

The Role of The Covid-19 Pandemic in Moderating The Effect of Liquidity and Profitability on Dividend Policy in Manufacturing Companies Listed on The IDX

Aang Gunafi¹

¹ Great Performance Consulting, Jakarta, Indonesia

Corresponding Author: Aang Gunafi, E-mail: greatperformance155@gmail.com

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ABSTRACT

The objective of this study is to determine how The Role of The Covid-19 Pandemic In Moderating The Effect of Liquidity and Profitability on Dividend Policy In Manufacturing Companies Listed on The IDX. The population of this study consists of all manufacturing companies listed for the years 2018 through 2021 on the Indonesia Stock Exchange. A non-probability sampling technique mixed with a purposeful sampling methodology. The data analysis method utilized in this study is panel data regression analysis, which is performed using the Eviews 10 application. The study's findings demonstrate that profitability influences manufacturing businesses listed on the IDX in the positive for the years 2018 to 2021 in terms of dividend policy. So, from 2018 to 2021, liquidity will not have an impact on the dividend policy of industrial businesses listed on the IDX.



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INTRODUCTION

Community enthusiasm for economic activities is very high so there is intense economic competition between one organization and another, with increasingly fierce competition, companies are required to perform well and set clear goals. The problem of financing is inseparable from the company's ability to meet the funds that can be used to run and develop the company's business. Funding can come from various sources, one of which is investors. Investment is an activity to help companies make financing arrangements. The company is obliged to fulfill its obligations to investors by distributing dividends. According to Shaik et al. (2022), the goal of investors who invest their money is to get dividends by combining various investment risks. According to Hussain & Akbar (2022), dividends are categorized as loading payments made by companies to investors from company income, while dividend policy has a meaning as determining the number of profits to be distributed as dividends. Companies that have the ability to pay dividends are assumed by the public as profitable companies. This will have an impact on increasing confidence while reducing investor uncertainty in investing their capital. The company's dividend policy is reflected in the dividend payout ratio (DPR), which is the rate of return on investment to investors. One of the sectors listed on the Stoke Exchange in Indonesia is manufacturing companies, which often distribute dividends to investors. During the 2018 – 2021 period, the average Manufacturing company paying dividends tends to fluctuate. For more details, see the following image:



Source: idx.co.id, data processed (2023)

Figure 1 Average payment of the Dividend Payout Ratio (DPR)

From Figure 1 it can be seen that manufacturing companies listed on the IDX for the 2018-2021 period have a fluctuating dividend policy. However, in terms of the annual average, there is a decrease and increase in dividend payments by companies to investors. It is known that from 2018 to 2019 there was an increase of 42.1%. Then in 2020 it again experienced an increase of 43.4%. However, in 2021 the distribution of dividends for manufacturing companies has decreased by 38.4%. These results provide evidence that the percentage of the dividend payout ratio that fluctuates every year can be caused by certain factors determined by the company. Based on these data, a company's dividend policy can be influenced by several factors, including liquidity.

According to Nguyen (2020) liquidity is a description of the productivity of an organization's ability to meet its short-term obligations. Companies that have the ability to pay off their short-term debt at maturity are called liquid companies. In a study conducted by Huang et al. (2020) found that liquidity has an effect on dividend policy. This indicates that the higher the company's liquidity, the higher the dividend policy. This gives a signal that the higher the company's liquidity, the higher the dividend policy. The same results are shown by Nguyen (2020) stating that liquidity has a positive relationship with company policy. Different results shown by Ye et al. (2015) found that liquidity has a negative effect on dividend policy.

The profitability element might also have an impact on the company's dividend policy in addition to the liquidity component. Profitability is a metric for identifying profit as a standard for evaluating the outcomes of business operations over a specific time period. Profit is a message or indicator for shareholders and investors that dividends should be distributed in significant numbers (Brigham & Houston, 2019). In this instance, it means that the higher the company's profitability, the bigger the dividends paid out. Profitability and dividend policy have a good link, according to Takmaz (2017) research. Cristea & Cristea (2017) found the same results and concluded that a company's profitability has a favorable impact on its dividend policy. Different results shown by Lin et al. (2018) explain that there is no relationship between profitability and dividend policy.

