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Self-Finance Ratio's Role in Moderating Profitability, Risk, and Growth on Dividend Policy

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ABSTRACT

Analyzing the role of self-finance ratio in moderating the effect of profitability, business risk and company growth on dividend policy in the manufacturing industry listed on the Indonesia stock exchange. This type of quantitative research, with a sample of 53 manufacturing companies determined based on purposive sampling method, the analytical tool used to test the hypothesis is Moderated Regression Analysis (MRA). Profitability and company growth have a positive and significant effect on dividend policy, business risk has no effect on dividend policy, and the self-finance ratio does not moderate the effect of profitability, business risk, and company growth on dividend policy. Providing practical insights for the management of manufacturing companies listed on the Indonesia Stock Exchange regarding dividend policy, management can focus more on efforts to increase profitability and company growth to increase dividends distributed to shareholders. In addition, although business risk has no effect on dividend policy, management needs to continue to manage risk effectively to maintain the company's financial stability. Future research can develop this research by using or adding other variables that have not been used in this study because there are still many financial ratios that may affect dividend policy.

KEYWORDS - self finance ratio, profitability, business risk, company growth, and dividend policy.

1. INTRODUCTION

Investment in companies listed on the Indonesia Stock Exchange is increasingly attractive to investors, especially since the main purpose of investors investing their funds is to obtain profits or return of capital in the form of capital gains or dividends distributed by the corporation. Capital gain is the difference between the purchase price and the selling price of a stock Hanafi (2016: 43). This profit will be obtained if you buy and sell shares owned where the purchase price condition is lower than the price when sold. Dividends are compensation received by shareholders Hanafi (2016: 361). Investors tend to prefer dividends because they provide certainty of income rather than relying on uncertain stock price increases. Stable and increasing dividends can increase investor confidence in the company, but companies often face a dilemma between distributing dividends or holding profits for reinvestment

There are various obstacles faced by companies when deciding not to distribute dividends. The phenomenon that occurred in the issuer of Muslimah products, PT Bersama Zatta Jaya Tbk (ZATA) decided not to pay dividends this year because net profit worth IDR 1 billion in 2022 will be used for reserve funds, while the remaining net profit of IDR 4.76 billion will be used as working capital. PT Charoen Pokphand Indonesia Tbk (CPIN) is also known to be absent from dividends for the 2022 financial year. This is due to a decline in profit performance, which fell 19.03% on an annual basis to IDR 2.94 trillion. (CNBCIndonesia, 09/23). PT Gudang Garam Merah Tbk (GGRM) in 2020 experienced a decline towards the closing hour. This happened after the company decided not to distribute dividends on net profit in 2019.

Dividend policy greatly affects all parts of the company including the value of the company and is related to investors' perceptions of the company. In the case of PT Gudang Garam Tbk, after it was decided not to distribute dividends, there was a significant decline in the share price. So, it is very important that the company is able to increase dividends to investors. Manufacturing companies also still have fluctuating dividend payments, the following data is obtained.

