Factors Influencing Dividend Policy Moderated by Market Share in Non-Financial Companies in Indonesia

Chintya Fadila Laksmitaningrum[1], Sally Joice[2*], Susy Muchtar[3]
[1, 2, 3] Graduate School, Department of Management
Faculty of Economics and Business, Universitas Trisakti, Jakarta
*Correspondence: sallyjoice17@gmail.com

Abstract
This study analyzes the effect of cost of debt, cost of equity, weighted average cost of capital (WACC), firm size, and return on assets (ROA) on dividend policy in non-financial companies listed on the Indonesia Stock Exchange for the 2022–2024 period, and examines the role of market share as a moderating variable. Dividend policy is measured using the dividend payout ratio, dividend coverage ratio, and dividend yield. The analysis method uses panel data regression with a series of statistical tests, including the Chow test, Hausman test, descriptive test, Adjusted R², F-test, and T-test. The results show that cost of debt has a significant negative effect on dividend yield, while cost of equity has a significant positive effect on dividend yield and dividend payout ratio. WACC, firm size, and ROA do not significantly influence the three dividend policy indicators. Market share is shown to have a dualistic moderating role, strengthening or weakening the relationship between internal company factors and dividend policy, depending on the indicators used. The implication of these findings is the importance of companies designing flexible dividend policies and considering the cost of capital structure and market share dynamics in making profit distribution decisions.

INTRODUCTION

Dividend policy reflects a company's strategic decisions regarding profit management and is a primary concern for investors when assessing the stability and prospects of long-term financial performance. Data from the Indonesia Stock Exchange (2024) shows that only a small percentage of non-financial companies have consistently distributed cash dividends over the past three years. This varying consistency in dividend distribution indicates differences in the financial strategies adopted by each company. This also indicates that profit

distribution decisions do not reflect a uniform pattern across companies, even within the same industry sector.

Differences in dividend payout ratios, dividend yields, and dividend coverage ratios indicate the absence of a uniform profit distribution standard in the Indonesian capital market. IDX Statistics (2024) noted that the average dividend yield decreased from 3.2% in 2022 to 2.5% in 2023 in the manufacturing sector, while the dividend payout ratio also fluctuated. Financially stable companies do not always demonstrate consistency in dividend distribution, suggesting that other variables influence these decisions.

The cost of capital is a key determinant of dividend policy. Companies facing high debt and equity costs tend to be cautious about dividend distributions. Bloomberg data (2023) shows that the cost of equity of public companies in Indonesia averaged 14%, while the cost of debt increased due to Bank Indonesia's interest rate policy throughout 2022-2023. The increase in the cost of capital increases pressure on corporate cash flows, leading to a more selective dividend policy. Companies with a growing capital structure tend to be more conservative in dividend distributions due to the greater pressure on operating cash flow (Arhinful et al., 2024; Noor et al., 2021).

Company size plays a crucial role in determining a company's financial funding capacity and maintaining a stable dividend policy. The Financial Services Authority (OJK) (2024) reported that companies with assets exceeding IDR 10 trillion recorded a more stable dividend payout ratio than smaller companies. Large companies such as PT Telekomunikasi Indonesia Tbk and PT Unilever Indonesia Tbk serve as relevant examples in the context of dividend distribution consistency due to their operational scale and cash stability. Large companies have broader access to funding, an established reputation, and higher investor expectations for consistent dividend distribution (Khan et al., 2021).

The IDX Performance Report (2023) shows that companies with high Return on Assets (ROA) have a greater opportunity to distribute dividends sustainably. A high level of operational efficiency in generating profits allows management to determine profit distributions to shareholders without disrupting operating cash flow. Companies with high profitability demonstrate efficiency in generating profits from managed assets and have a greater ability to distribute dividends (Sen & Ray, 2021).

Momany et al. (2024) found that company size and ROA significantly influence dividend policy decisions in UK companies. These findings form the basis for developing a more comprehensive research model, emphasizing not only capital structure but also internal company factors such as size and profitability.

Market share indicates a company's strategic position in its industry. Companies with high market share enjoy greater investor trust, revenue stability, and greater bargaining power within the industry. This position enables companies to maintain a stable dividend policy, even when faced with high capital cost pressures (Arhinful et al., 2024). PT Telkom Indonesia Tbk and PT Indofood CBP Tbk are examples of dominant companies in their sectors that consistently distribute dividends amidst economic fluctuations. Therefore, market share in this study is considered a moderating variable that can strengthen or weaken the influence of capital cost structure, company size, and profitability on dividend policy.

This study expands on the previous model by integrating capital cost structure (cost of debt, cost of equity, WACC), company size, and ROA as independent variables, while also considering market share as a moderating variable on dividend policy. This study focuses on non-financial companies listed on the Indonesia Stock Exchange, as this sector has diverse dividend distribution characteristics and is not as tightly regulated as the financial sector.

This study is expected to provide theoretical contributions in the development of dividend policy literature, as well as provide practical implications for financial managers,

investors, regulators, and related parties in designing optimal and sustainable dividend distribution strategies amidst the dynamics of the capital market.

LITERATURE REVIEW AND HYPOTHESIS

According to Modigliani and Miller (1961), under perfect capital market conditions, dividend policy does not affect firm value. This means that whether a company distributes high dividends, low dividends, or no dividends at all, it will not change the firm's value in the eyes of investors. However, in practice, the assumption of a perfect market is rarely met, making dividend policy a critical factor influencing investor decisions.

According to signaling theory, dividends can be used as a communication tool by management to investors regarding the company's future profit prospects, as dividends signal the market about the company's financial condition. An increase in dividends is a positive signal that the company has stable profits and good profit prospects (Brigham & Houston, 2021).

Agency theory states that dividend policy can be used to mitigate conflicts of interest between company managers (agents) and shareholders (principals). Regular dividend distributions to shareholders will reduce idle company funds that could potentially be misused by management (Jensen & Meckling, 1976).

According to Myers and Majluf (1984), the Trade-Off Theory states that companies will consider the costs and benefits of using debt and equity in their capital structure. Meanwhile, the Pecking Order Theory states that companies have a preference for financing, with the use of internal funds (Retained Earnings) being prioritized before resorting to external financing, such as debt or issuing new shares. Both influence dividend policy because profit distribution decisions compete with the company's funding needs for investment and liquidity.