In addition to the profitability and liquidity factors, the Covid-19 pandemic element may have an impact on management's choice to distribute dividends to shareholders. Klemeš et al. (2020) claim that the Covid-19 pandemic has had an effect on every sphere of human existence and the world economy. According to Ali (2022) corporations are more likely to stop paying dividends altogether or lower them during the 2020 pandemic than they were during the pre-Covid-19 period of 2015–2019. This suggests that the Covid-19 outbreak's emergence has a big influence on dividend policy. Several studies have shown that when the COVID-19 pandemic strikes, businesses frequently stop paying dividends or drastically reduce them. For example, Cejnekl et al. (2021) and Kriegerr et al. (2021) outbreak significantly increased the probability of businesses cutting back on or lowering compensation. Nonetheless, according to Mazurr et al. (2021) and Tinungkii et al. (2022), the majority of businesses were able to keep or even raise their dividend payments during COVID-19

This study intends to 1) create a link between liquidity, profitability, and dividend policy; and 2) develop a relationship between liquidity, profitability, and dividend policy using the Covid-19 pandemic as a moderating variable. Users of financial statements, regulators, and corporate management are all likely to benefit from this research's insights on how to decide how much of a revenue stream should go to shareholders and how much should be kept by the business. There is still a research gap based on the description and outcomes of prior study. Thus, the researcher plans to carry out a study titled "The Role of the Covid-19 Pandemic in Moderating the Effect of Liquidity and Profitability on Dividend Policy in manufacturing companies listed on the IDX".

LITERATURE REVIEW

Dividend Policy

Dividend policy has been found to be a control mechanism aimed at reducing agency cost problems. Several theories have emerged to explain the reasons behind dividend payments by companies. One of the most widely used explanations is the agency cost theory, which originates from the alienation of ownership from management which results in differential interests between shareholders who are the owners of the company, and managers who are the management of the company (Moloi & Marwala, 2020). Dividend policy, according to Onyango et al. (2023), is seen as a crucial choice that affects wealth maximization. Additionally, Hussain & Akbar (2022) contend that the distribution of dividends to shareholders and their reinvestment or maintenance in the business are all essential components of corporate finance decisions. When a business decides to pay out profits as dividends, retained earnings are decreased, which further decreases the amount of money it can raise from internal or domestic sources. The formula for calculating the dividend payout ratio is equal dividend payments divided by revenue, or net income. The following is the formula for calculating dividend policy:

$$DPR = \frac{\text{Dividend Payout Ratio}}{\text{Earning Per Share}}$$

Liquidity

Liquidity, according to Chukwu et al. (2019), demonstrates the company's capacity to accrue and pay its debts. Additionally, according to Akenga (2017), a company's liquidity refers to its capacity to transform short-term assets into cash without suffering losses, enabling it to satisfy financial obligations as soon as they become due. Ejike and Agha (2018) define liquidity as a company's ability to conveniently fund its short-term financial commitments. Li et al. (2020) liquidity scale is used to gauge a company's capacity to pay its immediate debts. Companies with more cash on hand are more likely to pay dividends than those with inadequate cash. The following equation may be used to calculate the liquidity ratio:

$$KI = \frac{\text{Cash} + \text{Bank}}{\text{Current Liabilities}}$$

Profitability

Profitability is a reasonable ratio used as a measure of company growth. The profit margin is a signal or signal for investors and company shareholders to distribute large amounts of dividends (Takmaz, 2017). Ali (2022) goes on to define profitability as a company's ability to turn a profit. The corporation's current profits determine the dividend payment ratio. The amount of dividends paid to shareholders increases as income climbs. According to Cristea & Cristea (2017), increasing business profitability will increase dividend payments to shareholders. The research's measure of profitability is the ratio of return on assets (ROA). To calculate return on assets (ROA), divide net income by total assets. The return on asset (ROA) ratio's formula is as follows:

$$ROA = \frac{\text{Net profit}}{\text{Total Assets}}$$

Covid-19 pandemic

According to Rupani et al. (2020), the covid-19 pandemic is the global spread of the respiratory infection disease brought on by a new coronavirus that first arose in Wuhan and has subsequently endangered people's lives all over the world. The Covid-19 pandemic, according to Klemeš et al. (2020) has had an impact on every aspect of human life as well as the global economy. The Covid-19 pandemic

response has caused an unexpected slowdown in economic and stock market activity (Nilashi et al., 2020). Pandemic-related limitations placed a strain on businesses, which had a detrimental effect on growth and investment (Rupani et al., 2020). A pandemic's presence has reportedly had a direct influence on economic and real sector shocks as well as an indirect impact on the financial sector, Miklaszewska et al. (2021). By using the indicators 0 = before to the pandemic (2018–2019) and 1 = a pandemic that really happened, Shah (2023) assessed the Covid-19 pandemic condition variable (2020–2021).

