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Analysis of Year Effect (Pandemic) in the Influence of Company Internal Factors on Dividend Policy

(Empirical Study of Mining Companies Listed on the IDX for the period 2014-2020)

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Abstract:- This research aims to analyze the effect of the year (pandemic) on the influence of the company's internal factors on dividend policy. The population in this research are mining companies listed on the Indonesia Stock Exchange for the period 2014-2020. The research data is secondary data with an observation period of 7 years. The method of determining the sample used is purposive sampling, where 19 companies have obtained that match the criteria for selecting the research sample. The data analysis method used is panel data regression with the fixed effect model selected. The results of this research can be concluded that the variation in dividend policy as proxied by the dividend payout ratio (DPR) can be explained by variations in the profitability ratio as proxied by return on equity (ROE), liquidity as proxied by the current ratio (CR), ratio activity proxied by total asset turnover (TATO), solvency as proxied by debt to equity ratio (DER), growth, firm size and the year of the pandemic is 0.34085. In contrast, other variables outside the model explain the rest. The results of this research indicate that the DER has a negative effect, TATO and firm size have a positive effect, while the ROE, CR, and growth have no effect, and the year of the pandemic affects the DPR.

Keywords:- *Dividend Payout Ratio, Return On Equity, Current Ratio, Total Asset Turnover, Debt To Equity Ratio, Growth, Firm Size, Year Of The Pandemic*

I. INTRODUCTION

The global economy in 2020 was marked by the Covid-19 pandemic which had a tremendous impact on health, humanity, economy, and financial system stability. Efforts to contain the spread of Covid-19 have limited mobility and economic activity, increasing financial market uncertainty. In Indonesia, the first Covid-19 case was announced by President Jokowi on March 2, 2020. The Covid-19 pandemic has caused many losses to various sectors in Indonesia, one of which is the mining sector

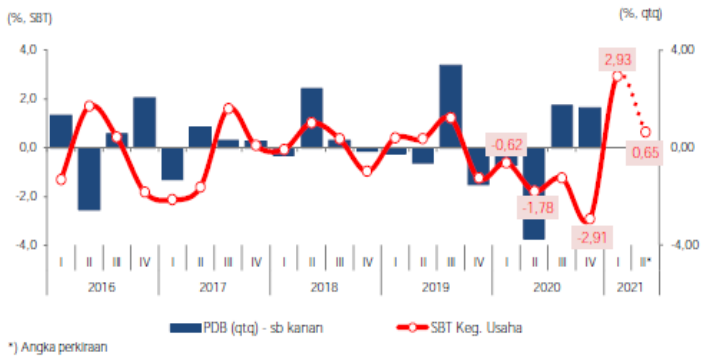


Fig 1: Mining and quarrying sector
Source: Bank Indonesia

The Covid-19 pandemic greatly affected the coal industry in 2020 and caused a significant decline in coal demand and prices. As a result, profitability declines, so companies must review financial policies, including dividend policies.

The following is the dividend payout ratio data for mining companies included in the IDX High Dividend 20 index :

Table 1: Dividend Payout Ratio

No	Issuer Code	Fiscal year		
		2018	2019	2020
1	PT Bukit Asam Tbk (PTBA)	77.90%	92.75%	36.08%
2	PT Adaro Energy Tbk (ADRO)	47.93%	61.87%	99.92%
3	PT Indo Tambangraya Megah Tbk (ITMG)	103.21%	80.08%	96.21%
4	PT United Tractors Tbk (UNTR)	39.99%	39.99%	40.02%

Source: BEI (data processed by the author)

Dividend payout ratio for the fiscal year 2020 decreased by 56.67 % from 2019. This is considering the fact that last year the company was under heavy pressure in the midst of a pandemic, which decreased by 20.48 percent year on year (yoy) from Rp21.78 trillion in 2019. Another reason is because PTBA is focusing on expanding its business towards downstreaming and the construction of the Sumsel-8 steam power plant (PLTU) so that capital expenditure or capital expenditure (capex) is up to Rp 3.8 trillion.

PT Adaro 's dividend payout ratio has actually increased compared to the last 2 years, which was 99% with a value of US$147. Although the DPR is higher, the amount of dividends distributed is smaller than in 2019 which reached US$250. This was due to the declining value of profits in 2020. Nonetheless ADRO managed to achieve guidance and maintain healthy margins, through a continued focus on operating excellence and cost control. The Company will continue to focus on improving operational excellence. Cost control and efficiency in order to overcome industrial volatility are still the main focus of the company.

