

The Effect of Performance on Dividend Policy Case Study on Indonesian Mining Sector Companies

Farida Titik Kristanti

Faculty of Business and Economic

Telkom University

Dayeuhkolot, 40257, Kabupaten Bandung, Indonesia

faridatk@telkomuniversity.ac.id

Ni Made Swasti Mega Putri

Faculty of Business and Economic

Telkom University

Dayeuhkolot, 40257, Kabupaten Bandung, Indonesia

nswastimegaputri@gmail.com

Abstract

Dividend policy refers to a company's choice to distribute a portion of its profits to shareholders as a return on invested equity. The distribution of dividends to investors by company management has a significant effect on the company's value. This study seeks to determine the effect of the independent variables, namely leverage (DER), liquidity (CR), investment opportunity set (MBVE), free cash flow (FCF), and asset growth (AG) on the dependent variable, namely dividend policy (DPR) on mining sector companies listed on the Indonesia Stock Exchange in 2017-2020. The population in this study includes mining sector companies listed on the Indonesia Stock Exchange (IDX) from 2017 to 2020 using a purposive sampling technique. The samples obtained were ten samples with a study period of four years and obtained the results of 40 research data. The method used was panel data regression analysis. The results reveal that leverage (DER) had a significant negative effect on dividend policy. Whereas liquidity (CR), free cash flow (FCF), and asset growth (AG) did not have a significant negative effect on dividend policy as well as investment opportunity set (MBVE) but in a positive direction.

Keywords:

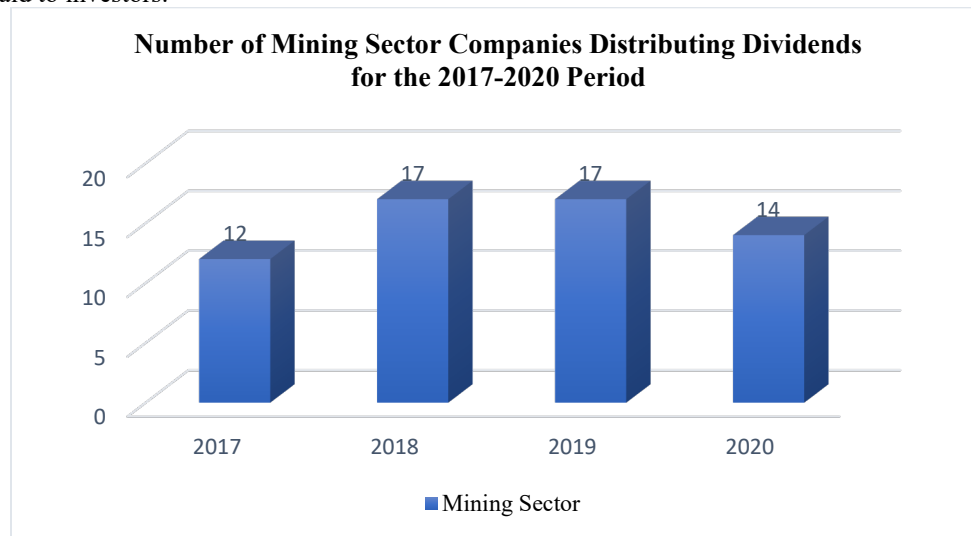
Asset Growth, Dividend Policy, Free Cash Flow, Investment Opportunity Set, Leverage, liquidity.

1. Introduction

According to the Law No. 4 of 2009 concerning Mining, Mineral, and Coal, Mining is part or all of the activities in the structure of research, management, and development of minerals or coal, including general assessments, problem deepening, feasibility studies, forms of mining, cultivation, and purification, transmission, sales, and all activities after mining. Mining sector companies play a crucial role for the state because of their ability to manage energy sources that can be used by the community later. In addition, the industrial, agricultural, trade, construction, and mining sectors account for 65% of Indonesia's total national production (GDP). In other words, the mining industry is a strong area that contributes significantly to the Indonesian economy.