From the description above, it can be described that the framework used in this study is as follows:

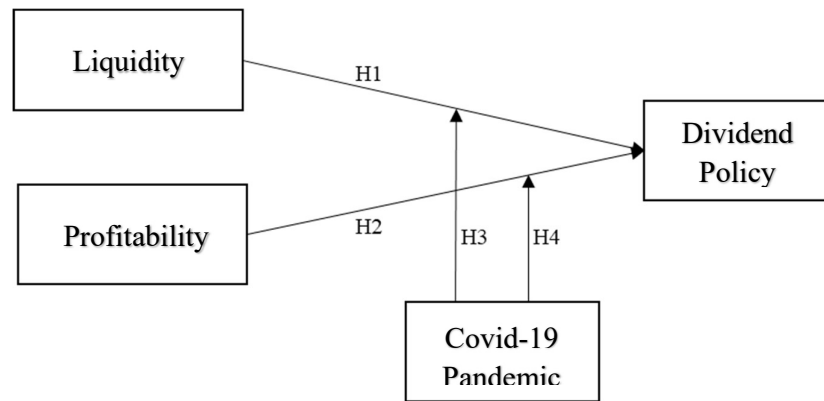


Figure 2 Research Framework

In light of the aforementioned framework, the following hypothesis is put forth in this study:

H1: Liquidity has a favorable influence on the dividend policy

H2: Profitability has a favorable influence on the dividend policy

H3: The impact of liquidity on dividend policy is moderated by the Covid-19 pandemic

H4: The impact of profitability on dividend policy is moderated by the Covid-19 pandemic

RESEARCH METHODS

Using the analysis of a sample of the population, this study aimed to quantitatively describe the population's attitude tendency. One dependent variable, one moderating variable, and two independent factors make up this study. The Covid-19 pandemic serves as a moderating factor in this study, which uses dividend policy as its dependent variable, liquidity and profitability as its dependent and independent factors. The population of this research consists of 64 manufacturing businesses that were listed on the Indonesia Stock Exchange from 2018 to 2021. Purposive sampling was used for data collecting. Basic and chemical manufacturing businesses that complied with the following requirements served as the study's samples:

1. Manufacturing companies listed on the IDX 2018 – 2021 period
2. Manufacturing Companies that consistently publish annual audit reports 31 December 2018-2021 period
3. Manufacturing companies that issue financial reports in currencies other than Rupiah
4. Manufacturing companies that experienced positive profits during the 2018-2021 period

Financial reports and annual reports 2018–2021 period incorporate research data as a sort of secondary data. The information was gathered from the www.idx.co.id website of the Indonesian Stock Exchange. With the use of the Eviews 10 application, panel data regression was employed as the data analysis technique in this study. But first, a descriptive analysis was performed to give a general picture of a variable as seen from its mean, standard deviation, maximum, and lowest values (Ghozali, 2013). The normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test were then performed as part of the traditional assumption test. The determination analysis (R^2), the F statistical test, and the t statistical test are the phases in this study.

RESULTS AND DISCUSSION

In this study, secondary data were derived from the financial reports of manufacturing firms listed on the IDX 2018 – 2021 period. The procedure for selecting samples is summarized in the following table:

Table 1 Sampling Criteria

No	Sampling Criteria	Amount
1	Manufacturing companies listed on the IDX for the period 2018 - 2021	160
2	Sort manufacturing company incomplete financial statements	(14)
3	Manufacturing company denominated in dollars	(30)
4	Manufacturing companies that experience losses in the 2018-2021 period	(52)
5	Companies sampled 64 x 4 (2018-2021)	256 data
6	Sort Companies that do not pay dividends	(71 data)
7	Data Outlet	(73 data)
	Jumlah Observasi Sampel	112 Data

Source: Results Processed by Researchers (2023)

Descriptive Statistics Test

The minimum, maximum, average (mean), and standard deviation values of the study data were all determined by this technique. Table 2 displays the findings of descriptive statistical analyses on each variable as follows:

Table 2 Descriptive Statistical Test Results

	CR	ROA	DPR	COVID
Mean	0.817394	0.100269	0.437181	0.419643
Median	0.473300	0.079650	0.319850	0.000000
Maximum	5.105600	0.446800	1.623900	1.000000
Minimum	0.006400	0.001200	0.013000	0.000000
Std. Dev.	0.985925	0.085210	0.349526	0.495718
Observations	112	112	112	112

Source: Results of Data Processing with Eviews 10 (2023)

The liquidity variable (CR) is shown to have a mean or average value of 0.817394, a maximum value of 5.105600, and a lowest value of 0.006400. 0.985925 as the standard deviation. Also, the profitability variable's (ROA) mean or average value is 0.100269, with a maximum value of 0.446800 and a lowest value of 0.001200. 0.085210 as the standard deviation. After that, the dividend policy variable (DPR) has a mean or average value of 0.437181, a maximum value of 1.623900, and a minimum value of 0.013000. a 0.349526 standard deviation from the mean. The last variable is the Covid-19 (COVID) pandemic variable, which has a mean or average value of 0.419643 and a maximum and lowest value of 1.000000 and 0.000000 respectively. With a standard deviation of 0.495718.

Before beginning panel data regression analysis, the classical assumption test is first performed to verify the correctness of the parameter values for testing. Normality, multicollinearity, heteroscedasticity, and autocorrelation tests are traditional assumption tests that must be satisfied to test this approach (Ghozali, 2013). The assumption test shown below is one that is commonly used in studies.

Normality test

The EViews statistical program was used to run the Jarque-Bera (J-B) normality test for this investigation. If the probability value (p-value) is less than the 5% level of significance, the data are not normally distributed. The data is deemed to be regularly distributed if the probability value (p-value) is higher than the 5% significance threshold. The following examples show how the normalcy test performed:

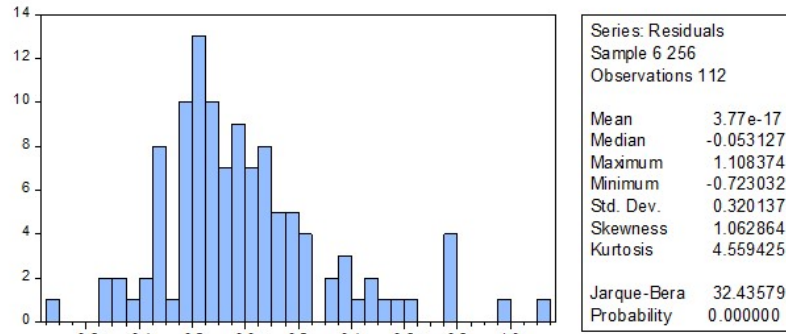


Figure 3 Normality Test Results

Source: Results of Data Processing with Eviews 10 (2023)

Given that the probability value is 0.000000 and the Jarque-Bera value is 32.43579, both of which are below the significant threshold of 0.05, it is obvious that the data in this research model are not normally distributed.

Multicollinearity Test

A correlation study between the independent variables and the determination of the VIF value was done to test for multicollinearity. If the VIF score is larger than 10, multicollinearity is present, and the independent variables in the study may be considered reliable and impartial (Ghozali, 2013). The following table shows the outcomes of this study's multicollinearity testing:

Table 3 Multicollinearity Test Resultss

Variabel	VIF	Keterangan
Likuiditas	1.040694	Multicollinearity Does Not Occur
Profitabilitas	1.003140	Multicollinearity Does Not Occur
Pandemi Covid-19	1.042625	Multicollinearity Does Not Occur

Source: Results of Data Processing with Eviews 10 (2023)

Liquidity, profitability, and the COVID-19 pandemic all have a VIF value that is less than 10. Given that the VIF value is less than 10, neither variable has a multicollinearity issue.

Heteroscedasticity Test

The White test was used to test for heteroscedasticity. According to the White test, heteroscedasticity exists when the Obs*R-Squared value or probability is less than or equal to 0.05; however, heteroscedasticity does not exist when the Obs*R-Squared value or probability is more than 0.05. The results of the fourth hypothesis show that:

Tabel 4 Heteroscedasticity Test Results

Prob. Obs*R-squared	Conclusion
0.0018	There is Heteroscedasticity

Source: Results of Data Processing with Eviews 10 (2023)

Value Probability Obs*R-squared sebesar 0.0018 alpha 0,05. This makes it clear that there are problems with heteroskedastism in the study's data.