The same thing happened to mining companies from the New York stock exchange, Freeport decided to cut its 2019 fiscal year dividend by 5 cents per share. The decision is projected to save around US$ 291 million per year. Policy regarding future dividend payments will depend on the discretion of the board of directors and the company's financial performance which must take into account global cash and economic conditions.

Based on the above phenomenon, it can be concluded that there are many factors that companies must consider in making dividend policies, starting from the level of profitability, liquidity, business development plans (growth) , to global economic conditions as well as the impacts that may arise from the policy. Management must carefully consider this policy because dividends are one of the considerations for investors to invest in a company (Sari & Budiasih, 2016).

Dividend policy tends to inform investors that management has managed capital well to generate the expected returns. Nurdin et al (2019) show that the amount of dividends distributed is based on the profits obtained by considering the company's investment interests. Dividend distribution decisions also need to consider its sustainability and growth (Muhammadinah & Jamil, 2015; Prabulana et al., 2017). Managers believe that a decrease in dividend payments will be viewed negatively by shareholders (Rafaizan et al., 2020). Arumbarkah and Pelu (2019) prove that a decrease in dividends tends to give the wrong signal to investors in the capital market.

Several studies have shown several important points that influence dividend policy namely, liquidity, leverage , and probability (eg, Ben-Zion & Shalit, 1975; Tahir et al., 2020; Jiang et al., 2017), where they agree that the factors -These factors play an important role in influencing dividend policy. Sulaiman and Sumani (2016), and Firdaus and Handayani (2019) empirically prove that the activity ratio is a determinant of the dividend policy of public companies. Also, Sarmento and Dana (2016) and Wardani et al. (2018) proves that the liquidity ratio is a determinant of dividend policy in public companies. Yuliyanti and Nurhasanah (2013), and Wijaya and Sedana (2015) also prove that profitability is an important factor in increasing dividends distributed to shareholders.

Krieger (2020) analyzes the impact of the COVID-19 pandemic on dividend policy for about 1,400 American companies that normally pay dividends. There are 213 companies cutting dividends and 93 eliminating dividends. The number of companies that omit dividends is less because this is a negative signal for investors. The variables tested are debt to equity ratio, net income, cash ratio, market value, firm age, firm size.

Based on the description above, as well as the various results of previous research on dividend policy, the authors are interested in conducting further research with the title " **Analysis of the Effect of the Year (Pandemic) in the Influence of Company Internal Factors on Dividend Policy** " . The reason the author chooses mining companies as the object of research is because mining companies are one of the pillars of the Indonesian economy. This can be seen from the sector's significant contribution to national economic growth in 2020. Based on a report from the Central Statistics Agency (BPS), the agricultural sector contributed 6.44 % of total GDP.

II. LITERATURE REVIEW

- *Agency Theory (agency theory)*

Agency theory was first put forward by Jensen and Meckeling in 1976 which explains "a gency relationship as a contract under which one or more person (the principals) engage another person (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent" . Agency theory assumes that all individuals act in their own interests. According to Sihombing (2018), based on agency theory, conflicts can occur between related parties in the company, for example between managers and shareholders. Therefore, high dividend payouts are often used to reduce potential conflicts between managers and shareholders.

- *Signaling Hypothesis Theory*

The dividend signal hypothesis theory was proposed by Miller (1985). The announcement of dividend payments by the company's management is a signal for investors. Management seems to want to show that the company can generate the desired profit . According to this theory, dividends are one way to reduce information asymmetry or information imbalance between management and shareholders. Management is certainly more aware of the details of the company's condition and prospects than the shareholders. So dividends then become a measuring tool for investors to assess their financial performance and prospects in the future .

- *Residual Dividend Theory (Dividend Residual Theory)*

The residual dividend theory was first introduced by Miller and Modigliani (1961) that this theory is related to the source and use of company funds . According to this theory, dividends are paid from net income after deducting retained earnings to finance the company's growth or investment. So dividend payments will only be made if the internal funds to finance the company's growth have been met.

- *Dividend Policy*

Dividend policy is a decision about how much current profit will be paid out as dividends or retained for reinvestment in the company. Thus, the existence of an optimal dividend is a dividend policy that creates a balance between current

dividends and future growth so as to maximize dividends company prices (Cahyono and Sulistyawati , 2016).