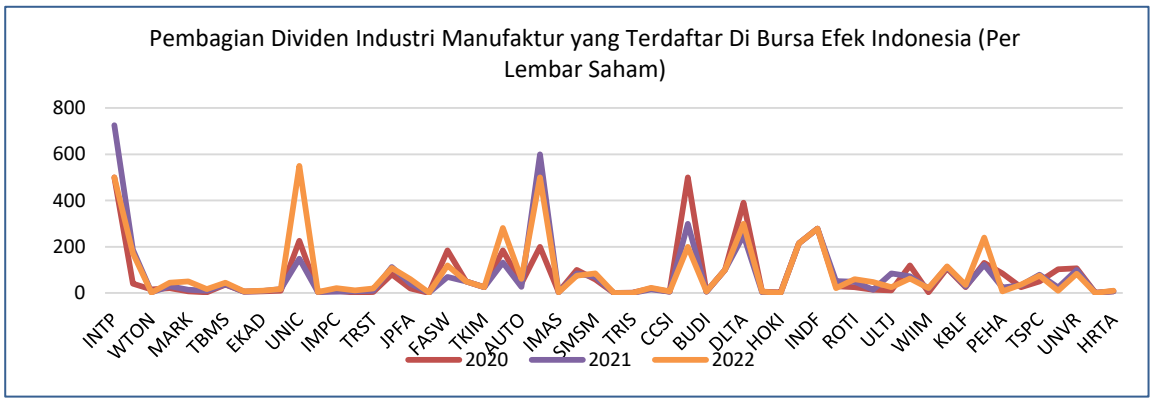

Figure 1. *Grafik Pembagian Dividen*
Sumber: Data diolah

Figure 1, it can be explained that manufacturing companies listed on the Indonesia Stock Exchange in 2020 - 2022 have dividend payments that are still fluctuating, and there are even companies that do not pay dividends at all. This shows that the dividend policy in the manufacturing sector is still inconsistent from year to year. Therefore, it is important to further examine what factors affect the payment or policy in manufacturing companies. Such as company profitability, business risk and company growth as well as the presence of self finance ratio that can strengthen these influences.

This study considers the self finance ratio as a moderating factor that can affect the relationship between profitability, business risk, and company growth on dividend policy. self finance ratio reflects the company's ability to finance its own investments without having to rely on external funding. This research is focused on manufacturing companies listed on the Indonesia Stock Exchange during the 2020-2022 period to further understand the factors that affect dividends in the manufacturing sector
Previous research conducted Louziri & Oubal, (2022), Aninda Mustika Ningrum & Permata Sari, (2023), and (Naz et al., 2023) showed that Return on Equity has a significant positive effect on dividend policy. This means that the greater the ROE ratio shows an increase in net profit earned by the company, so that it will attract investors to invest their capital and the higher the profit earned by the company, the higher the dividends distributed. Meanwhile, research by Septiani et al., (2020), Mamun et al., (2020) and Bawamenewi & Afriyeni, (2019) as well as research (Dahiyat & Al-Nsour, 2021) explain that Return on Equity has a negative effect on dividend policy. Previous research by Pattiruhu & Paais, (2020), Ayu et al., (2021) and Putri et al., (2022) showed that Return on Equity has no effect on dividend policy

Another factor that affects dividend policy is business risk. In research by Mnune and Purbawangsa (2019), Jaara et al., (2018) and Fathony & Djuminah, (2024) explain the effect of business risk on dividend policy is significant and negative, meaning that the higher the company's business risk, the lower the dividends will be distributed because high business risk can have an impact on the company's inability to finance its operations. Different according to Mamun et al., (2019) explain the effect of business risk on dividend policy is positively significant. Meanwhile, Khan & Ali Shah Assistant Professor, (2019) explains that business risk has no effect on dividend policy

The next factor that affects dividend policy in this study is company growth. The high growth to be achieved has the consequence of increasing the need for funds to finance it. Previous research by Mayliza & Suryadi, (2023) showed that company growth has a positive and significant effect on dividend policy. Meanwhile, Iksantinaka, (2022) and Wahjudi, (2018) company growth has a negative and significant effect on dividend policy, meaning that if company growth has increased, it means that internal reserves have also increased, so dividend policy has decreased. Research by Pradika & Rediyono, (2022) shows that company growth has no effect on dividend policy.

Previous research by Khan & Ali Shah Assistant Professor, (2019), Lazzem & Jilani, (2018), and Haider et al., (2012) showed that SFR has a negative and significant effect on dividend policy, which means that it can be interpreted that when the company has good company financial performance but on the other hand the company has obligations or debt to be paid, it is likely that the company will focus on the debt that must be paid first. Meanwhile Febriyanto & Mukharomah W, (2014), and Zulfiqar et al., (2010) found that the Self Finance ratio has a positive and significant effect on dividend policy, where

companies that pay more dividends have better corporate financial performance. Previous research by Tahu et al., (2017), Haider et al., (2012) Self Finance ratio has no effect on dividend policy, meaning that a low level of SFR reflects that an infrastructure is unable to support its own growth substantially and will have to rely on funding using large debt

The formulation of research problems that can be described is; how does profitability, business risk and company growth affect dividend policy and how does the role of self-finance ratio moderate the effect of profitability, business risk and company

2. THEORETICAL REVIEW

Signalling Theory

This theory was proposed by Modigliani et al., (1958). This theory states that dividend changes are considered a signal of corporate income. This theory is closely related to dividend policy, where information is very important for investors to know the condition of the company, where information about the company's decisions is a signal or condition of the company's condition. Data and information are very important for investors to calculate the prospects for company performance, and for investors to consider in investing their funds. On the other hand, dividend announcements can be used as predictors by investors of the company's current and future results. If an announcement stating that a company has decided to increase dividends per share can be interpreted by investors as good news or signals, because higher dividends per share indicate that the company believes future cash flows will be large enough to bear high dividend rates (Sejati et al., 2020).