Autocorrelation Test

The Breusch Godfrey test, commonly referred to as the Lagrange Multiplier, is one method for identifying autocorrelation. If the probability value exceeds 5%, autocorrelation does not exist. In contrast, the probability value of 5% denotes the presence of autocorrelation. The following table shows the results of the autocorrelation test:

Table 5 Autocorrelation Test Results

Prob. Obs*R-squared	Conclusion
0.0141	Autocorrelation occurs

Source: Results of Data Processing with Eviews 10 (2023)

Given these findings, the Obs*R-squared probability value, which is smaller than 0.05, is 0.0141. So, it was determined that the study variables' autocorrelation in the model's data.

Panel Data Regression Model

Chow Test

The following hypothesis is used for this test, which is conducted using the statistical test F or chi-square:

Ho: It is based on the common effect model.

H1: It is based on the fixed effect model.

Alpha: 5%

If the result of the F test or Chi-square test is less than alpha, Ho should be rejected.

The following are the outcomes of the chow test performed using the EViews 10 program:

Table 6 Chow Test Results

Predictors	Alpha	Cross-section Chi-square (Prob.)	Model Estimation
Redundant Fixed Effects Tests	> 0,05	0.0000	Fixed Effect Model

Source: Results of Data Processing with Eviews 10 (2023)

The F or chi-square test has a probability value of 0.0000 0.05 based on the results in the table. Ho is therefore disapproved but H1 is approved. In other words, the model estimate strategy adheres to the fixed effect model. Also, it has been asserted that the fixed effect model is superior to the common effect model.

Hausman Test

The following is the Hausman test's proposed hypothesis:

Ho: It is based on the random effectmodel.

H1: It is based on the fixed effectmodel.

Alpha = 5%

If the p-value is greater than alpha, reject Ho.

The findings of the Hausman test performed with the EViews 10 program are as follows:

Table 7 Hausman Test Results

Predictors	Alpha	Cross-Section Random (Prob.)	Model Estimation
Correlated Random Effects - Hausman Test	> 0,05	0.0168	Fixed Effect Model

Source: Results of Data Processing with Eviews 10 (2023)

According to the table, the random cross section test's probability value is 0.0168, which indicates that its significance is less than 95% (i.e., 5%). Hence, Ho is determined to be invalid by the Hausman test, but H1 is determined to be valid. To put it another way, the model applies the fixed effect model approach. Alternately, one may get the conclusion that the fixed effect model approach is superior to the random effect approach.

Lagrange Multiplier Test

This test is designed to identify the model that best represents the Random Effect Model (REM) and Pooled Least Square (PLS) approaches. According to the following, the LM test's null hypothesis is:

Ho: Common Effect Model (PLS)

H1: Random Effect Model (REM)

Alpha: 5%

Reject Ho if Probability Chi-Square alpha 0.05.

These are the outcomes of the Langrage Multiplier Test performed with EViews 10 software:

Table 8 Langrage Multiplier Test Results

Preditors	Alpha	Prob. Chi-Square(2)	Model Estimation
Breusch-Godfrey Serial Correlation LM Test	< 0,05	0.0198	Random Effect Model

Source: Results of Data Processing with Eviews 10 (2023)

The Prob. The Chi-Square of 0.0198 is less than the alpha of 0.05, according to the findings of the LM test. As a result, H1 is approved but Ho is refused. In other words, the random effect model is followed by the model estimation technique. The common effect model is inferior than the random effect model, to put it another way.

Best Model Selection Recommendations

Table 9 Results of Panel Data Regression Model Selection

Test Name	Description	Result
Chow	CEM Vs FEM	Fixed Effect model
Hausman	REM Vs FEM	Fixed Effect Model
Langrage Multiplier	PLS Vs REM	Random Effect model

The panel data regression model's results are displayed in the table above in a variety of ways. The results of Chow's test show that a fixed effect model is best to a common effect model. The Hausman test results show that the fixed effect model is the best model, while the Langrage multiplier test results show that the random effect model is preferable than the common effect model. In comparison to the common effect model, the random effect model is preferable. It is also possible to assess if the fixed effect model is the best testing model for the regression equation using the Hausman test and the Langrage multiplier.