This study seeks to discuss the factors influencing dividend policy, which is considered to be one of the determining factors in determining dividend policy on mining sector companies listed on the Indonesia Stock Exchange for the 2017-2020 period. Narindro & Basri (2019) revealed that Indonesia's government, being a developing country, requires substantial funding to support its development. To accelerate economic development, the government must generate income from various sources. One of the potential sources of funding can be dividends from government-owned companies. Pre-determined dividend payments are thought to be a tool for securing the state budget, but they can also affect the ability of government-owned companies to grow. Likewise, the main reason investors invest in a

company is to make profits or the level of return on investment, either as additional capital (retained earnings) or as dividends paid to investors.



*Source: Company Annual Report
2022 (data processed by the author)*

Figure 1. Number of Mining Sector Companies that Distribute Dividends for the 2017-2020 Period

Based on figure 1, it can be seen that the distribution of dividends in the mining sector with a total of 47 companies experienced a significant increase in 2018, where in 2018 there were 17 companies that distributed dividends and this number was more than in 2017 which was only 12 companies. Then in 2018 and 2019 there were no company additions or declines and still occupied the number of 17 companies. Then in 2020 it fell to 14 companies compared to the previous year. Based on the observations of 47 mining sector companies listed on the Indonesia Stock Exchange, dividend payments have surpassed net profit growth, and have been steadily increasing for the previous ten years. Similarly, some companies with inconsistent dividend payment patterns and minimal profit growth do not pay dividends even when they have sufficient profits and cash. For example, PT Aneka Tambang (ANTAM) decided not to pay dividends for the 2016 fiscal year at the Annual General Meeting of Shareholders (AGMS). This was done because the profits earned were used for operational and project support infrastructure funding. This is the third year in a row that the issuer code ANTM had decided not to pay dividends to shareholders. Unlike the 2016 financial year, in previous years, dividends were not paid because the company suffered losses. Based on the results of the 2017

AGMS, Dimas Wikan Pramudhito, Finance Director of ANTAM, explained that the company recorded a net profit of Rp64.81 billion for the 2016 fiscal year. The increase in net profit was intimately connected to the improvement in earnings per share of Rp3. from a loss of Rp120. This performance was a huge step forward because, in the preceding two years, Antam had a net loss of Rp1.44 trillion (2015) and Rp743.53 billion (2014). The last time ANTAM paid out dividends was at the AGMS in 2014. A similar situation occurred to PT Timah (TINS), which agreed not to pay dividends in the 2020 fiscal year. This decision was taken at the Annual General Meeting of Shareholders (AGMS). Wibisono, as TINS' Director of Finance and Risk Management, explained that the decision not to pay dividends was due to the issuer's financial performance still being negative and still trying to restore conditions.

Previous studies have looked into the issue of dividend policy in developed countries. Abbott (2001) found that the most predictable contract policy was the dividend policy and that experiencing an expansion of the investment opportunity set (contraction) typically reduced (increased) the dividend payout policy in US firms. On the other hand, Baker et al. (2006) found that the level of current and predicted future earnings, income stability, the current degree of financial leverage, and liquidity constraints are the most significant considerations of a firm's dividend policy in Norwegian firms. In addition, Wahjudi (2018) revealed that some of the factors that have a significant influence on dividend policy consist of assets that can be pledged, net asset growth, liquidity, leverage, and profitability in

manufacturing companies listed on the Indonesia Stock Exchange (IDX). As a result, the researchers focused on the factors that influence dividend policy, especially in the mining sector in Indonesia. During the study period, the companies that were identified were those that paid dividends on a regular basis. The mining industry contributes significantly to a country's gross domestic product and is crucial in terms of creating job opportunities. In terms of dividends, this sector has a lot of promise for investors. Therefore, this study can be useful for investors to understand the drivers of dividend payments in the mining sector, and it is also vital for firms to make the correct dividend policies in order to attract and keep investors. This study makes a significant contribution to the existing body of knowledge by recommending significant drivers of dividend payments in the mining sector based on a comprehensive data set and using a robust methodology (Singla & Samanta 2019).