Dividend policy is a company's decision regarding the distribution of profits to shareholders in the form of cash dividends or retained earnings for reinvestment. This policy reflects the balance between the company's need to maintain growth and investors' desire for immediate income (Brigham & Houston, 2019). Common indicators for measuring dividend policy include the dividend payout ratio, dividend yield, and dividend coverage ratio (Momany et al., 2024).

The dividend payout ratio measures the percentage of net profit distributed to shareholders. The dividend payout ratio is used as a primary indicator of dividend policy and is linked to earnings stability and a company's reinvestment policy (Momany et al., 2024).

Dividend yield indicates the return on stock investment received by investors through dividends compared to the current stock price. Dividend yield is often used by investors to assess the attractiveness of a stock in an income portfolio (Sen & Ray, 2021).

The Dividend Coverage Ratio measures a company's ability to pay dividends. This ratio signals a company's financial strength in paying long-term dividends (Momany et al., 2024).

Cost of debt is the effective interest rate on a company's debt. This cost influences dividend policy because the higher the cost of debt, the greater the company's fixed expenses, which can influence dividend distribution policy (Arhinful et al., 2024). Noor et al. (2021) found that the cost of debt negatively impacts dividend policy.

Cost of equity reflects investors' expected returns on a company's stock. In practice, companies facing a high cost of equity tend to retain profits rather than distribute them as dividends (Arhinful et al., 2024). Esqueda et al. (2022) state that the cost of equity negatively impacts dividend distribution.

The Weighted Average Cost of Capital (WACC) is the weighted average of the total cost of debt and cost of equity. WACC is used to measure the cost of financing a company

must bear. A high WACC can reduce a company's ability to pay dividends because it must maintain liquidity and solvency (Arhinful et al., 2024). The higher the WACC, the more expensive the company's financing costs, which negatively impacts dividend policy (Arhinful et al., 2024). A high WACC encourages companies to retain earnings and maintain liquidity and solvency.

Company size reflects the scale of operations and financing capacity of a company, typically measured by the natural logarithm of total assets. Momany et al. (2024) state that large companies tend to have stable cash flows and are more able to consistently distribute dividends. Sen & Ray (2021) found that company size positively influences dividend policy.

ROA measures a company's efficiency in using assets to generate profits. Companies with high ROA indicate that the company has strong profitability which allows the company to distribute larger dividends (Momany et al., 2024; Sen & Ray, 2021).

Market share measures the proportion of a company's sales compared to total industry sales in the same sector. Market share indicates a company's competitive position in the market. Companies with large market shares tend to have greater power in determining dividend strategies, even when capital costs are high (Arhinful et al., 2024). Noor et al. (2021) state that market share, as a moderating variable, can strengthen or weaken the influence of cost of capital, company size, and profitability on dividend policy.

Therefore, in this study, market share is assumed to be a variable that can moderate the relationship between cost of debt, cost of equity, WACC, company size, and ROA on dividend policy, either strengthening or weakening their influence, depending on company characteristics.

The Effect of Cost of Debt on Dividend Policy

Cost of debt is a fixed burden that a company must pay for its debt. The higher the cost of debt, the greater the financial burden borne by the company, which can reduce the proportion of profits distributed as dividends. Previous research by Arhinful et al. (2024) showed that the cost of debt had a significant negative effect on dividend payout and dividend coverage ratio in non-financial sector companies listed on the Frankfurt Stock Exchange. This suggests that high debt interest expenses tend to reduce a company's ability to distribute profits as dividends.

Similar research findings were found by Ibrahim and Mohammed (2022) in Nigeria, which showed that an increase in the cost of debt contributed to a decrease in dividend payments, as companies prioritized interest payments to avoid the risk of bankruptcy. The study concluded that high interest expenses were a limiting factor in dividend distributions to shareholders.

H1: The cost of debt negatively affects dividend policy.

The Effect of Cost of Equity on Dividend Policy

Cost of equity is the rate of return investors expect on their invested capital. It is a crucial factor in evaluating a company's capital structure. When the cost of equity is high, companies will adjust their financial policies to maintain investor loyalty, including through a competitive dividend policy (Arhinful et al., 2024). Previous research by Arhinful et al. (2024) found that the cost of equity has a positive effect on the dividend payout ratio, especially for companies facing market pressure from investors.

Previous research by Sen and Ray (2021), in a study of manufacturing companies in India, found that the higher the cost of equity, the more likely a company is to distribute dividends to maintain market perception and increase the attractiveness of its shares to investors. These findings support signaling theory, which uses dividends as a tool to signal a

company's prospects to investors.

H2: Cost of equity has a positive effect on dividend policy.

The Effect of Weighted Average Cost of Capital (WACC) on Dividend Policy

WACC is the weighted average of all financing costs, both debt and equity. When the WACC is high, a company must pay higher financing costs, potentially reducing its ability to distribute dividends (Arhinful et al., 2024). Research conducted by Arhinful et al. (2024) found that WACC has a significant negative effect on the dividend payout ratio in European markets, as companies choose to maintain liquidity rather than distribute profits to shareholders.

These results align with research conducted by Noor et al. (2021) on companies in Pakistan, which found that an increase in WACC negatively impacts dividend policy because companies must balance profitability and financing costs. To maintain this balance, management will tend to retain earnings to avoid the risk of expensive financing in the future.

H3: WACC has a negative effect on dividend policy.

The Effect of Company Size on Dividend Policy

Company size reflects a company's operational scale and economic capacity, which influences its financial policies, including dividend distribution (Khan et al., 2021). Larger companies have more stable cash flows, higher credibility among investors, and broader access to external financing sources. Research conducted by Khan et al. (2021) on public companies in Bangladesh found that company size has a positive and significant effect on the dividend payout ratio.

This is consistent with research conducted by Momany et al. (2024) on companies in the UK, which found that firm size is a key factor influencing dividend policy. Larger companies are considered more established and financially stable and tend to send positive signals to the market through consistent dividend payments.

H4: Company size has a positive effect on dividend policy.

The Effect of ROA on Dividend Policy

Return on Assets (ROA) is a key indicator of profitability, demonstrating management efficiency in generating profits from its assets. A high ROA demonstrates a company's ability to generate revenue without relying on external sources, thereby increasing the company's potential to pay dividends. Research conducted by Sen and Ray (2021) on manufacturing companies in India found that ROA has a positive and significant influence on the dividend payout ratio.