The dividend payout ratio determines the amount of profit to be divided in the form of cash dividends and retained earnings as a source of funding. The dividends distributed by the company are determined by the shareholders at the time of the GMS (General Meeting of Shareholders). In dividend policy there is a trade off and it is not an easy choice between distributing profits as dividends or reinvesting them. If the company chooses to distribute profits as dividends, the growth rate will decrease and have a negative impact on the stock. On the other hand, if the company does not distribute dividends, the market will give a negative signal to the company's prospects. An increase in dividends signals a favorable change in manager expectations and a decrease in dividends shows a pessimistic view of the company's prospects in the future (Septia , 2015).

- *Covid-19 Pandemic*

Covid-19 was declared a global pandemic by the World Health Organization in March 2020. To reduce the impact of the even and rapid spread of Covid-19, health protocols and policies to limit mobility between regions and between countries are strictly enforced. This policy has an impact on the impediment of people's mobility, thereby sharply reducing consumption, production and investment activities. International trade activity also declined due to disruptions in global production chains. Global financial market uncertainty also increased sharply as a result of declining consumer and business confidence in the economic outlook (Bank Indonesia).

- *Profitability Ratio*

Profitability ratios measure the company's ability to generate profits or measure the company's efficiency. One of the ratios used to measure liquidity is return on equity . According to Hery (2018: 194) return on equity (ROE) is a ratio that shows how much equity contributes in creating net income. This ratio is used to measure how much net profit will be generated from each rupiah of funds embedded in total equity.

- *Liquidity Ratio*

The liquidity ratio measures the company's ability to pay its maturing obligations within one year. One of the ratios used to measure liquidity is the current ratio. Current ratio is the ratio used to compare current assets with current liabilities. The current ratio can assess the company's liquidity ability in managing its assets to meet its short-term obligations and ensure that it can continue its business in the future (Sajiyah, 2016).

- *Activity Ratio*

The activity ratio measures the effectiveness of a company in using its assets to generate sales. The company's activity ratio conceptually refers to the asset management ratio, which aims to measure how the company manages its assets effectively in generating profits (Brigham & Ehrhardt, 2017: 106). Total assets turnover is a ratio that describes asset turnover measured by sales volume. So the bigger this ratio the better which means that the assets can be turned around more quickly and make a profit and show the more efficient use of the overall assets in generating sales.

- *Leverage*

Leverage ratio measures the company's ability to pay off all of its obligations. This ratio can be measured using the debt to equity ratio (DER). This ratio shows the company's capital structure consisting of debt and equity (Handayani & Zulyanti, 2018). This ratio will be of concern to creditors, especially long-term creditors (Abbas, 2018). The smaller the DER value, the better the condition of the company. The higher the DER , the smaller the amount of owner's capital used as collateral for debt, meaning that creditors will be at risk to provide loans to the company because creditors must bear a greater risk when the company experiences financial failure.

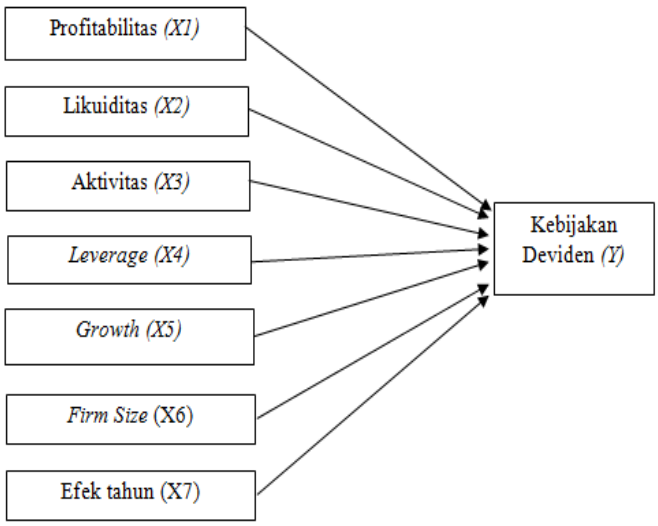
- *Growth*

Company growth is measured by two indicators, namely sales growth and asset growth . The company's growth is used as the goal of the company and investors that affect the impact in the future. Growth is often used as a measuring tool in assessing the development of a company. The growth of a company can be interpreted by increasing the size and activity of the company in the long term. The faster the company's growth rate, the greater the funds needed in the future so that the opportunity for profit is greater. Therefore, the company prefers retained earnings rather than paying dividends to shareholders.