Objectives

The purpose of this study is to see if there is a simultaneous and partial influence between the independent variables of leverage, liquidity, investment opportunity set, free cash flow, and asset growth on dividend policy as the dependent variable in mining companies listed on the Indonesia Stock Exchange (IDX) between 2017 and 2020.

2.Literature Review

Dividends are a portion of a company's profits that are distributed to shareholders in proportion to the number of shares owned. Dividends can be paid in cash or the form of shares. Dividends distributed to shareholders may be expressed as a percentage of the value of the shares or amount of money per share owned. Meanwhile, the dividend policy is a decision to reinvest or distribute profits from the company's operating outcomes (investors) (Wahjudi 2018). The dividend payment policy is a popular subject of academic research since it has a significant impact on organizations (Tahir et al. 2020). This policy will involve two parties with different interests: the first party is the shareholders and the second party is the management of the company itself (Wahjudi 2018). Dividend policy is an interesting topic to research for at least two reasons. To begin with, one of the most significant decisions that the company's management must make is the amount of money given as dividends. Second, a comprehensive understanding of dividends is critical for other financial economic areas (Narindro & Basri 2019).

This study is based on signal theory, which states that investors believe dividend turnover is an indicator of management's profit expectations (Hartanto et al. 2016). The signaling theory argues that profitable firms will be more inclined to pay dividends, to signal their better financial performance. They are also more likely to distribute greater cash dividends to shareholders as a good (credible) signal to the market. Conversely, their less profitable counterparts, in a weaker financial position, cannot match such dividend payments (Kilincarslan & Demiralay 2020). Each company will maximize investor wealth by offering the largest possible dividend because the larger the Dividend Payout Ratio (DPR), the more profits are available to shareholders. From the explanation in the previous section, several factors have been identified as determinants of dividend policy consisting of leverage, liquidity, investment opportunity set, free cash flow, and asset growth. Through this literature review, the researchers seek to analyze a better understanding of how the independent variables of leverage, liquidity, investment opportunity set, free cash flow, and asset growth can influence policy as the dependent variable in mining sector companies in Indonesia.

The research conducted by Narindro & Basri (2019) found that financial leverage is the first factor that influences dividend payments. It refers to the use of external funding sources to finance an investment. The investment is intended to increase additional profits in order to maximize shareholder wealth. Meanwhile, Fahmi (2018) stated that leverage is a metric for determining how much of a company's funding comes from debt. Leverage can be measured using debt to equity ratio (DER) (Kristanti & Iswandi 2019). The usage of excessive debt will put the company at risk because it will fall into the category of extreme leverage (extreme debt), which means the company will be locked in a high degree of debt and will find it difficult to get out of it. If the company is in a high debt, the risk of the financial distress may increase and it may disrupt the company's performance and result in financial distress. Thus, it can be said that the high leverage may increase the possibility of the company falling into financial distress (Kristanti et al. 2019). The higher the leverage ratio, the greater the company's obligations are becoming, and the lower the leverage ratio, the greater the company's ability to cover its funding needs with its capital. The high obligations to be paid will reduce the company's profit, which would, in turn, impair dividend payments. The higher the debt, the lower the dividend rate (Wahjudi 2018). In line with Ardestani et al. (2013) and Mollah (2011) they stated that leverage has a significant negative effect on dividend policy. Because the company has a large fixed burden, increasing the usage of debt will lower dividend payments, causing the company to prioritize debt payments, which will have an impact on dividend payments.

The second factor is liquidity. The liquidity ratio is one of the ratios that shows how the company can meet its current liabilities with its current assets (Wahjudi, 2018). If a company's current ratio is high, it means the company can make the best use of its current assets and liquidate its current liabilities, resulting in the advantages that are usually distributed to investors in the form of dividends. Companies with a high liquidity value also indicate that the company has a lot of cash on hand to pay out in dividends to shareholders. As a result, the higher the level of liquidity, the greater the company's ability to pay dividends to shareholders. The research conducted by Khan et al. (2017) revealed that the greater the availability of current assets owned by the company, the greater the dividend paid. This statement is also in line with Labhane & Mahakud (2016), Jabbouri (2016), and Sikes & Verrecchia (2015) who stated that liquidity has a significant positive influence on dividend policy in a company.