Researchers conclude that signalling theory can underlie a company's dividend policy. Because if the company provides good signals for users of the company's audited financial statements including growth, profitability, and full business risk, then investors have a good management view on the company's prospects for the future, which in turn can provide benefits for them in the form of dividends.

Agency Theory

Based on agency theory Jensen & Meckling, (1976), where investors act as the principal and managers as the agent, two opposing interests arise. Agency theory assumes that all individuals act in their own interests. Shareholders are assumed to be interested only in increasing the return on their investment in the company, while agents (management) are assumed to receive satisfaction in the form of financial compensation. There is a conflict of interest where each party tries to increase its own benefits. Conflicts of interest can be minimised by the company having to incur costs called agency costs. These agency costs must be minimised in order to create a good relationship between shareholders and management. One way to reduce agency costs is by distributing dividends. This is in line with the opinion by Jensen & Meckling, (1976) 'agency relationship as a contract under which one or more persons (the principals) engage another person (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent'. The interests of shareholders as principals and the interests of management as agents often conflict. This difference in interests can cause a conflict of interest between them. Dividend payments are necessary for companies that are well established in terms of profit or profit, because dividends can be distributed or not depending on the profits earned by the company so that the company's ability to generate profits or often referred to as profitability is absolutely necessary if the company wants to pay dividends. There is empirical evidence that if there is an increase in dividends, it is often followed by an increase in stock prices. Conversely, a decrease in dividends generally causes stock prices to fall. This phenomenon can be considered as evidence that investors favour dividends over capital gains. But Modigliani et al., (1958) argue that an increase in dividends is usually a 'signal' to investors that the company's management foresees good earnings in the future. Conversely, a decrease in dividends or an increase in dividends below the normal increase is (usually) believed by investors to be a signal that the company faces difficult times ahead

Dividend Irrelevance Theory

This theory was proposed by Modigliani et al., (1958). They argue that the value of a company is only determined by its basic ability to generate profits and its business risks. In other words, MM argues that the value of the company depends on the profit produced, not on how the profit will be divided into dividends and retained earnings, so the dividend policy of a company has no effect on the value and cost of capital Brigham and Houston, (2018: 33).

Tax Preference Theory
According to Brigham and Houston (2018:33), investors favour low rather than high dividend distributions, due to the tax imposed on dividends. Investors assume that earnings growth may be perceived to result in an increase in share prices, and low-tax capital gains will replace higher-tax dividends.

Bird in the Hand Theory
Myron Gordon (1961) suggests that shareholders prefer that earnings be distributed in the form of dividends rather than retained earnings. The reason is that dividend payments are a sure thing compared to capital gains. Gordon and John Lintner assume that investors view one bird in the hand as more valuable than a thousand birds in the sky. This theory explains that investors prefer high dividend payments, because they assume that high current dividend yields tend to have less risk than capital gains in the future.

Effect of Profitability on Dividend Policy
Profitability is the company's ability to generate profits during a certain period. Signalling theory states that companies adjust dividends to signal the company's prospects. Bird in the Hand Theory states that investors will be happy with certain income in the form of dividends rather than uncertain income such as capital gains, increasing profitability will increase the company's ability to pay dividends to its shareholders. Dividend payments can signal that the company has good prospects. If the company announces an increase in dividends, investors will assume that the company's current and future conditions are relatively good. Return on Equity (ROE) is one of the financial ratios that measures company profitability.