Another study by Momany et al. (2024) also showed that profitability, as measured by ROA, is a key factor in corporate dividend policy in the UK. Companies with a high return on assets are considered more stable and able to maintain their commitment to dividend payments to shareholders. Strong profitability is used as a positive signal to the market that a company is in financial health.

H5: ROA has a positive influence on dividend policy.

Market Share as a Moderator Between Cost of Capital (Cost of Debt, Cost of Equity, and WACC), company size and ROA on Dividend Policy

Market share is a measure of a company's competitive position in an industry, determined by the proportion of sales to total industry sales (Arhinful et al., 2024). Companies with a large market share tend to have strong market power, strong customer loyalty, and higher earnings stability. This makes them more able to maintain profit

distribution despite facing capital cost pressures (Noor et al., 2021).

Research conducted by Arhinful et al. (2024) shows that companies with a large market share are more stable against fluctuations in the cost of capital and can still distribute dividends, acting as a moderating variable that can strengthen or weaken the relationship between the independent and dependent variables. This applies not only to capital structure (cost of debt, cost of equity, and WACC) but also to other company characteristics such as size and profitability (firm size and ROA), as supported by previous findings in research conducted by Momany et al. (2024).

H6: Market share moderates the effect of cost of debt on dividend policy.

H7: Market share moderates the effect of cost of equity on dividend policy.
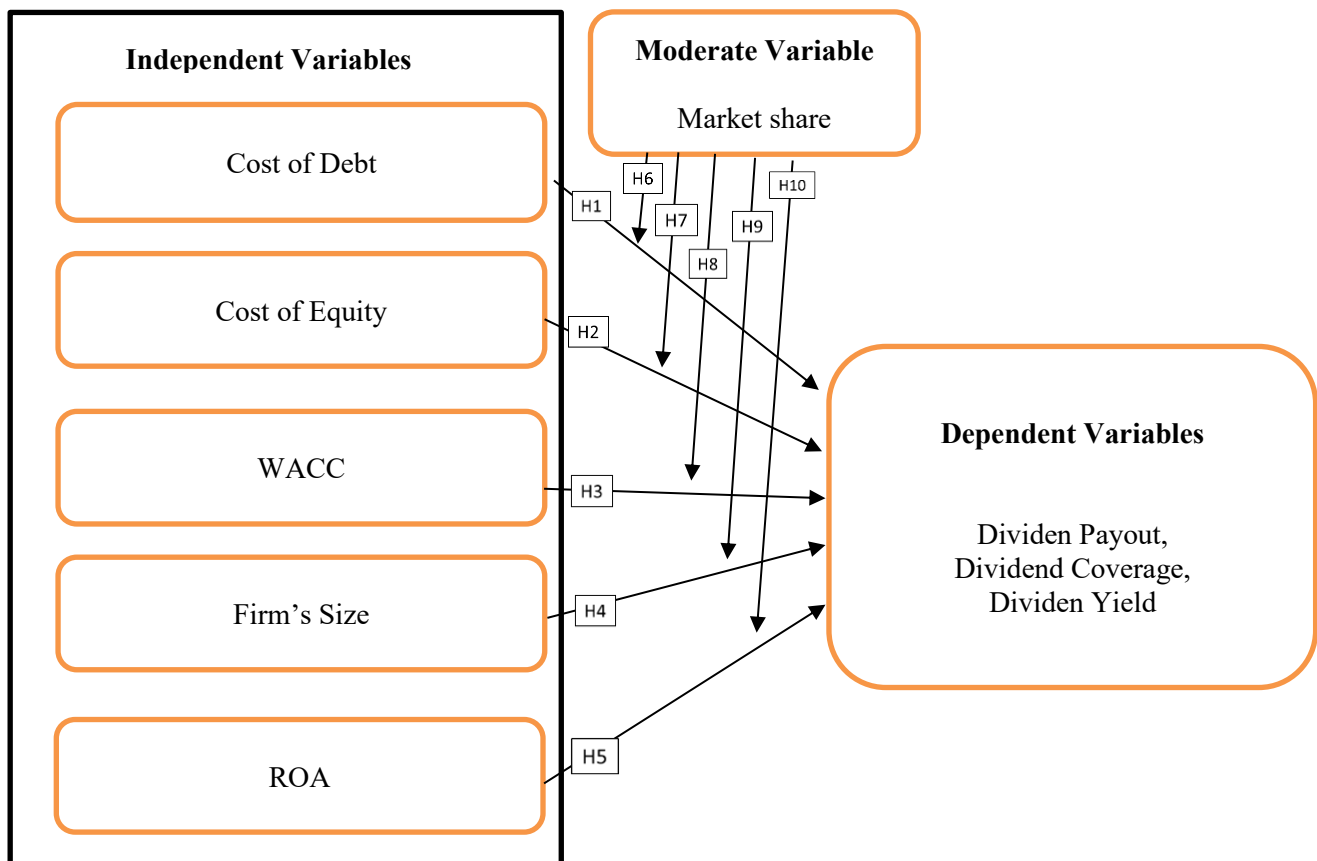
H8: Market share moderates the effect of WACC on dividend policy.

H9: Market share moderates the effect of firm size on dividend policy.

H10: Market share moderates the effect of ROA on dividend policy.

Based on previous research, the following conceptual framework was developed:

Figure 1. Conceptual Framework Diagram

RESEARCH METHOD

This study analyzes the influence of several independent variables on a company's dividend policy. These independent variables include Cost of Debt, Cost of Equity, Weighted Average Cost of Capital (WACC), Firm Size, and Return on Assets (ROA). Furthermore, this study evaluates whether Market Share moderates the effect of cost of capital on dividend policy. The sampling method used for this study is purposive sampling, considering that this study focuses on specific objectives, namely companies with specific criteria. Purposive sampling is used to select subjects based on certain characteristics relevant to the research objectives. According to Patton (2002), purposive sampling has the logic and strength of selecting information-rich cases that can be studied for in-depth research.

The total of sample in this study is 88 non-financial companies listed on the Indonesia Stock Exchange (IDX) during the 2022-2024 period, which have complete financial reports. Sample selection was carried out by considering the availability of data related to the measurements of each variable used. The data collection method used was a secondary data collection method, where data was obtained from sources that had already published their data. The data sources for this study were obtained from the Indonesia Stock Exchange website (https:// www.idx.co.id) and the websites of each sampled company.

