationship between asset growth and dividend policy in corporate financial decision-making.

5 Closing

Based on the evaluation of the analysis results, several conclusions can be drawn regarding the influence of various factors on dividend policy:

1. Liquidity: The level of liquidity significantly affects dividend policy, with increasing liquidity indicating a company's improved ability to meet its obligations. This suggests that companies with higher liquidity may be more inclined to distribute dividends to shareholders.
2. Profitability: High profitability levels have a positive impact on increasing the dividend payout ratio to shareholders. Companies with consistently high profitability are more likely to have surplus funds available for dividend distribution.
3. Asset Growth: High asset growth also influences an increase in dividend policy in a company. As companies experience growth in their asset base, they may have more resources available for dividend distribution.

For future research, several recommendations are proposed:

1. Sample Expansion: Expand the scope by adding more samples, considering the diverse industrial variations on the Indonesian Stock Exchange. Increasing the sample size can provide a more comprehensive understanding of the factors influencing dividend policy.
2. Extended Research Period: Extend the research period to increase the accuracy of the results. Analyzing data over a longer time frame can help identify trends and patterns in dividend policy dynamics.
3. Inclusion of Diverse Independent Variables: Consider including more diverse

independent variables, not only focused on financial ratios but also incorporating external and internal factors that have the potential to influence dividend policy. This may provide a more nuanced understanding of the determinants of dividend policy.

By addressing these recommendations, future research can contribute to a deeper understanding of the factors influencing dividend policy and provide valuable insights for both academic research and practical implications in corporate decision-making.

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