Signal Theory explains that investors will tend to choose companies that have a good level of profitability, because this is related to a positive signal of dividend income. The higher the profit generated, the greater the dividend generated as well. The profit generated by the company is used as a positive signal of the dividends that will be distributed to these shareholders (Puspitaningtyas et al., 2019). One of the profitability ratios is Return on Equity (ROE). Return on Equity (ROE) is the return on equity, the ratio to measure net profit after tax with own capital Kasmir (2019: 204). A high Return On Equity means that the company can use its capital optimally to make a profit, so that the higher the ROE means that the profit owned by the company is also higher. High company profits will make the company have more funds that can be used either to distribute dividends or to be retained. This increase in funds will increase the company's ability to pay dividends, this is in line with research conducted by Louziri & Oubal, (2022), Aninda Mustika Ningrum & Permata Sari, (2023), and Naz et al., (2023) Also research conducted by Pattihuru and Paais (2020) shows that profitability has a significant positive effect on dividend policy. Based on this analysis, the hypothesis development in this study can be formulated as follows:

Hypothesis 1: Profitability has a positive and significant effect on Dividend Policy.

Effect of Business Risk on Dividend Policy
Companies with high business risk can reflect the condition of the company is considered incapable of fulfilling the financing of its operational activities, so this causes a decrease in profits, companies tend to strive to strengthen the capital structure so that the profits received by the company will be diverted into retained earnings (Pangestuti, 2021).

Companies that have high profit fluctuations indicate unstable conditions or that the company is experiencing business risk, when the company has high business risk, the company should prefer to use internal funds for company needs because companies that have high business risk are unlikely to increase external sources of funds because when the company adds external sources of funds and the company experiences difficulties or congestion in paying external financing, the higher the business risk faced by the company, so that from the high business risk of a company, the company will reduce dividends, so that funding needs can be met through internal funds owned by the company, and the company does not need to seek external funds.

Business risk refers to unfavourable company conditions caused by factors such as the economic crisis experienced during the Covid-19 pandemic. An increase in business risk increases the likelihood that the company will face challenges in fulfilling dividend obligations, thereby reducing the attractiveness of the company as an investment option for shareholders (Putri et al., 2022).

This is in line with research conducted by Mnune & Purbawangsa, (2019), Jaara et al., (2018), and Fathony & Djuminah, (2024) explaining the effect of business risk on dividend policy is negative and significant. Based on this analysis, the hypothesis development in this study can be formulated as follows

Hypothesis 2: Business Risk has a negative and significant effect on Dividend Policy.

Effect of Company Growth on Dividend Policy
Company growth will affect dividend policy, where with a good growth rate the company will certainly allocate the funds obtained by the company to invest so that it will reduce dividend distribution to shareholders. Agency theory explains the direction of the negative relationship between growth and dividend policy. Management tends to withhold profits to pursue growth in order to have a good performance assessment while shareholders want their welfare to be guaranteed through dividends. The greater the future financing, the greater the company's desire to withhold profits. So a growing company should not distribute profits as dividends but rather be used for investment financing.

The faster the growth rate of the company, the greater the opportunity to earn profits, the greater the share of income owned by the company, which means that the dividend payout ratio is lower. The faster the company's growth rate, the greater the need to finance the development of company assets and the more funds needed in the future, the more profit must be retained and not paid to shareholders in the form of relatively small dividends (Rodoni, 2014). This is in line with research conducted by Iksantinaka, (2022), Wahjudi, (2018) and Daulat Tambun Saribu, (2021) which shows that company growth has a negative and significant effect on dividend policy. Based on this analysis, the hypothesis development in this study can be formulated as follows:

Hypothesis 3: Company Growth has a negative and significant effect on Dividend Policy.

The effect of Self Finance Ratio as a moderating variable and strengthen the effect of Profitability, Business Risk, and Company Growth on Dividend Policy
Self-Financing Ratio is a ratio shown by comparing cash flow from operations with net investment in fixed assets. Even this ratio shows the company's ability to finance investment in fixed assets with its own resources (Lazzem & Jilani, 2018). In research Zulfiqar et al., (2010), Febriyanto & Mukharomah W, (2014) found that Self Finance has a positive and significant effect on dividend policy, where companies that pay more dividends have better corporate financial performance. Based on this analysis, the hypothesis development in this study can be formulated as follows:

Hypothesis 4a: Self Finance moderates and strengthens Profitability on Dividend policy positively and significantly.

Hypothesis 4b: Self Finance moderates and strengthens Business Risk on dividend policy positively and significantly

Hypothesis 4c: Self Finance moderates and strengthens Company Growth on Dividend Policy positively and significantly.

The results of the exposure of research problems, concepts, theories and results of empirical studies, and hypotheses, the conceptual framework and Hypotheses Formulation as shown in figure 2.