Variables and Measurement

The variables and measurements used in this study are intended to determine the relationship between the independent variables and the dependent variables, each of which is described as follows:

Table 1. Summary of Variables

Type of Variables	Name of Variables	Measurement	Symbol	Definition of Operational Variables	Reference
Dependent Variable	Dividend Policy	*Dividend Yield*	DVY	*Dividend per Share / Price per Share*	Arhinful et. al (2024)
		Dividend Payout Ratio	DPR	*Dividens per Share / Earnings per Share*	Arhinful et. al (2024)
		Dividend Coverage Ratio	DCR	*Earnings per Share / Dividend per Share*	Arhinful et. al (2024)
Independent Variable	Capital Cost Structure	*Cost of Debt*	COD	*Annual Interest Expense / Total Debt * (1 – Tax Rate)*	Arhinful et. al (2024)
		Cost of Equity	COE	*Dividend per share / stock price + Growth Rate of Dividends*	Arhinful et. al (2024)
		WACC	WACC	(E/V x *Cost of Equity*) + (D/V x *Cost of Debt* x (-Tax Rate*) E : *Market value of the company's equity* D : *Market value of the company's debt* V : *Total market value of the company (Sum of equity)* *Cost of Equity = rate of return on equity* *Cost of Debt = interest rate on debt*	Arhinful et. al (2024)

Type of Variables	Name of Variables	Measurement	Symbol	Definition of Operational Variables	Reference
				Tax rate = corporate tax rate.	
		Size	SIZE	Logaritma natural dari total aset	Momany et. al. (2024)
		Return of Assets	ROA	*Net Income / Total Assets*	Momany et. al. (2024)
Moderation Variable		*Market Share*	MS	(*Company Sales / Total Market Sales*) x 100%	Arhinful et. al (2024)

Model Spesification

This model is designed to test the influence of capital cost structure (cost of debt, cost of equity, and WACC), company size, and profitability on dividend policy by considering market share as a moderating variable.

There are three models used to analyze each dividend policy indicator, namely dividend yield (DVY), dividend payout ratio (DPR), and dividend coverage ratio (DCR). Model 1 explains the direct influence of cost of capital (cost of debt, cost of equity, and WACC), company size, and profitability on dividend yield. Model 2 uses a similar approach to measure the influence on the dividend payout ratio (DPR), while model 3 explains the influence on the dividend coverage ratio.

Model 1

$DVY_{nft} = \alpha + \beta_1(COD)_{nft} + \beta_2(COE)_{nft} + \beta_3(WACC)_{nft} + \beta_4(MS)_{nft} + \beta_4(SIZE)_{nft} + \beta_4(ROA)_{nft} + \beta_1(COD)_{nft} * MS_{nft} + \beta_1(COE)_{nft} * MS_{nft} + \beta_1(WACC)_{nft} * MS_{nft} + \beta_1(SIZE)_{nft} * MS_{nft} + \beta_1(ROA)_{nft} * MS_{nft} + \varepsilon$

Model 2

$DPR_{nft} = \alpha + \beta_1(COD)_{nft} + \beta_2(COE)_{nft} + \beta_3(WACC)_{nft} + \beta_4(MS)_{nft} + \beta_4(SIZE)_{nft} + \beta_4(ROA)_{nft} + \beta_1(COD)_{nft} * MS_{nft} + \beta_1(COE)_{nft} * MS_{nft} + \beta_1(WACC)_{nft} * MS_{nft} + \beta_1(SIZE)_{nft} * MS_{nft} + \beta_1(ROA)_{nft} * MS_{nft} + \varepsilon$

Model 3

$DCR_{nft} = \alpha + \beta_1(COD)_{nft} + \beta_2(COE)_{nft} + \beta_3(WACC)_{nft} + \beta_4(MS)_{nft} + \beta_4(SIZE)_{nft} + \beta_4(ROA)_{nft} + \beta_1(COD)_{nft} * MS_{nft} + \beta_1(COE)_{nft} * MS_{nft} + \beta_1(WACC)_{nft} * MS_{nft} + \beta_1(SIZE)_{nft} * MS_{nft} + \beta_1(ROA)_{nft} * MS_{nft} + \varepsilon$

Information:

DVY = *Dividend Yield*
DPR = *Dividend Payout Ratio*
DCR = *Dividend Coverage Ratio*
COD = *Cost of Debt*
COE = *Cost of Equity*
WACC = *Weighted Average Cost of Capital*
MS = *Market Share*
SIZE = *Firm Size*
ROA = *Return on Assets*
α = Konstanta
β_1 = Konstanta
$\beta_1(COD)_{it}$ = Koefisien *Cost of Debt*

β_2(COE)it = Koefisien *Cost of Equity*

β_3(WACC)it = Koefisien *Weighted Average Cost of Capital*

β_4(MS)it = Koefisien *Market Share*

β_5(SIZE)it = Koefisien *Firm Size*

β_6(ROA)it = Koefisien *Return on Assets*

εit = Error

Before conducting the theoretical hypothesis test in this study, a panel data regression analysis test was carried out. to determine the selection of the right model, namely by using several types of model specification tests which include the Chow Test, Hausman Test, Descriptive Statistics Test, Coefficient of Determination Test (Adjusted R^2), Simultaneous Test (F-test), and Partial Test (T-test).

In the Chow Test results, there are two options that must be determined, namely common effect or fixed effect. In this study, the Chow test is useful for determining which model is better and more appropriate. The Chow test is based on the null hypothesis that there is no individual heterogeneity and the null hypothesis that there is no individual heterogeneity alternative where there is heterogeneity in the cross-section. The results of the Hausman Test have two options that must be determined, namely random effects or fixed effects. In this study, the Hausman Test useful to determine which model is better and more appropriate.

The Classical Assumption Test or statistical test is carried out if the selected model is the Common Effect Model (CEM), while if the selected model is FEM or REM, the classical assumption test is not carried out (Widarjono, 2018).

To analyze the influence of independent variables on dependent variables, a Coefficient of Determination (Adjusted R^2) test is carried out to determine the extent to which the independent variables are able to explain the dependent variables in a model by looking at the adjusted R^2 value. This analysis test uses the adjusted R^2 value because there is more than one independent variable. If the adjusted R^2 value is close to 1, it means the independent variable is able to explain the dependent variable.

The Simultaneous Test (F-test) was conducted to determine whether the independent variables simultaneously have a significant influence on the dependent variable. Furthermore, the Partial Test (T-test) was conducted in this study to analyze whether each independent variable has a significant influence on the dependent variable.