The Investment Opportunity Set (IOS) is the third factor that influences dividend policy. The Investment Opportunity Set (IOS) is the value of a company whose amount is related to expenses determined by management in the future, which is currently the preferred investment option with a high return. Internal financing, namely retained earnings/profits, is preferred by the company in financing its investment opportunities over external financing because it is considered more effective. The faster the level of development of the company, the greater the required funds, and the opportunity to earn profits, and return earnings to the company, which causes a lower dividend payout ratio. The research conducted by Singla & Samanta (2019) explains that used market to book ratio and found a negative association between dividend payouts and market to book ratio, indicating that dividend payment tends to be lower in growing companies, which are characterized by lower agency cost. When the company is in good shape and the management prefers new investments over issuing higher dividends, the company is implemented. Profits are proof that dividends can be paid to shareholders who want to use them in making investment purchases that can provide benefits for the company. This statement is in line with Abor & Bokpin (2010) dan Anastacia et al. (2014) who stated that an investment opportunity set has a negative and significant effect on the implementation of dividend policy.

The fourth factor is free cash flow. Dividend payments, particularly cash dividends, are linked to the cash situation. Free cash flow refers to the cash flow that is available for payment to investors (shareholders or debt owners) after the company invests in fixed assets, new products, and working capital needed to maintain the existing ongoing methods (Sugiyanto et al. 2021). The amount of free cash flow generated by each company has shown that each company can engage in activities that can return capital in the form of debt or equity. Free cash flow also plays a significant influence in determining a company's dividend policy. The higher a company's free cash flow, the more cash it has provided that will eventually be returned to shareholders in the form of dividends. In other words, the higher the free cash flow, the greater the dividends that can be paid to each company. This statement is in line with Sugiyanto et al. (2021) explanation that the larger the free cash flow, the higher the dividend payout ratio. The greater the free cash flow available to a company, the stronger the company because the cash in the company that has been provided to pay dividends is also growing. As a result of the findings, it can be concluded that free cash flow has a positive influence and a significant impact on dividend policy implementation. This statement is in line with previous research conducted by Fairchild (2010), Matter & Cheng (2014), Anastacia et al. (2014), and Chen & Dhiensiri (2009).

Company growth refers to a company's ability to grow from one period to the next or to maintain its current position. The growth of the company can be observed in the growth of its total assets, also known as asset growth; the more assets a company owns, the better its operating performance and profits will be. Asset growth is the final factor that determines dividend policy. It is the increase in total assets divided by total assets. Retained earnings may contribute to higher asset growth. Maintaining a higher profit means a smaller portion of profit will be accessible to shareholders. The higher asset growth may come from retained earnings. By retaining profit higher, it means the portion of the profit, which is available for shareholder become smaller (Narindro & Basri 2019). According to Wahjudi (2018), total growth of an asset will result in a decrease in dividend payments to an investor or shareholder. This is due to the fact that the manager of the company takes several benefits from the company's profits as a form of embodiment of internal funding activities originating from investment opportunities. Thus, the higher the total asset growth, the higher the dividend payout, which reduces and is smaller. These findings are in line with the research conducted by (Narindro & Basri 2019), Wahjudi (2020), Abor & Bokpin (2010), Samuel & Gbegi (2010) and Singla & Samanta (2019) who showed that asset growth in the company has a negative and significant effect on the implementation of dividend policy.

Based on theoretical arguments and empirical evidence, the hypotheses are as follows:

- H1. Leverage, liquidity, investment opportunity set, free cash flow, and asset growth have a simultaneous influence on dividend policy on mining sector companies listed on the Indonesia Stock Exchange (IDX) in 2017-2020.
- H2. Leverage has a negative effect on dividend policy on mining sector companies listed on the Indonesia Stock Exchange (IDX) in 2017-2020.
- H3. Liquidity has a positive effect on dividend policy on mining sector companies listed on the Indonesia Stock Exchange (IDX) in 2017-2020.
- H4. Investment opportunity set has a negative effect on dividend policy on mining sector companies listed on the Indonesia Stock Exchange (IDX) in 2017-2020.
- H5. Free cash flow has a positive effect on dividend policy on mining sector companies listed on the Indonesia Stock Exchange (IDX) in 2017-2020.
- H6. Asset growth has a negative effect on policy on mining sector companies listed on the Indonesia Stock Exchange (IDX) in 2017-2020.