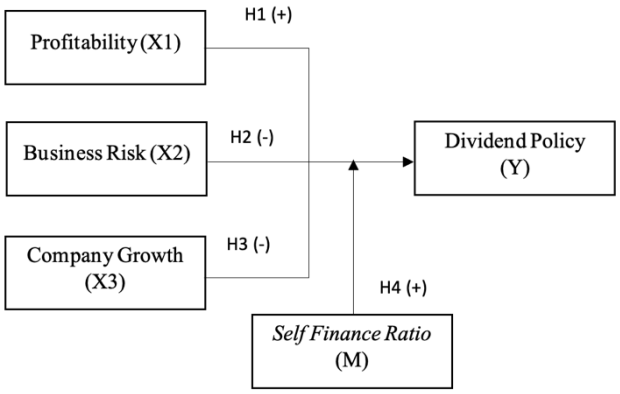

Figure 2. Conceptual framework and Hypotheses Formulation Description: X1 = Profitability; X2 = Business Risk; X3 = Company Growth;
M = *Self Finance Ratio*; BIU (Y) = Dividend Policy

3. METHODS

Variables and Measures

There are five variables in this study, namely; Profitability (X1), Business Risk (X2), and Company Growth (X3) as independent variables. Moderating variable is Self Finance Ratio (M) and dependent variable Dividend Policy (Y). Each variable is measured using several formulas that have been empirically tested and used in previous empirical studies.

Sampling

The sampling technique uses purposive sampling method. The sample value is determined using a certain consideration/criteria method. The sampling criteria are manufacturing companies that continue to pay dividends for 3 consecutive years, namely 2020 - 2022, so that companies that do not pay dividends in a particular year during the study period will be excluded from the sample. This criterion was chosen because this research was conducted with a 3-year observation period and in that year many manufacturing companies did not pay dividends to shareholders, namely 173 companies.

Table 1. Research Sample Determination

Research Sample Criteria	**Number of Companies**
Manufacturing Companies Listed on the Indonesia Stock Exchange in 2020-2022	226
Manufacturing Companies That Do Not Distribute Dividends in 2020-2022	(173)
Sample	**53**

Sumber: *www.idx.co.id*

Table 1, manufacturing companies listed on the Indonesia Stock Exchange that have met the research sample criteria are 53 companies, so the total research sample for 3 years is 159 observations.

4. FIGURES AND TABLES

Classical Assumption Test Results

OLS-based testing with time series data must fulfil the conditions in classical assumptions. The results of the classical assumption test in this study are as follows.

Normality Test

The normality test in this study uses the Monte Carlo test. Data is said to be normally distributed if the significance level (asymp.sig.) is more than 0.05 (Ghozali, 2018: 161). The Monte Carlo test results are shown in Table 2 below

Table 2. Normality Test Results

			Unstandardized Residual
N			159
Normal Parameters[a,b]	*Mean*		0,0000000
	Std. Deviation		0,02275785
Most Extreme Differences	*Absolute*		0,074
	Positive		0,074
	Negative		-0,052
Test Statistic			0,074
Asymp. Sig. (2-tailed)			,033[c]
Monte Carlo Sig. (2-tailed)	*Sig.*		,329[d]
	99% Confidence Interval	*Lower Bound*	0,317
		Upper Bound	0,341

Sumber: data diolah

Table 4 shows the asymp.sig. value of 0.329> α = 0.05, it can be concluded that the data is normally distributed.

Multicollinearity Test

The multicollinearity test aims to determine whether or not there is a linear relationship (multicollinearity) between one independent variable and another independent variable. Multicollinearity testing is done by looking at the results of the tolerance value above 0.1 and the variance inflation factor (VIF) value below 10, which means there are no multicollinearity symptoms (Ghozali, 2018: 107). Table 5 below shows the results of the multicollinearity test

Table 3. Multicollinearity Test Results

Coefficients[a]

		Unstandardized Coefficients		*Standardized Coefficients*			*Collinearity Statistics*	
Model		*B*	*Std. Error*	*Beta*	*T*	*Sig.*	*Tolerance*	*VIF*
1	*(Constant)*	0,175	0,011		16,680	0,000		
	Return On Equity	0,270	0,043	0,453	6,200	0,000	0,926	1,080
	Business Risk	-0,025	0,014	-0,127	-1,756	0,081	0,937	1,067
	Growth	0,041	0,021	0,137	1,949	0,053	0,994	1,006
	Self Finance Rasio	0,005	0,002	0,181	2,454	0,015	0,911	1,098

a. Dependent Variable: Dividen Pay Out Rasio

The multicollinearity test results in Table 5 show that the tolerance value of all independent variables> 0.1 with VIF of all independent variables < 10, so it can be concluded that the research data is free from multicollinearity.