Assumption testing aims to check for residual normality, homoscedasticity, multicollinearity, and independence to ensure the validity of the regression analysis results. Therefore, evaluating assumptions is crucial, particularly to ensure the accuracy of research findings.

RESULTS AND DISCUSSION
Chow Test

The Chow test is conducted to select whether the appropriate model to use is the common effect model (CEM) or the Fixed Effect Model (FEM).

The Chow test formula is as follows:
Ho: Common Effect Model
Ha: Fixed Effect Model

Decision:
- If the cross-section probability figure of Chi-square ≥ 0.05 (alpha 5%) then Ho is accepted.
- If the cross-section probability figure of Chi-square < 0.05 (alpha 5%) then Ha is accepted.

The results of the Chow test were obtained as follows:

Table 2. Chow Test

MODEL	Cross Section Chisquare	d.f.	Prob.
DVY	1581.357395	87	0.0000
DPR	265.909831	87	0.0000
DCR	530.783090	87	0.0000

Based on the results of the Chow Test in Table 2, the following results were obtained:
1. For the Dividend Yield (DIVY) model, the p-value obtained from the cross-section chi-square is $0.0000 < 0.05$, which means that Ho is rejected, so the selected model is FEM.
2. For the Dividend Payout Ratio (DPR) model, the p-value obtained from the cross-section chi-square is $0.0000 < 0.05$, which means that Ho is rejected, so the selected model is FEM.
3. For the Dividend Coverage Ratio (DCR) model, the p-value obtained from the cross-section chi-square is $0.0000 < 0.05$, which means that Ho is rejected, so the selected model is FEM.

Hausman Test

The Hausman test is carried out if the results of the Chow test select the Fixed Effect Model (FEM). The Hausman test is used to select whether the appropriate model is the Fixed Effect Model or the Random Effect Model (REM).

The Hausmann test formula is as follows:
Ho: Random Effect Model
Ha: Fixed Effect Model

Decision:
- If the cross-section probability figure of Chi-square ≥ 0.05 (alpha 5%) then Ho is accepted. This means that the appropriate model is the Random Effect Model.
- If the cross-section probability figure from Chi-square < 0.05 (alpha 5%) then Ho is rejected. This means that the appropriate model is the Fixed Effect Model.
-

Table 3. Hausman Test

Test Summary	Cross Section Random	Chi-Sq.d.f	Prob.
DVY	162.810170	11	0.0000
DPR	49.330508	11	0.0000
DCR	13.905135	11	0.2383

Based on the results of the Hausman Test in table 3, the results obtained are:
1. For the DVY model, the p-value obtained from the random cross section is $0.0000 < 0.05$, which means that Ho is accepted so that the selected model is FEM.

2. For the DPR model, the p-value obtained from the cross-sectional random is 0.0000 < 0.05, which means that Ho is rejected, so the selected model is FEM.
3. For the DCR model, the p-value obtained from the cross-sectional random is 0.2383 > 0.05, which means that Ho is rejected so that the selected model is REM.

Thus, for the DVY and DPR models, the FEM model is used and for the DCR model, the REM model is used.

Descriptive Statistics
Descriptive statistics were used in this study to present a description of the collected data by analyzing the minimum, maximum, mean, and standard deviation of all processed data. It also explains each dependent variable, independent variable, and moderating variable. Based on the model selection results above, classical assumption testing was not performed because the selected model was REM. Therefore, for data processing Descriptive statistical tests were carried out using the Eviews-9 application and the following results were obtained:

Table 4. Descriptive Statistics

Variable	N	Mean	Standard Deviation	Minimum	Maximum
DVY	260	0.035903	0.083624	0.000189	0.688
DPR	260	0.256906	0.199169	0.0000372	1.729107
DCR	260	218.5498	2059.963	0.578333	26850.09
COD	260	0.022204	0.039746	0.00000856	0.292197
COE	260	0.986994	0.099783	0.78907	1.677824
WACC	260	0.784574	0.196996	0.040769	1.335962
Size	260	6.874168	0.686216	5.11914	8.304735
ROA	260	0.104606	0.091087	0.000136	0.635189
MS	260	0.02772	0.048765	0.0000473	0.568445

The descriptive statistical tests in Table 4 provide an initial overview of the characteristics of each variable used in the study. The study was conducted using 260 observations for each variable, which included data from non-financial companies listed on the Indonesia Stock Exchange.

The Dividend Yield (DVY) variable has an average value of 0.0359, or approximately 3.59%, with a standard deviation of 0.0836. The minimum value of 0.00018 and the maximum value of 0.688 indicate significant variation among companies distributing dividends in the form of yield, with some companies exhibiting very high dividend returns compared to their share price.

The Dividend Payout Ratio (DPR) variable shows an average of 0.2569 (25.69%) and a standard deviation of 0.1991, indicating that the average company distributes approximately one-quarter of its profits as dividends. The maximum value reaches 1.7291, indicating that some companies distribute dividends exceeding their net profit (overpayout), while the minimum value is very small, at 0.0000372.

For the Dividend Coverage Ratio (DCR) variable, the average value was 218.55 with a very high standard deviation of 2,059.96. The very high maximum value of 26,850.09 indicates an outlier, or a company with a very large net profit compared to its dividends. Conversely, the minimum value of 0.5783 indicates a company that uses almost all of its net profit to pay dividends.

The Cost of Debt (COD) variable has an average of 0.0222 (2.22%) and a standard deviation of 0.0397. This value indicates that the average company has a relatively low

interest expense, but there is considerable variation between companies, with the maximum value reaching 0.2922. The Cost of Equity (COE) variable shows an average of 0.9870 (98.7%) and a standard deviation of 0.0997, with a maximum value of 1.6778. This indicates high investor return expectations for the company's equity, which may reflect a high level of market risk in the context of an emerging market like Indonesia.

For the Weighted Average Cost of Capital (WACC) variable, the average value is 0.7846 (78.46%) with a standard deviation of 0.1970. This figure is quite high and indicates that the average company faces high overall financing costs, which can influence dividend distribution decisions.

The Firm Size variable has an average of 6.8742 with a standard deviation of 0.6862. This scale uses the natural logarithm of total assets, with a minimum value of 5.1191 and a maximum of 8.3047, reflecting the wide variation in firm size in the sample.