Methods

Data were analyzed using EViews 12.0 software. Specifically, regression analysis was carried out using the general effects and regression of the collected panel data. Preliminary analysis of correlations and substantial standard errors of general effects shows that the data are free from problems of multicollinearity and heteroscedasticity. In this study, dividend policy is the dependent variable. Meanwhile, leverage, liquidity, investment opportunity set, free cash flow, and asset growth are independent variables. Table 1 shows the proxies or measurements for each variable. The panel data regression analysis model in this study is as follows:

$$Y = \alpha + \beta_1 DER_{it} + \beta_2 CR_{it} + \beta_3 MBVE_{it} + \beta_4 FCF_{it} + \beta_5 AG_{it} + \varepsilon$$

Where,

Y	= Dividend Policy
DER	= Leverage
CR	= Liquidity
MBVE	= Investment Opportunity Set
FCF	= Free Cash Flow
AG	= Asset Growth
$\beta_1 \beta_2 \beta_3 \beta_4 \beta_5$	= Regression coefficient of each independent variable
ε	= Error term
t	= Time
i	= Company

Data Collection

This study examined the factors that influence dividend policy on mining sector companies listed on the Indonesia Stock Exchange (IDX) from 2017 to 2020. Data were collected through reviewed company financial reports and annual reports of mining sector companies listed on the Indonesia Stock Exchange (IDX) in 2017-2020, which were obtained through the Indonesia Stock Exchange (IDX) website and the company's official website. The researchers used panel data regression analysis to examine the factors that influence dividend policy. A total of 47 samples of mining sector companies listed on the Indonesia Stock Exchange (IDX) were selected for this study. In determining the sample, the researchers had criteria, namely, the company must be listed on the Indonesia Stock Exchange, consistently paid dividends every year during the 2017-2020 period, and had complete data regarding research variables. This study found ten companies that met these criteria within a research period of four years, resulting in 40 research observations for this study.

Results and Discussion

1.1 Numerical Results

Based on the results of the model selection tests that had been carried out, including the Chow Test in Table 1, the Hausman Test in Table 2, and the Lagrange Multiplier Test in Table 3, the most appropriate model used in this study is the Common Effect Model presented in Table 4. The following are the results from the panel data regression test using the Common Effect Model:

Table 1. Chow Test Results

Redundant Fixed Effects Tests
Equation: MODEL_FEM
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	2.469407	(9,25)	0.0359
Cross-section Chi-square	25.441621	9	0.0025

Source: Output Result from EViews 12.0 (2022)

Table 1 shows that the results of the Chow test obtained a probability value (p-value) of cross section F of 0.0359, which was smaller (<) than 0.05, meaning that the model used was a fixed effect model. Since the model used was a fixed effect model, the analysis was continued with the Hausman test.

Table 2. Hausman Test Results

Correlated Random Effects - Hausman Test
Equation: MODEL_REM
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	3.371680	5	0.6429

Source: Output Result from EViews 12.0 (2022)

Table 2 shows that the Hausmann test results obtained a random cross-section probability value (p-value) of 0.6429, which was greater (>) than 0.05, meaning that the model used was a random effect. Since the model used was a random effect model, then the analysis was continued with the Lagrange multiplier test.

Table 3. Lagrange Multiplier Test Results

Lagrange Multiplier Tests for Random Effects
Null hypotheses: No effects
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	1.892028 (0.1690)	0.636696 (0.4249)	2.528724 (0.1118)
Honda	1.375510 (0.0845)	-0.797932 (0.7875)	0.408409 (0.3415)
King-Wu	1.375510 (0.0845)	-0.797932 (0.7875)	-0.003275 (0.5013)
Standardized Honda	2.186703 (0.0144)	-0.503943 (0.6928)	-2.199955 (0.9861)
Standardized King-Wu	2.186703 (0.0144)	-0.503943 (0.6928)	-2.399699 (0.9918)
Gourieroux, et al.	--	--	1.892028 (0.1816)

Source: Output Result from EViews 12.0 (2022)

Table 3 shows that the Lagrange Multiplier test results obtained a Breusch-Pagan cross section value of 0.1690, which was greater ($>$) than 0.05, meaning that the common effect model was preferable to the random effect model for panel data regression.