Autocorrelation Test

The autocorrelation test is used to test data that is time-series in nature. A good multiple linear regression analysis is the absence of autocorrelation of the independent variables in the current year with the previous year or the data is random (residual random). The autocorrelation test in this study uses the Durbin-Watson test, where the data is said to be free from autocorrelation problems if dU < dw < (4 - dU). The value of n (number of samples) = 159 and k (number of independent variables) = 4,

so the value of dU = 1.7925 is obtained (Appendix 4). The Durbin-Watson (dw) value in this study is further shown in Table 4 as follows

Table 4. Autocorrelation Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,489[a]	0,239	0,220	0,023051515	2,009

a. Predictors: (Constant), Self Finance Rasio, Growth Business Risk , Return On Equity
b. Dependent Variable: Dividen Pay Out Rasio

The table above the Durbin Watson value is 2.009, the comparison uses a significance value of 5%, the number of samples is 159 (n), and the number of independent variables is 4 (k = 4), there is no autocorrelation at dU < dw < 4 - dU. The results obtained in this study are 1.7925 < 2.009 < 2.2075, so it can be said that the data is free from autocorrelation.

Heteroscedasticity test. Aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to another. If the variance of the residuals of one observation to another observation is constant, it is called homoscedasticity and if it is different it is called heteroscedasticity.

Table 5. Heteroscedasticity Test Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0,046	0,005		8,646	0,000
	RETURN ON EQUITY	-0,098	0,022	-0,329	-1,424	0,103
	BUSINESS RISK	-0,005	0,007	-0,054	-0,724	0,470
	GROWTH	-0,036	0,011	-0,243	-1307	0,121

a. Dependent Variable: abs_res

The results of the Heteroscedasticity Test using Glejser, no independent variable shows statistical significance at the 5% significance level in relation to the absolute value of the residuals. Where the variable return on equity shows a significance value of 0.103>0.05, business risk shows a significance of 0.470>0.05, growth shows a significance of 0.121>0.05. This indicates that there is insufficient evidence to suggest heteroscedasticity in this regression model. Therefore, the assumption of homoscedasticity can be accepted, which means that the residual variance is considered constant at different levels of the value of the independent variable.

Multiple Linear Regression Analysis Results Using Moderated Regression Analysis (MRA)

The analysis technique used next is multiple regression. Data processing was carried out using the help of the SPSS 26 programme which in the calculation obtained the following results:

Table 6. Results of Multiple Linear Regression Analysis of Moderating Variables Using Moderated Regression Analysis (MRA)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	*(Constant)*	0,159	0,011		14,043	0,000
	Return On Equity	0,332	0,046	0,557	7,174	0,000
	Business Risk	-0,016	0,015	-0,083	-1,094	0,276
	Growth	0,062	0,024	0,209	2,606	0,010
	Self Finance Rasio	0,017	0,004	0,605	4,199	0,000
	X1*M	-0,016	0,058	-0,107	-0,275	0,784
	X2*M	-0,001	0,021	-0,005	-0,050	0,960
	X3*M	-0,084	0,083	-0,381	-1,020	0,310

a. Dependent Variable: Dividen Pay Out Rasio

From the table above, the regression equation is obtained as follows:
Y = 0,159 + 0,332 X1 - 0,016 X2 + 0,062 X3 + 0,017 M – 0,016 (X1*M) – 0,001 (X2*M) -0,084 (X3*M)
The formula above can be explained as follows:
The multiple linear regression equation can be described as follows:

a = 0.159 means that if ROE (X1), BRISK (X2), GROWTH (X3), and Self Finance Ratio (M) are zero per cent or have no change, then the value of Dividend Pay Out Ratio (Y) is 0.159.