Return on Assets (ROA) shows an average of 0.1046 (10.46%) with a standard deviation of 0.0911. This value reflects the company's average efficiency in generating profits from total assets owned.

The Market Share (MS) variable has an average value of 0.0277 (2.77%) and a standard deviation of 0.0488. The maximum value of 0.5684 indicates that several companies control more than 50% of the market share in their industry, while the minimum value is very small, namely 0.0000473, reflecting the existence of companies that only have a very small market share.

Overall, the relatively high standard deviation values for several variables, such as DCR and MS, indicate significant heterogeneity among the companies in this study's sample. This provides sufficient justification for conducting panel regression tests to identify the influence of independent and moderating variables on corporate dividend policy.

Coefficient of Determination Test (Adjusted R2)

The coefficient of determination test is carried out to determine the extent to which the independent variable is able to explain the dependent variable in a model by looking at the adjusted value. R^2. Coefficient testing in this study is as follows:

Table 5. Coefficient of Determination Test (Adjusted R^2)

Model	R-Squared	Adjusted R-Squared
DVY	0.999678	0.999476
DPR	0.684057	0.485351
DCR	0.070209	0.028968

Based on this R^2 test, the following results were obtained:
1. In the DVY model, the adjusted R^2 value is 0.999678, which means that the variation or behavior of the independent variables (Cost of debt, Cost of equity, WACC, Size, ROA, Market Share) is able to explain the variation of the dependent variable, namely DIVY, by 99.967%, while the remaining 0.032% is the variation of other independent variables that affect DVY but are not included in the model.
2. In the DPR model, the adjusted R^2 value is 0.684057, which means that the variation or behavior of the independent variables (Cost of debt, Cost of equity, WACC, Size, ROA, Market Share) is able to explain the variation of the dependent variable, namely DPR, by 68.4057%, while the remaining 31.594% is the variation of other independent variables that affect DPR but are not included in the model.
3. In the DCR model, the adjusted R^2 value is 0.070209, which means that the variation

or behavior of the independent variables (Cost of debt, Cost of equity, WACC, Size, ROA, Market Share) is able to explain the variation of the dependent variable, namely DCR, by 7.021%, while the remaining 92.979% is the variation of other independent variables that affect DCR but are not included in the model.

F Statistic Test

To determine whether all independent variables in the model influence the dependent variable, an F-test is performed. The F-test, or simultaneous test, is performed to determine whether at least one independent variable significantly influences the dependent variable. The F-test in this study is as follows:

Table 6. F Test (Simultaneous Test)

Model	F-statistic	Prob(F-statistic)
DVY	4943.336	0.000000
DPR	3.442557	0.000000
DCR	1.702419	0.073225

Based on this F test, the following results were obtained:
1. In the DVY model, the p-value of F is $0.000000 < 0.05$, which means that Ho is rejected (Ha is accepted), so it is proven that there is at least one independent variable that has a significant influence on the dependent variable (DVY).
2. In the DPR model, the p-value of F is $0.000000 < 0.05$, which means that Ho is rejected, so it is proven that there is at least one independent variable that has a significant influence on the dependent variable (DPR).
3. 3. In the DCR model, the p-value of F is $0.073225 < 0.10$, which means that Ho is rejected, so it is proven that there is at least one independent variable that has a significant influence on the dependent variable (DCR).

T-Test

The T test is used to test the significance of the influence of independent variables on dependent variables in a regression model, namely the T test is used to test partial hypotheses.
The T-test formula is as follows:
- Null hypothesis (Ho): $\beta = 0$ (no significant effect)
- Alternative hypothesis (H₁): $\beta \neq 0$ (there is a significant influence)

If the probability value (p-value) of the T test < 0.05 (for a significance level of 5%), then Hÿ is rejected, meaning that the variable has a significant effect on Y.

Table 7. T-test (Partial test)

Variabel	Model DVY			Model DPR			Model DCR		
	Koefisien	T STAT	Prob.	Koefisien	T STAT	Prob.	Koefisien	T STAT	Prob.
C	-0.8786	-21.4989	0.0000	-0.3026	-0.3660	0.3573	-1697.0440	-0.4890	0.3127
COD	-0.0122	-1.3542	0.0888**	0.5853	0.8724	0.1922	2937.1260	0.3873	0.3495
COE	0.9394	27.7976	0.0000*	3.6259	3.8034	0.0001*	605.7300	0.2083	0.4176

Variabel	Model DVY			Model DPR			Model DCR		
	Koefisien	T STAT	Prob.	Koefisien	T STAT	Prob.	Koefisien	T STAT	Prob.
WACC	-0.0006	-0.6984	0.2430	-0.0283	-0.2640	0.3960	438.9973	0.6897	0.2455
SIZE	-0.0019	-1.3469	0.0900**	-0.4123	-2.1270	0.0175*	56.6245	0.1763	0.4301
ROA	-0.0018	-0.5461	0.2929	-1.2794	-3.3040	0.0006*	950.5423	0.4573	0.3239
MS	-1.4265	-1.8007	0.0368*	-58.3488	-1.2970	0.0983**	341197.4000	3.8065	0.0001*
MS*COD	0.3609	1.5553	0.0610**	-38.1677	-2.6580	0.0044*	-150043.0000	-0.7908	0.2149
MS*COE	0.8500	1.8132	0.0359*	2.9366	0.2194	0.4133	-13332.3400	-0.2368	0.4065
MS*WACC	0.0308	0.9455	0.1729	6.6052	0.9057	0.1833	-48844.7300	-3.0499	0.0013*
MS*SIZE	0.0810	1.6975	0.0458*	6.5375	1.4355	0.0766**	-35853.1500	-3.9612	0.0001*
MS*ROA	0.0802	0.7166	0.2374	11.6291	0.9545	0.1707	-52625.4700	-2.0877	0.0189*

*=alpha 10%
**=alpha 5%

Based on Table 7, it is known that the coefficient indicates the direction and magnitude of the influence of X (dependent variable) on Y (independent variable). T-stat (T statistic) to test significance, and prob. (p-value) if <0.05 = significant, if 0.05 – 0.10 = significant at 10%.

The Effect of Cost of Debt on Dividend Policy

The results of this study indicate that the cost of debt has a significant negative effect on dividend policy, as measured by dividend yield, but it does not significantly affect the dividend payout ratio or dividend coverage ratio. This is consistent with research conducted by Arhinful et al. (2024), which showed that the cost of debt has a significant negative effect on dividend policy in non-financial sector companies listed on the Frankfurt Stock Exchange. This suggests that high debt interest expenses tend to reduce a company's ability to distribute profits as dividends.