- *Firm Size*

Firm Size describes the size of a company which is shown in total assets, total sales, average total sales and total assets (Nuraina, 2012). The size of the company can show the condition of the company where a larger company will have an advantage in the source of funds obtained to finance its investment in earning a profit. Company size research can use the total assets as a benchmark. Because the total assets of a company are of great value, this can be simplified by transforming them into the natural logarithm of Ghozali, (2006).

Analytical framework



The hypotheses built in this study include:
H1: Return on equity (ROE) has a positive effect on the dividend payout ratio (DPR).
H2: Current ratio (CR) has an effect on the dividend payout ratio (DPR)
H3: total asset turnover (TATO) has an effect on dividend payout ratio (DPR)
H4: dept to eduity ratio (DER) has an effect on dividend payout ratio (DPR)
H5: Growth has an effect on the dividend payout ratio (DPR)
H6: Firm size has an effect on dividend payout ratio (DPR)
H7: The year the pandemic occurred has an effect on the dividend payout ratio (DPR)

❖ *HYPOTHESIS*

➢ *The effect of profitability ratios on dividend policy*

Profitability provides an overview of the company's ability to generate profits and becomes the basis for consideration in making decisions about dividend policy (Salsabilla & Isbanah, 2020). In the context of signal theory, dividend distribution is a signal for the company's prospects so that it requires large cash inflows to increase profits which will have an impact on increasing the proportion of profits to be distributed as dividends (Fitri. et al., 2016).

Based on the explanation above, the following hypothesis is formulated :
H1: ROE has an effect on dividend policy

➢ *Effect of liquidity ratio on dividend policy*

In the context of signaling theory , this shows that companies with higher cash availability tend to pay more significant dividends than companies with low liquidity levels (Kaźmierska-Jóźwiak, 2015). Sarmento and Dana (2016), Wahyuni and Hafiz (2018), and Wardani et al. (2018) proves that the liquidity ratio is a determinant of dividend policy in public companies. This is also in accordance with the results of research by Pramana and Sukartha (2016) which states that liquidity has a positive effect on dividend policy.
Based on the explanation above, the following hypothesis is formulated :
H2 : Current ratio has an effect on dividend policy

➢ *Effect of activity ratio on dividend policy*

Total asset turnover (TATO) describes asset turnover as measured by sales volume compared to total assets. The bigger the TATO, the better the company's turnover, which means that assets can rotate faster and earn profits so that it shows a more efficient use of total assets in generating sales, the profits obtained by the company can also increase. In this way, it is hoped that the yields distributed will also be greater. Research conducted by Firdaus and Handayani (2019) empirically proves that the activity ratio has an effect on the dividend policy of public companies.

Based on the explanation above, the following hypothesis is formulated :
H2: TATO has a positive effect on dividend policy

➢ *Effect of leverage on dividend policy*

Dividend policy is influenced by leverage , because the higher the company's leverage level , it shows that the company's debt is high and later the profits earned will be prioritized as debt repayments so that the dividends distributed are reduced. Research conducted by Cristea & Cristea (2017) and Hassonn, et al. (2016) which produces leverage has a significant negative effect on dividend policy. Research conducted by Chandra, et al (2018) also obtained the same results .
Based on the description above, the following hypothesis is formulated :
H4 : DER has a negative effect on dividend policy

➢ *Effect of Asset Growth on dividend policy*

The faster the company's growth rate, the greater the need for funds in the future to finance its growth. If more funds are used for other financing, the funds to be distributed as dividends will decrease (Lestari and Chababib, 2016).

Based on the description above, the following hypothesis is formulated:
H5 : Asset Growth has a negative effect on dividend policy

➢ *Effect of Firm Size on dividend policy*

A large, well-established company will have easy access to the capital market. This convenience is quite significant for its flexibility and ability to raise funds greater profits to generate profits so that the profits distributed will be even greater. So the larger the size of the company, the dividends distributed also tend to be bigger. Research conducted by Suharmanto, et al (2019) and Purnami (2016) states that size has a positive effect on dividend policy.