X1 = ROE (X1) has a positive effect on Dividend Pay Out Ratio with a value of 0.332, meaning that if ROE (X1) increases while BRISK (X2), Growth (X3), and Self Finance Ratio (M) remain, the amount of Dividend Pay Out Ratio is 0.332.

X2 = BRISK (X2) on Dividend Pay Out Ratio with a value of -0.016 and a significance level of 0.276> 0.05, shows that the interaction is not significant, meaning that BRISK has no effect on the Dividend Pay Out Ratio.

X3 = Growth (X3) has a positive effect on the Dividend Pay Out Ratio with a value of 0.062, meaning that if Growth (X3) increases while ROE (X1) BRISK (X2), and Self Finance Ratio (M) remain, the amount of Dividend Pay Out Ratio is 0.062.

X1*M = Coefficient -0.016 with standard error 0.058, Beta -0.107, t value -0.275, and Sig. 0,784. This shows that the interaction between ROE and Self Finance Ratio is not significant, meaning that Self Finance Ratio does not moderate the effect of ROE on Dividend Payout Ratio.

X2*M = Coefficient -0.001 with standard error 0.021, Beta -0.005, t value -0.050, and Sig. 0,960. This shows that the interaction between Business Risk and Self Finance Ratio is not significant, meaning that Self Finance Ratio does not moderate the effect of Business Risk on Dividend Payout Ratio.

X3*M = Coefficient -0.084 with standard error 0.083, Beta -0.381, t value -1.020, and Sig. 0.310. This shows that the interaction between Growth and Self Finance Ratio is not significant, meaning that Self Finance Ratio does not moderate the effect of Growth on Dividend Payout Ratio

Coefficient of Determination (R2). The coefficient of determination (R2) essentially aims to measure how far the model's ability to explain the variation in the dependent variable (Ghozali, 2018: 97). The coefficient of determination can be measured by looking at the R Square value, but because there are more than one variable in this study, the Adjusted R Square value is used. This is because the R square value has a fundamental weakness, namely bias if the independent variable is more than one (Ghozali, 2018: 97-98). The results of the coefficient of determination test are shown in Table 7 as follows

Tabel 7. Hasil Uji Koefisien Determinasi

Model Summary

Model	*R*	*R Square*	*Adjusted R Square*	*Std. Error of the Estimate*
1	*,544[a]*	*0,296*	*0,263*	*0,022397395*

*a. Predictors: (Constant), X3*M, Return On Equity, Growth , Business Risk , X2*M, Self Finance Rasio , X1*M*

This regression model shows that the predictor variables used (Return on Equity, Growth, Business Risk, Self Finance Ratio, and the interaction between Return on Equity, Growth, and Self Finance Ratio variables with moderation variables together explain about 26.3% of the variation in Dividend Payout Ratio. These results indicate that most of the variation in the Dividend Payout Ratio (73.7%) is not explained by the variables in this model. This indicates that there are other factors outside the model that also contribute to the variation in the Dividend Payout Ratio.

Simultaneous Significant Test (F Statistical Test). The simultaneous test (F-test) is used to determine whether simultaneously (simultaneously) all independent variables have an influence on the dependent variable. Table 10 below shows the results of the simultaneous test calculation (F-test) using SPSS 26.0.

Tabel 8. Hasil Uji Simultan (Uji-F)

ANOVA[a]

Model		*Sum of Squares*	*Df*	*Mean Square*	*F*	*Sig.*
1	*Regression*	*0,026*	*4*	*0,006*	*12,111*	*,000[b]*
	Residual	*0,082*	*154*	*0,001*		
	Total	*0,108*	*158*			

a. Dependent Variable: Dividen Pay Out Rasio

b. Predictors: (Constant), Self Finance Rasio Growth , Business Risk , Return On Equity

Based on the table of F test results, it can be seen that the significance level is 0.000 <0.05 and where the Ftabel value is obtained from the numerator df (5-1) = 4 and the denominator df (159-5) = 154 so that Fhitung> Ftabel or 12.111> 2.43 which means that the variables Self Finance Ratio, Growth, Business Risk, and Return On Equity simultaneously have a significant effect on the company's Dividend Policy.