Table 4. Common Effect Model Test Results

Dependent Variable: DPR				
Method: Panel Least Squares				
Date: 05/02/22 Time: 11:37				
Sample: 2017 2020				
Periods included: 4				
Cross-sections included: 10				
Total panel (balanced) observations: 40				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.142024	0.257207	4.440098	0.0001
LEV	-0.495112	0.133136	-3.718843	0.0007
LIK	-0.069020	0.086117	-0.801471	0.4284
IOS	0.087201	0.049388	1.765649	0.0864
FCF	-0.299119	0.487649	-0.613390	0.5437
AG	-0.718901	0.399458	-1.799689	0.0808
R-squared	0.414899	Mean dependent var	0.595011	
Adjusted R-squared	0.328855	S.D. dependent var	0.472135	
S.E. of regression	0.386789	Akaike info criterion	1.075607	
Sum squared resid	5.086601	Schwarz criterion	1.328939	
Log likelihood	-15.51215	Hannan-Quinn criter.	1.167204	
F-statistic	4.821930	Durbin-Watson stat	1.141983	
Prob(F-statistic)	0.001940			

Source: Output Result from EViews 12.0 (2022)

Table 5 reveals the effect of leverage (X1), liquidity (X2), investment opportunity set (X3), free cash flow (X4), and asset growth (X5) on the dividend policy on mining sector companies listed on the Indonesia Stock Exchange (IDX) in 2017-2020 are as follows:

1. Table 5 shows that the result of the significance value (Prob F-statistic) of 0.001940 was smaller than the significance level of 0.05, meaning that the independent variables consisting of leverage, liquidity, investment opportunity set, free cash flow, and asset growth simultaneously affected dividend policy in mining sector companies listed on the Indonesia Stock Exchange (IDX) in 2017-2020.
2. The leverage probability value (X1) of 0.0007 was smaller than 0.05, meaning that partial leverage had a significant negative effect on dividend policy because it had a leverage regression coefficient (X1) of -0.495112. The results were in line with the hypothesis. Companies with large debts have greater obligations to creditors in terms of debt payments and interest charged. Since the company's main priority is to creditors, the amount that will be paid to shareholders as dividends on the available balance after settling debt obligations will be reduced. Therefore, it will lead to a lower dividend payout (Yusof & Ismail, 2016).
3. The probability value of liquidity (X2) was 0.4284, which was greater than 0.05, meaning that liquidity partially did not have a negative effect on dividend policy because had a liquidity regression coefficient (X2) of -0.069020. This result was not in accordance with the hypothesis. Cash availability, which has an effect on liquidity, is incapable of fulfilling current liabilities, such as dividend payments. Liquidity that is too high shows the company's ineffectiveness in using labor capital, which is distinguished by the proportion of current assets that are not profitable, such as excessive inventory quantities compared to forecasts the level of future sales so that the inventory turnover rate is low and indicates overinvestment in inventory or the existence of a large receivable balance that may be difficult to collect and impact on dividend payments to smaller investors (Wahjudi, 2018).
4. The probability value of the investment opportunity set (X3) was 0.0864, which was greater than 0.05, meaning that the investment opportunity set partially did not have a positive effect on dividend policy because it had a

regression coefficient of investment opportunity set (X3) of 0.087201. These results were not in line with the hypothesis. The results show that the majority of the companies studied are already mature, meaning that the company's primary focus is on generating profits and distributing them to shareholders. At this mature stage, the company already has a profit reserve that can be used as investment capital without having to reduce the dividend proportion for shareholders (Sugiyanto et al., 2021).