Based on the description above, the following hypothesis is formulated :
H6 : Firm Size has a positive effect on dividend policy

➢ *Effect of year effect (pandemic) on dividend policy*

The COVID-19 pandemic has impacted all aspects of the economy. The demand and price of coal fell drastically so that the company's revenue fell. This will certainly reduce the dividends distributed by the company. In addition, the pandemic has caused uncertainty in financial conditions, so companies must review financial policies, including dividend policies. Research conducted by Kevin Krieger et al stated that during times of crisis, dividend reductions and write-offs provide companies with additional cash and flexibility in responding to uncertainty.

Based on the description above, the following hypothesis is formulated :
H7 = There is a year effect that affects dividend policy.

III. RESEARCH METHOD

➢ *Method*

The research design used in this study is causal research with quantitative methods, namely research used to process data and to describe the state of the company and then analyzed based on existing data. Causal research is research to determine the effect of one or more independent variables (independent variable) on the dependent variable (dependent variable).

➢ *Data*

This research data is secondary data, namely the database of financial statements and company annual reports available on the Indonesia Stock Exchange database which is available online on the www.idx.co.id website and the websites of each company. The population in this study is mining in Indonesia which is listed on the Indonesia Stock Exchange (IDX) in the period 2014 to 2020, on the grounds that all companies affected by the COVID-19 pandemic and mining companies are one of the pillars of the Indonesian economy at 6.4% of GDP. . . The initial population obtained amounted to 49 companies, but after being selected based on criteria that have been selected by purposive sampling method , there were 19 sample companies with 133 data observations.

The variables used in this research consist of three variables, including:

Table 2 Variable Measurement

No	Variable	Indicator	Formula
1	Dividend Policy	*Dividend Payout Ratio*	= *Dividend Per Share* x 100% *Earning Per Share*
1	Profitability	*Return on Equity*	= *Net Income* x 100% *Total equity*
2	Liquidity	*Current Ratio*	= *Current assets* x 100% *Current liability*
3	Activities	*Total Assets Turn Over*	= *Total assets* x 100% *Sales*
4	*Leverage*	*Debt to Equity Ratio*	= *Total liability* x 100% *Total equity*
5	*Growth*	*Asset Growth*	= $\frac{Total\ Assets_{\ t} - Total\ Assets_{\ t-1}}{Total\ Assets_{\ t-1}}$ x 100%
6	*Firm Size*	Log.Natural Total Assets	= Ln(Total Assets)
7	Pandemic Effect (Year)	*Intercept* (Constant)	Regression Constant + Year Effect

Source: Various references (processed by the author)

➢ *Analytical procedures*

The analytical method used in this study is regression on panel data. According to Gujarati (2004) panel data is a combination of two types of data, namely, time series data and cross- sectional data with the same or balanced number of data units.

To determine the effect of the pandemic during 2020, this study uses the individual year effect as a substitute for the individual company effect into the model. Thus, it can be seen whether the dividend payout ratio in 2020 is different from the dividend payout ratio in other years. Instead of individual firm effects, this study uses time effects, so the regression coefficients will vary from year to year.

Three models will be tested including common effect, fixed effect , and random effect. The first step that must be done is to choose which model is the best among the three models, namely by conducting the Chow test, Hausman test , and Lagrange Multiplier test.

IV. RESULTS AND DISCUSSION

Table 3 Statistical Results

	DPR	ROE	CR	TATO	DER	GROWTH	SIZE
Mean	0.351480	0.120838	2.217044	0.924784	0.909883	0.072832	29.69311
Median	0.300000	0.109800	1.720100	0.875600	0.674300	0.044300	29.61380
Max	1.498400	0.773200	10.07430	2.007200	4.447600	1.011.700	32.25840
Min	-1.829300	-0.739700	0.466100	0.005000	0.096500	-0.287000	27.58950
Std. Dev.	0.412235	0.187475	1.489060	0.428980	0.775092	0.170046	1.216341

Table 4Conclusion of Panel Data Regression Model Testing

Test	Decision-making	The calculation results	Conclusion
Chow test	If (Prob.) for Cross-section F. > 0.05 , CE is selected. If (Prob.) for Cross-section F < 0.05, FE is selected.	(Prob.) for Cross-section F = 0.037 < 0.05	FEM
Hausman test	If (Prob.) for random cross-section > 0.05 , RE is selected. If (Prob.) for a random cross-section < 0.05 , FE is chosen.	(Prob.) for Cross-section F = 0.0246 < 0.05	FEM

From the results of testing the panel data regression model above, it can be concluded that the recommended results are the use of the Fixed Effect Model which will be analyzed further in this study.