Panel Data Regression Test

According to the findings of the test of classical assumptions, the tests for normalcy, heteroscedasticity, and autocorrelation all revealed breaches of the assumptions. Next, the regression test runs using the HAC Newey-West Test method and the Eviews application. One of the defenses for data heterogeneity or non-homogeneous data versions is this approach. In this study, the HAC Newey-West Test was used for multiple regression testing, and the findings are shown in the following table:

Table 10 HAC Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.209358	0.050064	4.181805	0.0001
CR	-0.022517	0.034694	-0.649004	0.5177
ROA	1.504277	0.278502	5.401308	0.0000
COVID	0.334913	0.124036	2.700126	0.0081
CR_COVID	0.001196	0.051243	0.023342	0.9814
ROA_COVID	-1.139125	0.915231	-1.244631	0.2160

Source: Results of Data Processing with Eviews 10 (2023)

The following regression equation model may be created based on the output of the regression output utilizing the HAC Newey-West Test technique that was used in the study:

$$\text{DPR} = 0.209358 - 0.022517 \text{ CR} + 1.504277 \text{ ROA} + 0.001196 \text{ CR*COVID} - 1.139125 \text{ ROA*COVID} + \varepsilon$$

Hypothesis testing

A decision about whether to accept or reject a hypothesis for a research is the outcome of the hypothesis testing technique. A partial hypothesis test (t-test) and a coefficient of determination test are both used for assessing hypotheses in research (R²).

T-test (Partial Hypothesis Testing)

To find out how well each independent variable explains fluctuations in the dependent variable, the t-statistical test is utilized (Ghozali, 2013). The significance level of the p-value is used as the criterion for accepting or rejecting the hypothesis.

- The study hypothesis is disregarded if the significance level (p-value) is greater than 0.05.
- The study hypothesis is accepted if the significance (p-value) is less than 0.05.

Based on the findings of the preceding table's partial hypothesis testing (t-test), it is possible to conclude:

1. Liquidity's impact on dividend policy

The liquidity variable's beta coefficient value is -0.022517, indicating a negative association; the p-value is $0.5177 > 0.05$. Consequently, it may be said that the dividend policy is unaffected by liquidity.

2. How profitability affects dividend policy

The profitability variable's beta coefficient value is 1.504277, with a p-value of 0.0000 0.05 and a positive association direction. So, it may be said that profitability influences dividend policy in a good way.

3. The COVID-19 pandemic tempered the impact of liquidity on dividend policy.

The market risk variable's beta coefficient value is 0.001196 with a p-value of $0.9814 > 0.05$ and a positive association direction. The Covid-19 pandemic cannot thus mitigate the impact of liquidity on dividend policy, it might be said.

4. The covid-19 pandemic mitigated the impact of profitability on dividend policy.

With a negative connection and a p-value of $0.2160 > 0.05$, the profitabilitas variable's beta coefficient value is -1.139125. In light of this, it may be said that the Covid-19 pandemic has no influence on dividend policy.

Determination Coefficient Test

A measure of how much of the overall variance in the dependent variable is explained collectively is the coefficient of determination test (R²). According to R², the sample regression line's goodness-of-fit, or how closely it resembles the data, is measured. The better the sample regression line, the more important the R² value is (R² near to 1). Below are the outcomes of the study's test for the coefficient of determination:

Table 11 Test Results for the Coefficient of Determination (R²)

R-Squared
0.1786 (17,86%)

Source: Results of Data Processing with Eviews version 10 (2022)

The results of the test for the two models in this study's coefficient of determination are shown in Table 9, and they will be discussed further.

1. The dividend policy variable is impacted by 17.86% of the components of liquidity, profitability, and the Covid-19 pandemic, according to the R-square value of 0.1786. The remaining 82.14% is influenced by other variables that were not examined

Discussion

According to the findings of the first hypothesis, for the years 2018 through 2021, there is no relationship between liquidity and dividend policy among industrial businesses listed on the IDX. According to these findings, the company's dividend policy is unaffected by its high and low liquidity.