5. The probability value of free cash flow (X4) was 0.5437, which was greater than 0.05, meaning that free cash flow partially did not have a negative effect on dividend policy because it had a regression coefficient value of -0.299119 for free cash flow (X4). This result was not in accordance with the hypothesis. Khan & Shamim (2017) observe a negative relation of free cash flow and dividend due to the fact that most of the free cash flow available is utilized by the companies for investment growth.
6. The probability value of asset growth (X5) was 0.0808, which was greater than 0.05, meaning that asset growth partially did not have a negative effect on dividend policy because it had an asset growth regression coefficient value (X5) of -0.718901. Asset growth has no effect on the cash dividend paid to the shareholders. This indicates that the growth of the companies did not constitute a higher dividend payment to the investors (Narindro & Basri, 2019). This finding does not support our earlier stated hypothesis. This could mean that asset growth is not an important determinant of the dividend behavior of Indonesian Government-owned companies. In other words, it may suggest that dividend decisions are taken independently from companies' growth.
7. Table 5 shows that the adjusted R-squared value was 0.328855 or 32.88%. Thus the independent variables consisting of leverage, liquidity, investment opportunity set, free cash flow and asset growth could affect the dependent variable, namely dividend policy, which was 32.88%, while the remaining 67.12% was influenced by other variables outside of this study.

Conclusion

This study has examined the factors that influence the dividend policy on mining sector companies listed on the Indonesia Stock Exchange in 2017-2020. Based on ten mining sector companies listed on the Indonesia Stock Exchange that have passed the research sample criteria, this study discovered that leverage, liquidity, investment opportunity set, free cash flow, and asset growth had a simultaneous effect on dividend policy. Partially, leverage had a significant positive effect on dividend policy, while liquidity, free cash flow, and asset growth did not have a significant negative effect on dividend policy. Likewise, the investment opportunity set did not have a significant positive effect on dividend policy. In particular, the results of the study show that companies with high income and investment opportunities but have low debt tended to pay higher dividends to shareholders.

This study are expected to assist the board of directors in developing and/or improving the company's dividend policy by considering factors that have been proven to have a significant effect on dividend payments. In particular, if the board of directors is considering increasing dividend payments to shareholders, the leverage factor needs to be considered more carefully. This is vital since dividend policy is one of the most important factors in maintaining current investors and attracting new investors to invest in the company. In addition to paying high dividends to the management team, it is also crucial to seek more income and investment opportunities, as well as reduce debt levels, in order to satisfy the shareholders' goal of increasing wealth through higher dividends.

Since dividend payments are a form of reward or return to shareholders, the results of this study also provide insight to existing and potential shareholders in making investment decisions. If they expect to receive more dividends from their investments, shareholders may invest in large companies with better profitability and lower debt, as well as a higher proportion of investment by major shareholders.

This research has several limitations. First, it merely focuses on mining sector companies listed on the Indonesia Stock Exchange in 2017-2020, which consistently paid dividends to their shareholders annually during the study. Future research could include companies from sectors other than mining listed on the Indonesia Stock Exchange with a longer research period in order to generalize the findings and represent the determinants of dividends on mining sector companies listed on the Indonesia Stock Exchange. Second, this study relies solely on secondary data, such as financial statements and annual reports from companies, as well as literary studies from books and previous research publications. The use of questionnaires or qualitative studies, such as interviews, is suggested to provide more complete data about the factors that influence a company's dividend policy. It can also be done by combining quantitative and qualitative research methods to obtain more comprehensive results. Despite its limitations, this study

contributes to the existing literature on factors influencing mining sector companies listed on the Indonesia Stock Exchange's dividend policy.

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Biography / Biographies

Farida Titik is a lecturer in Faculty of Economics and Business, Telkom.University, Bandung Indonesia. Her research interest is in corporate finance.

Ni Made Swasti Mega Putri is an undergraduate economics student at the Faculty of Economics and Business, Telkom University, Bandung, Indonesia. She studied accounting major. Her research interests are in the field of Corporate Finance, Stock Exchange. She will obtain a Bachelor of Economics degree from the Faculty of Economics and Business, Telkom University in 2022.