Table 5 Analysis Results of Fixed Effect Model

Dependent Variable: DPR?
Method: Pooled Least Squares
Date: 07/23/22 Time: 22:47
Sample: 1 19
Included observations: 19
Cross-sections included: 7
Total pool (balanced) observations: 133

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-2.950379	0.942751	-3.129542	0.0022
ROE?	-0.008152	0.264946	-0.030769	0.9755
CR?	-0.014421	0.023257	-0.620066	0.5364
TATO?	0.520755	0.108486	4.800209	0.0000
DER?	-0.179864	0.047920	-3.753414	0.0003
GROWTH?	0.041735	0.226454	0.184297	0.8541
SIZE?	0.101500	0.029742	3.412716	0.0009
Fixed Effects (Cross)				
_TAHUN2014--C	-0.066913			
_TAHUN2015--C	-0.062456			
_TAHUN2016--C	0.051817			
_TAHUN2017--C	0.139379			
_TAHUN2018--C	-0.053477			
_TAHUN2019--C	-0.175179			
_TAHUN2020--C	0.166829			

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.400774	Mean dependent var	0.351480
Adjusted R-squared	0.340852	S.D. dependent var	0.412235
S.E. of regression	0.334685	Akaike info criterion	0.741380
Sum squared resid	13.44172	Schwarz criterion	1.023895
Log likelihood	-36.30175	Hannan-Quinn criter.	0.856183
F-statistic	6.688208	Durbin-Watson stat	2.173058
Prob(F-statistic)	0.000000		

Source: Results of data processing using Eviews 11 (2022)

From table 5, the panel data regression equation is as follows:

$$DPR_{it} = -2.950379 - 0.008152ROE_{it} - 0.014421CR_{it} + 0.520755TATO_{it} - 0.179864DER_{it} + 0.041735GROWTH_{it} + 0.101500SIZE_{it} + \varepsilon_{it}$$

From the resulting fixed effects model, the constant for the year:
Year 2014 = -2.950379 - 0.066913 = -3.017292
Year 2015 = -2.950379 - 0.062456 = -3.012835
Year 2016 = -2.950379 + 0.051817= -2.898562
Year 2017 = -2.950379 + 0.139379 = - 2.81100
Year 2018 = -2.950379 - 0.053477 = -3.003856
Year 2019 = -2.950379 - 0.175179 = - 3.125558
Constant occurrence of a pandemic for 2020 = -2.950379 + 0.166829 = - 2.78355

In the test results, it can be seen that the constant for the DPR regression is different every year and the 2020 constant is higher than in previous years. This result shows that the DPR for the year of the Covid pandemic 2020 is higher than the DPR in the year before the pandemic

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➢ *Simultaneous Significance Test (F)*

This simultaneous test aims to determine the joint effect of the independent variables on the dependent variable. Based on table 4.8 shows the $_{\text{calculated F value}}$ of 6.688. And obtained F $_{\text{table value}}$ of 2,17 . This shows that the $_{\text{calculated F value}}$ > F $_{\text{table}}$ is 6.688 > 2.17 and the significance value is less than 0.05. Thus H0 is $_{\text{rejected}}$ and Ha $_{\text{is}}$ accepted. This means that the profitability ratio (X1 $_{)}$, liquidity ratio (X2 $_{)}$, activity ratio (X3) , leverage ratio (X4 $_{)}$, growth (X5), $_{\text{firm}}$ size (X6) $_{\text{and}}$ the year of the pandemic ($_{X7}$) respectively , together influence the dividend policy (Y) of mining companies in 2014-2020.

➢ *Coefficient of Determination (R^2)*

The coefficient of determination (R2) is used to explain how big the proportion of variation in the dependent variable can be explained by the independent variable. Based on table 4.8 above, the adjusted R2 (R- Square) is 0.340852 or (34.08 %). This shows that the dividend policy variable can be explained by the profitability ratio variable (X1 $_{)}$, liquidity ratio (X2 $_{)}$, activity ratio (X $_{3}$) , leverage ratio (X $_{4}$), growth (X $_{5}$), firm size (X $_{6}$) and the year of the pandemic (X $_{7}$) was 34.08%, while the remaining 65.92% was explained by other variables not included in this study.