According to the research's findings, this circumstance suggests that the current ratio is in an excessive position, that the company is unable to effectively use its current assets or pay off debts, and that the company is keeping profits for investors because the current ratio has no positive impact on the dividend policy. The findings of this study are consistent with those Pattiruhu & Paais (2020), which found that liquidity had no impact on dividend policy. The analysis's findings indicate that the magnitude of dividend payments is unaffected by the company's liquidity. As a result, businesses with strong liquidity may not always pay out higher dividends.

According to the findings of the second hypothesis, for the years 2018-2021, profitability has a favorable impact on the dividend policy of manufacturing businesses listed on the IDX. This implies that the dividend policy will be more generous the more profitable the business is. The bird in the hand hypothesis predicts that investors will choose dividend income over unpredictable income like capital gains, and this outcome is consistent with that view. Al-Kayed (2017) identified profitability as a key consideration in corporate dividend policy for Saudi Arabian traditional banks. The findings of this study are consistent with research by Dewasiri et al. (2019), which found that profitability influences dividend policy favorably. Mazur et al. (2021) demonstrated the same outcome and claimed that profitability has a favorable effect on dividend policy.

According to the findings of the third hypothesis, the Covid-19 pandemic cannot mitigate the impact of liquidity on dividend policy in industrial businesses listed on the IDX between 2018 and 2021. This indicates that the Covid-19 pandemic outbreak has no impact on the liquidity of the company's payout policy. According to Suardi et al. (2022), the distribution of Covid-19 increased the risk of liquidity and made stock market liquidity more susceptible to aggregate liquidity shocks. In this situation, the business is able to effectively utilise its present assets or pay off its short-term debt to ensure that the Covid-19 pandemic has no dampening effect on the company's ability to pay out dividends.

According to the fourth hypothesis's findings, show that the Covid-19 pandemic can moderate the effect of The fourth hypothesis's findings support the idea that the Covid-19 pandemic can mitigate the impact of profitability on dividend policy for manufacturing businesses listed on the IDX during the 2018–2021 timeframe. As a result, the Covid-19 pandemic may have a lessened impact on the dividend policy than would otherwise be the case. Nilashi et al. (2020) claim that the Covid-19 pandemic reaction has resulted in an unanticipated drop in economic and stock market activity, which has led several sectors of the global economy to become paralyzed. Miklaszewska et al. (2021) assert that a company's financial features are crucial to its ability to self-finance when its cash flow is impeded by unanticipated external occurrences like pandemics and financial crises. So, it can be concluded from this study that businesses preferred to use their earnings to fund primarily operational operations during the Covid-19 pandemic. This conclusion is similar with the findings of Krieger et al. (2021), who examined information on 1400 US stocks that paid dividends between 2015 and 2020 and came to the conclusion that these firms had a three to five times higher likelihood of reducing or ceasing dividend payments in the second quarter of 2020 than in any other quarter since early 2020.

CONCLUSION AND RECOMMENDATIONS

Conclusion

The results of the studies described above indicate that for the years 2018-2021, liquidity has no impact on the dividend policy of manufacturing businesses listed on the IDX. It was later established that profitability had a favorable impact on dividend policy. The Covid-19 pandemic has not been able to moderate the effect of liquidity on dividend policy for the years 2018-2021, according to manufacturing businesses listed on the IDX. After further investigation, it was found that the Covid-19 pandemic could have lessened the impact of liquidity on the dividend policy of manufacturing businesses listed on the IDX for the years 2018 through 2021. It is known that the factors of liquidity, profitability, and the Covid-19 pandemic effect 17.86% of the dividend policy variable, whereas other variables other from those under study influence the remaining 82.14%.

Recommendations

It is recommended that companies pay more attention to dividend policy management so that companies can make the right decisions regarding dividend distribution. So that the achievement of a

good dividend policy makes investors invest their capital in the company. The company is then expected to increase profitability within its ability to use its assets productively during operations, which can result in productive assets in operations generating profits for the company and improving dividend policy. It is recommended for investors in investing. Investors must consider issues that affect the company's dividend policy to help investors make decisions in investing their capital, especially investors who seek dividends or long-term investments. Because this research only focuses on one sector, namely manufacturing companies, further research is recommended to expand the observations studied so that the test results obtained in this study can be generalized and more representative. Then further research should be able to add a longer period span and not only use the variables contained in this study, but can use other variables that can be factors that affect dividend policy such as company size, leverage, independent commissioners, and so on.

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