A similar study by Ibrahim and Mohammed (2022) in Nigeria found that increasing costs of debt contributed to lower dividend payments, as companies prioritized interest payments to avoid the risk of bankruptcy. The study concluded that high interest expenses were a limiting factor in dividend distributions to shareholders.

The Effect of Cost of Equity on Dividend Policy

The results of this study indicate that the cost of equity has a significant effect positive effect on dividend policy as measured by dividend yield and dividend payout ratio, but no positive effect on dividend coverage ratio. This is in line with research conducted by Arhinful et al. (2024) which found that the cost of equity has a positive influence on the dividend payout ratio, especially in companies facing market pressure from investors. The study suggests that when the cost of equity increases, companies attempt to maintain investor loyalty by adjusting their financial policies, one of which is through a competitive dividend policy.

A previous study conducted by Sen and Ray (2021) on manufacturing companies in India also found that the increase in cost of equity was significantly related With increasing dividend yields, when the cost of equity rises significantly, companies tend to distribute dividends to maintain market interest and remain attractive to investors. This aligns with signaling theory, which suggests that dividends are an indicator of a company's credibility to investors.

The Effect of Weighted Average Cost of Capital (WACC) on Dividend Policy

The results of this study indicate that WACC does not have a significant negative effect on dividend policy, as measured by dividend yield, dividend payout ratio, and dividend coverage ratio. This is inconsistent with research by Arhinful et al. (2024), which found that WACC has a significant negative effect on dividend payout ratios in the European market, as companies choose to maintain their liquidity rather than distribute profits to shareholders.

However, in contrast, previous research conducted by Eryonim et al. (2021) stated that dividend policy is not a determining factor. company value, especially in a perfect capital market, so that no deviations are found. the influence of WACC on dividend policy.

The Effect of Company Size on Dividend Policy

The results of this study indicate that company size has not been proven to have a significant positive effect on dividend policy as measured by dividend yield, dividend payout ratio, and dividend coverage ratio. This is inconsistent with research conducted by Momany et al. (2024) on companies in the UK, which stated that firm size is a key factor influencing dividend policy. Larger companies are considered more established and financially stable and tend to send positive signals to the market through stable dividend payments.

In previous research, different results were found, as stated by Salam (2024) that company size does not affect dividend policy, especially when Profitability and cash position are analyzed simultaneously. The study shows that company size is not the primary factor in determining the amount of dividends paid to investors, but is more influenced by the company's internal conditions. such as cash and profit.

The Effect of ROA on Dividend Policy

The results of this study indicate that ROA does not have a significant positive effect on dividend policy, as measured by dividend yield, dividend payout ratio, and dividend coverage ratio. Previous research by Oktaviana et al. (2024) suggested that profitability does not significantly influence dividend policy, particularly in non-financial companies.

This is because not all companies with large profits directly use those profits to distribute dividends to investors. Furthermore, the study stated that some large companies tend to have mature financial planning that does not always rely on profitability, given the

company's capital that can be reinvested or distributed to investors.

Market Share Moderates The Effect Of Cost Of Debt On Dividend Policy

The results of this study indicate that market share weakens the negative influence of cost of debt on dividend policy, as measured by dividend yield and dividend coverage ratio, but strengthens the negative influence of cost of debt on dividend policy, as measured by dividend payout ratio. This finding indicates that the influence of market share as a moderator is not entirely unidirectional, but varies depending on the dividend policy indicator. This partially supports the findings of Arhinful et al. (2024) who stated that market share has a positive impact on dividend payout ratios in general, particularly in the short and long term. However, Arhinful et al. (2024) also explained that excessive dividend payments can hinder the allocation of funds for innovation and expansion investment, potentially reducing future growth prospects.

Thus, the results of this study provide support that although the market While shareholders tend to strengthen incentives to pay larger dividends (in line with the findings of Arhinful et al., 2024), these implications are not uniform across all dimensions of dividend policy, and may vary depending on cash flow pressures, financing strategies, and specific market expansion within each dividend policy indicator.

Market Share Moderates The Effect Of Cost Of Equity On Dividend Policy

The results of this study indicate that market share strengthens the positive effect of cost of equity on dividend policy, as measured by dividend yield, but weakens the positive effect of cost of equity on dividend payout ratio and dividend coverage ratio. This finding indicates that companies with large market share tend to be more able to distribute returns in the form of dividend yield to investors, but are more conservative in their overall profit distribution ratio.

This is not entirely in line with research conducted by Arhinful et al. (2024) who found that the interaction of cost of equity and market share had a negative and significant impact on dividend policy, both in the short and long term. Arhinful et al. (2024) explain that companies with large market shares prefer to retain earnings to fund internal growth rather than distribute dividends, especially when the cost of equity is high. This suggests that dominant companies in the market may prioritize reinvestment as a long-term strategy over aggressive dividend distribution.

Thus, the results of this study explain that market share has a selective effect in strengthening or weakening the influence of cost of equity depending on the dividend policy indicators used.

Market Share Moderates The Effect Of WACC On Dividend Policy

The results of this study indicate that market share weakens the negative influence of WACC on dividend yield and dividend payout ratio, but strengthens the negative influence. WACC versus dividend coverage ratio. This means that companies with large market share still have the ability to distribute dividends, even if the combined cost of capital is high. However, going forward, the company will face pressure on the sustainability of payments. dividends from the company's net profit/gain.

These results align with the findings of Arhinful et al. (2024), who noted that the interaction between WACC and market share negatively impacts dividend yield in the short term but positively in the long term. This suggests that companies with large market share are able to manage high capital cost pressures more strategically through operational efficiency and scale growth.

1254

Thus, the results of this study support the opinion that market share can be used to address capital cost pressures, although it does not fully guarantee short-term stability in all aspects of dividend policy.

Market Share Moderates The Effect Of Firm Size On Dividend Policy

The results of this study indicate that market share strengthens the positive influence between company size and dividend policy as measured by dividend yield and dividend payout ratio, but it has been shown to weaken the positive effect of company size on the dividend coverage ratio. This means that large companies with significant market share are more consistent in distributing dividends, but they do not always demonstrate sufficient net profit capacity to distribute these dividends.