➢ *Hypothesis Test (T)*

This T test aims to determine the magnitude of the influence of each independent variable individually (partial) on the dependent variable. From these tests, the following results were obtained:

1. The profitability ratio (X $_{1}$) represented by return on equity (ROE) has t $_{\text{count}}$ - 0.0307 < 2.17 and the probability value is 0.97 > 0.05, then H $_{0\ \text{is}}$ accepted. This means that the profitability ratio represented by return on equity has no effect on the dividend payout ratio. So it can be concluded that H1 is rejected .
2. ratio (X $_{2)}$ represented by the current ratio (CR) has t $_{\text{count}}$ - -0.6200 < 2.17 and the probability value is 0.5364 > 0.05 , then H $_{0\ \text{is}}$ accepted. This means that the liquidity ratio represented by the current ratio has no effect on the dividend payout ratio. So it can be concluded that H2 is rejected .
3. Activity ratio (X $_{3}$) which is represented by total asset turnover (TATO) has t $_{\text{count}}$ 4.8002 > 2,17 an obtained a probability value of of 0.0000 < 0.05 , then H $_{0\ \text{is}}$ rejected. This means that the ratio of activity represented by total asset turnover has a significant positive effect on the dividend payout ratio. So it can be concluded that H3 is accepted .
4. Leverage (X $_{4}$) which is represented by the dept to eduity ratio (DER) has t $_{\text{count}}$ - -3.7534 > 2.17 and a probability value of 0.003 < 0.05 is obtained , then H $_{0\ \text{is}}$ rejected. This means that the leverage ratio represented by the dept to eduity ratio has a significant negative effect on the dividend payout ratio. So it can be concluded that H $_{4\ \text{is}}$ accepted.
5. Growth (X $_{5}$) have t $_{\text{count}}$ 0.1842 < 2.17 and obtained a probability value of 0.8541 > 0.05, then H $_{0\ \text{is}}$ accepted. This means that growth has no effect on the dividend payout ratio. So it can be concluded that H5 is $_{\text{rejected}}$.
6. Size (X $_{6}$) has a t $_{\text{count}}$ of 3.4127 > 2.17 and a probability value of 0.0009 < 0.05 is obtained, then H $_{0\ \text{is}}$ rejected. This means that size has a significant positive effect on the dividend payout ratio. So it can be concluded that H $_{6\ \text{is}}$ accepted.
7. The constant value for panel fund regression with year effect for 2020 is higher than the previous year and the model chosen is the fixed effect model . This means that the year the Covid pandemic occurred has an effect on the dividend payout ratio. So it can be concluded that H $_{7\ \text{is}}$ accepted.

➢ *Discussion*

This study shows that return on equity (ROE) has no effect on the dividend payout ratio (DPR). This means that any increase or decrease in profitability will not affect dividend policy. This result may be due to the company implementing a stable dividend policy , namely dividend payments that tend to be the same from year to year with the aim of maintaining an impression on investors about the stability of the company's financial fundamentals (Lintner, 1956). Because, in the perspective of the signaling hypothesis , dividend distribution is captured as a signal by investors about the prospects and risks of the company in the future so that companies can increase dividend payments if profits increase, but companies do not need to immediately reduce dividend payments if profits decrease (Husnan, 2013). : 395). contrary to research conducted by Pradnyavita (2020), Arsyad, et al (2021), Fasfus (2020) but in accordance with research conducted by Kumar (2020) and Kusumaningrum (2020).

This study shows that the current ratio (CR) has no effect on the dividend payout ratio (DPR) . That is, how big or small, changes in the current ratio (CR) do not affect the level of the company's dividend policy. Ideally, the higher the ratio of current assets to current liabilities, the better the chances and ability of the company to pay its security, including dividends. However, for companies engaged in mining in Indonesia this does not apply. A high current ratio value illustrates that the company is less able to use its current assets efficiently. In addition, the high value of the current ratio in the eyes of investors also raises the assumption that a high current ratio value provides good conditions for the company to meet its debt payment obligations. The results of the study are in accordance with the research conducted by Silviana (2020) & Pattiruhu (2020) . But not in accordance with research conducted by Fasfus (2020) Hadi, et al (2021).

This study shows that total asset turnover (TATO) has a positive effect on the dividend payout ratio (DPR). Effectiveness shows success in terms of whether or not the target has been achieved, if the results of the activity are getting closer to the target, the higher the effectiveness. High asset turnover will reflect the company's financial performance, so the higher the company's asset turnover, the higher the company's ability to pay dividends. supported by research conducted by Firdaus and Handayani (2019), Suharmanto, et al (2019). But support study conducted by Nerviana (2015).