Partial Significance Test (t Statistical Test). Partial test (t-test) is used to test the effect of each independent variable on the dependent variable. By determining the significant level is 0.05. If Thitung> Ttabel or -Thitung < - Ttabel and sig value < 0.05, then the hypothesis will be accepted while if Thitung < Ttabel or -Thitung > -Ttabel and sig value> 0.05 then the hypothesis will be rejected or has no effect on the dependent variable. The results of the test can be seen in table 8.

The effect of profitability variables has a significance level of 0.000 <0.05, has a tcount value of 7.174> 1, 97549 (ttable α = 0.05, df = (159-5) = 154). It can be concluded that the hypothesis is accepted, which means that the profitability variable partially affects dividend policy. The effect of business risk variables has a significance level of 0.276> 0.05, has a tcount value of -1.094 < 1, 97549 (ttable α = 0.05, df = (159-5) = 154). It can be concluded that the hypothesis is rejected, which means that the business risk variable partially has no effect on dividend policy. The effect of earnings growth variable has a significance level of 0.010 <0.05, has a tcount value of 2.606> 1, 97549 (ttable α = 0.05, df = (159-5) = 154). This means that the company growth variable partially affects dividend policy. It is concluded that the hypothesis is rejected because it has a positive direction of influence

Discussion

The results of hypothesis testing show that profitability has a positive and significant effect on dividend policy in manufacturing companies listed on the Indonesia Stock Exchange, explaining the

unidirectional and meaningful or meaningful influence, where if profitability increases, it will tend to be followed by an increase in dividend policy. In line with previous research Louziri and Oubal (2022), Aninda and Permata (2023), Naz et al., (2023) and Pattihuru and Paais (2020).

The test results show that business risk has no significant effect on dividend policy in manufacturing companies on the Indonesia Stock Exchange. Companies with high business risk tend to pay low dividends to avoid future dividend cuts and use retained earnings for further investment. However, business risk does not affect dividend decisions because companies can still obtain loans to finance operations. Previous research Ines and Handojo (2017) and Wulandari and Warsini (2023).

The results of hypothesis testing show that company growth has a positive and significant effect on dividend policy in manufacturing companies listed on the Indonesia Stock Exchange, explaining the unidirectional and meaningful or meaningful influence, where if company growth increases, it will tend to be followed by an increase in dividend policy. The findings in this study are in line with research by Janifairus et, all (2013) and contradict several previous studies. Iksantinaka (2022) and Wahjudi (2018) found that company growth has a negative and significant effect on dividend policy. Research shows that growing companies tend to retain more profits to finance growth, which reduces the amount of dividends paid.

Research by Zulfiqar et al. (2010), and Febriyanto & Mukharomah (2014) found that SFR has a positive and significant effect on dividend policy. However, the results of this study indicate that SFR does not moderate the effect of profitability, business risk, and company growth on dividend policy. This difference may be due to the unique characteristics of manufacturing companies in Indonesia or different economic and market conditions.

This section describes the research subject and object. The result of the statistical test comprises (1) Validity test, (2) Reliability test, (3) Stationary test, (4) Classical assumption test, (5) t-Test & F-Test, and (6) Coefficient of Determination test. The types of statistical tests are adjusted to the content of the research conducted

5. CONCLUSION

This study provides insight for company managers to understand the factors that influence dividend policy, by showing that the Self Finance Ratio (SFR) does not moderate the effect of profitability, business risk, and company growth on dividend policy. This finding is useful for investors in making investment decisions by emphasising the importance of profitability and firm growth. In addition, this study challenges traditional financial theories such as Pecking Order Theory and Signalling Theory, and underlines the importance of considering specific contexts in dividend policy analysis, while encouraging the development of more comprehensive and contextual theoretical models.

This research has several limitations that need to be considered. This study was only conducted on manufacturing companies listed on the Indonesia Stock Exchange, so the results may not be generalisable to other industry sectors. Further research is needed to see if these findings apply to other industry sectors. The financial statements used in this study only cover the period 2020-2022. While this period covers the Covid-19 pandemic which provides a context for the economic crisis, longer-term research is needed to understand the dynamics of dividend policy in more stable economic conditions. This research is limited to analysing the effect of profitability, business risk, and company growth with SFR moderation on dividend policy. Other variables that may be relevant, such as ownership structure, liquidity, and debt policy, are not taken into account in this study. Further research needs to include these variables to provide a more comprehensive picture.

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