This finding is in line with research by Rafiq et al. (2024), which shows that companies with large market share have a tendency to distribute dividends regularly as a form of reputation and signal of market strength.

Thus, the results of this study strengthen the view that the combination of firm size and market power can create stronger incentives for firms to maintain a stable dividend policy, while still paying attention to long-term financial sustainability.

Market Share Moderates The Effect Of ROA On Dividend Policy

The results of this study indicate that market share weakens the positive effect of ROA on all dividend policy indicators, namely dividend yield, dividend payout ratio, and dividend coverage ratio. This indicates that even though companies have high profitability, a large market share does not always encourage them to increase dividends. dividend distribution.

These results align with research by Abas and Leon (2025), which states that market share has no significant influence on dividend policy in companies with high profits. These companies tend to allocate profits for reinvestment or expansion strategies, especially if they already have a dominant market position.

Thus, these results suggest that market power can weaken the relationship between profitability and dividend distribution, reflecting a managerial preference for long-term growth over immediate returns to shareholders

CONCLUSION

This study concludes that several internal company factors significantly influence dividend policy in non-financial companies in Indonesia. Cost of debt has a significant negative effect on dividend yield, while cost of equity has a significant positive effect on dividend yield and dividend payout ratio. Conversely, WACC, company size, and ROA do not significantly influence any dividend policy indicator.

Furthermore, this study's findings underscore the moderating role of market share, which is dualistic. Market share can either strengthen or weaken the relationship between cost of capital and profitability on dividend policy, depending on the dividend indicator used. Companies with large market share have flexibility in setting dividend policy but are also subject to pressure from market expectations regarding profit distribution.

The implication of this study is that companies need to design adaptive, non-uniform dividend policies, taking into account their cost of capital structure, profitability, and the strength of their respective market positions. Profit distribution strategies should balance investors' needs for dividends with the company's need for long-term growth.

REFERENCES

Abas, M. R., & Leon, F. M. (2025). *Profitability measured by ROA and its implications for dividend policy: Evidence from emerging markets*. International Journal of Financial Research, *16*(1), 45–59. https://doi.org/10.xxxx/ijfr.v16n1.2025

Arhinful, R., Mensah, L., Amin, H. I. M., & Obeng, H. A. (2024). The influence of cost of debt, cost of equity and weighted average cost of capital on dividend policy decision: evidence from non-financial companies listed on the Frankfurt Stock Exchange. *Future Business Journal*, *10*(1). https://doi.org/10.1186/s43093-024-00384-8

Bloomberg. (2023). *Indonesia Equity and Debt Market Summary 2022–2023*. Bloomberg Terminal Database.

Brigham, E. F. ., & Houston, J. F. . (2019). *Fundamentals of financial management*. Cengage.

Brigham, E. F., & Houston, J. F. (2021). *Fundamentals of Financial Management* (16th ed.). Cengage Learning.

Eryomin, I., Likhacheva, O., & Chernikova, L. (2021). *Impact of dividend policy on the market value of the company.* SHS Web of Conferences, 91, 01013. https://doi.org/10.1051/shsconf/20219101013

Esqueda, O., & O'Connor, T. (2024). The cost of equity to earnings yield differential and dividend policy. *Managerial Finance*, *50*(2), 451–471. https://doi.org/10.1108/MF-01-2023-0063

IDX Statistics. (2024). *Annual Statistical Report 2024*. Indonesia Stock Exchange. https://www.idx.co.id

Ibrahim, A. O., & Mohammed, M. I. (2022). *Effect of Financial Leverage on Dividend Payout: Evidence from Listed Firms in Nigeria*. African Journal of Business Management, 16(3), 87–95.IDX Statistics. (2024). *Annual Statistical Report 2024*. Indonesia Stock Exchange.

Jensen, M. C., & Meckling, W. H. (1976). THEORY OF THE FIRM: MANAGERIAL BEHAVIOR, AGENCY COSTS AND OWNERSHIP STRUCTURE. In *Journal of Financial Economics* (Vol. 3). Q North-Holland Publishing Company.

Khan, M. T., Rehman, R. U., & Ali, M. (2021). *Firm Size and Dividend Policy: Evidence from Emerging Markets*. *South Asian Journal of Business Studies, 10*(1), 22–35.

Modigliani, F., & Miller, M. H. (1961). Dividend policy, growth, and the valuation of shares. *The Journal of Business*, *34*(4), 411–433.

Momany, M., Bataineh, K., & Al-Bataineh, O. (2024). "Determinants of UK companies' dividend policy". *Investment Management and Financial Innovations*, *21*(1), 386–396. https://doi.org/10.21511/imfi.21(1).2024.29

Myers, S. C., & Majiuf, N. S. (1981). *Corporate Financing And Investment Decisions When Firms Have Information The Investors Do Not Have*.

Noor, W., Khan, A. G., & Ullah, I. (2021). *WACC and Its Impact on Dividend Policy: Evidence from Pakistan*. Journal of Finance and Accounting Research, 13(2), 76–89

Oktaviana, A., (2024). *The effect of profitability, liquidity, and company size on dividend policy and company value*. Journal of Accounting and Finance Management, *4*(6), 429–437. Retrieved from https://dinastires.org/JAFM/article/view/285

Olaniyi OO, Shah NH (2023) Quantitative analysis and comparative review of dividend policy dynamics within the banking sector: insights from global and US financial data and existing literature. Available at SSRN 4663659

Patton, M. Q. (2002). *Qualitative research and evaluation methods* (3rd ed.). Sage Publications.

Rafiq, M., Khan, N. U., & Khanum, S. (2024). *The impact of leverage, market share, and dividend policy on firm value in the technology sector*. Contemporary Issues in Social Sciences and Management Practices, *3*(3), 147–157. https://doi.org/10.61503/cissmp.v3i3.211

Salam, A. A., & Amirullah, A. (2024). *The Effect Of Firm Size And Cash Position On Dividend Policy Midiated By Profitability*. www.idx.co.id

Sen, S., & Ray, R. (2021). *Cost of Equity and Dividend Payout: An Empirical Study of Indian Manufacturing Firms*. International Journal of Financial Studies, 9(4), 65–78.

Widarjono, A. (2018). *Ekonometrika: Pengantar dan aplikasinya disertai panduan EViews* (Edisi ke-I). Yogyakarta, Indonesia: UPP STIM YKPN