This study shows that DER has a negative effect on the dividend payout ratio (DPR) . The greater this ratio indicates the greater the company's obligation to pay the debt. If the company has a debt repayment policy from funds that come from profits, then the company must retain most of its income , which means it will be able to reduce the amount of profit that can be

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distributed as dividends. in line with research conducted by Martin (2020) and Sudiyatno (2018). But not in accordance with research conducted by Purwanti (2020) and Pattiruhu (2020).

This study shows that growth has no effect on the dividend payout ratio (DPR) . The results of this study are not in accordance with the residual dividend theory which states that a new company will set a dividend policy after all investments have been financed. This is because most of the sample companies are companies that have achieved such a growth rate that the company has been well established , where the funding needs can be met with funds originating from the capital market or other external funding sources so that it does not affect dividend policy. in line with research conducted by Martin (2020) and Nerviana (2015). not in accordance with research conducted by Dewasiri, et al (2018).

This study shows that firm size has a positive effect on the dividend payout ratio (DPR), so it can be interpreted that the larger the size of a company, the higher the dividend payout ratio of the company. This happens because the high size of the company shows the high assets of the company. The increase in company assets will increase the company's ability to pay dividends. Companies with large sizes tend to distribute high dividends with the aim of maintaining their reputation among investors. The size of the company reflects the size of the company's opportunity to create profits so that it can distribute large dividends as well. in line with research conducted by Oktaviani, et al (2019), Suharmanto, et al (2019) Purnami (2016), and Siahaan (2020).

This study shows that the year of the pandemic affects the dividend payout ratio (DPR) . The pandemic gives shocks to all aspects of the economy on a global scale. The implementation of the lock down and PSBB in several countries caused the demand for coal to drop drastically and had an impact on the decline in coal prices . This has caused a turbulence in the financial condition of mining companies, starting from the value of the liquidity ratio, leverage, profitability, and activity. The pandemic causes uncertainty in financial conditions so that companies must review financial policies, including dividend policies.

The results of this study are in line with research conducted by Krieger et al. (2020) examined 213 dividend cuts and 93 dividend cut-offs by US companies in the second quarter of 2020 and found that dividend cuts were higher during the COVID-19 pandemic, compared to the financial crisis. In addition, Hardy (2021) investigated restrictions on dividend payments among US banks during the COVID-19 pandemic, and revealed that authorities adopted restrictions on dividend payments to increase bank stability and provide capital for lending activities.

V. CONCLUSION & SUGGESTIONS

❖ *CONCLUSION*

Based on the results of statistical tests and the discussion in the previous chapter regarding the analysis of the year effect (pandemic) in the influence of company internal factors on dividend policy in mining companies listed on the Indonesia Stock Exchange in 2018-2020. The following are the conclusions obtained from this research:

1. The profitability ratio proxied by return on equity (ROE) has no effect on the dividend payout ratio (DPR).
2. The liquidity ratio proxied by the current ratio (CR) is not have an effect on the dividend payout ratio (DPR).
3. The activity ratio proxied by total asset turnover (TATO) has a positive effect on the dividend payout ratio (DPR).
4. Leverage proxied by the dept to eduity ratio (DER) has a negative effect on the dividend payout ratio (DPR).
5. Growth has no effect on the dividend payout ratio (DPR).
6. Firm Size has a positive effect on the dividend payout ratio (DPR).
7. The year of the pandemic affects the dividend payout ratio (DPR).

❖ *SUGGESTIONS*

➢ *Theoretical Suggestions*

The coefficient of determination in this study is relatively small, both the R-squared and adjusted . values R-squared is below 50%, namely 0.40774 and 0.040852, so further researchers are advised to add other variables that are relevant and affect dividend policy such as macroeconomic variables and are expected to extend the research period in order to increase the value of R-square and adjusted R-squared .

➢ *Practical Advice*

Based on the results of this study, the variable with the greatest significance value on dividend policy is TATO of 0.520755 . This means that potential investors (shareholders) who want to invest in mining companies should pay attention to the value of TATO because the value of TATO which has a significant effect will have an impact on the rate of return on investment , namely dividend income.

The company's management should pay attention to TATO, because the bigger the TATO, the better the dividend policy of the company, which will affect the welfare level of investors.

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