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Lagged Dividend, Profit Growth, and Company Growth on Dividend Policy : Moderating Effect of Capital Structure

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Abstract:

Investors will see dividends as a signal about a company's future prospects. The purpose of this study is to see the influence of Lagged Dividend, Profit Growth, and Company Growth on Dividend Policy and how the Capital Structure affects the relationship between independent variables and dependent variables in banking industry sector companies listed on the Indonesia Stock Exchange (IDX) for the 2017-2021 period. This research used the PLS (Partial Least Square) analysis method with software, namely the SmartPLS 2.0 application. The results that have been obtained in the form of the variable Lagged Dividend (X1) have a positive and also significant influence on Dividend Policy, Profit Growth (X2) has a negative and also significant influence on Dividend Policy, Company Growth has a positive and also significant influence on Dividend Policy. Capital Structure manages to moderate the relationship between lagged dividends and dividend policy. The capital structure failed to moderate the relationship of profit growth and company growth to dividend policy. This study obtained an Adjusted R-Square result of 0.526 which describes the variables Lagged Dividend, Profit Growth, Company Growth, and Capital Structure as moderation variables with an effect of 52.6%, then the remaining 47.4% is influenced by variables that are not discussed in this study.

Keywords: *Lagged Dividend, Profit Growth, Company Growth, and Capital Structure*

1. Introduction

Dividend policy is a truly important part of the financial managemet of an enterprise. Whether the profit obtained will be given in the form of dividends or company decide to hold it and used to be reinvested and expected to achieve any capital gains in the future. Investors tend to prefer dividend policies when it compared to capital gains. This is because dividend policy can assure them, while if they expect an increase in the stock price it is considered to be something unclear. This statement is suitable with Bird in The Hand Theory initiated by Myron Gordon (1959) and supported by John Lintner (1962) stating that dividend payment reduces uncertainty and will have fewer risks **(**Ambarwati, 2014).

Signalling Theory inititated by Professor Franco Modigliani and Merton Miller (1958) stated that changes in divdiends are considered as a signal of company's income. The signalling theory also gives an idea of the situation of a company that the company is

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better than the competitor. According to signalling theory, the activity from company will give investors representation of how well company position in the future. Therefore, every company will try to pay dividends as much as possible. As the signalling theory effect that can explain the company's prospects in the future, then the greater Dividend Payout Ratio (DPR) will affect for an increase in potential profits for the shareholder (Bustani et al., 2021).

However, companies that obtain profits do not always distribute the profits that have been obtained to shareholders and dividends. Not all companies listed on the Indonesia Stock Exchange distribute dividends to shareholders, only certain industries and companies distribute their dividends consistently, but the dividends distributed also continue to fluctuate yearly.

Banking is considered as one of the sectors that is have to play a fairly crucial role in the financial system and also the economy in a country. Therefore, banks are expected to be able to have good company performance and also good financial reporting (Blessing & Onoja 2015). At the beginning of the Covid-19 pandemic in early 2020, banks were asked by the OJK to restructure loans affected by the pandemic. Banks are asked to form reserves where banks are asked to form reserves for debtors who receive restructuring due to the pandemic and are considered to no longer have the ability to pay after the restructuring is completed. In this case, banks are requested to prioritize the establishment of reserves, and capital reserves first before determining the dividend distribution policy (katadata.co.id).

The average dividend distribution in the banking industry from 2017 to 2021 tends to change (fluctuate). It is known that the value of dividend distribution as measured using the Dividend Payout Ratio (DPR) in 2017 was 43%, then in the following year, namely 2018, it was recorded to decrease again to 39.14%, and again increased in 2019, namely to 45.14%, then increased again in 2020 at 73.71% before finally experiencing a significant decline in 2021 to 37.28% (katadata.co.id).

Table 1. Banking Industry Company Dividend Policy Data 2017-2021

Kode	Nama Perusahaan	Dividend Payout Ratio (DPR) %				
		2017	2018	2019	2020	2021
BBCA	PT. Bank Central Asia, Tbk	26,98	32,38	47,84	48,18	56,86
BBRI	PT. Bank Rakyat Asia (Persero), Tbk	35,86	39,91	46,66	110,04	41,30
BBNI	PT. Bank Negara Indonesia (Persero), Tbk	29,15	31,74	24,39	117,18	7,51
BMRI	PT. Bank Mandiri, Tbk	60,20	37,12	40,95	98,55	36,61
BJBR	PT. Bank Pembangunan Daerah Jawa Barat dan Banten, Tbk	71,2	57,38	56,60	54,82	46,35
BJTM	PT. Bank Pembangunan Daerah Jawa Timur, Tbk	56,18	52,40	49,68	48,60	48,16
BNBA	PT. Bank Bumi Arta (Persero), Tbk	22,25	24,86	49,66	37,90	24,93

Source: Company Financial Statements (2023)

From the data presented in table 1, dividend distribution in the banking industry from 2017-2021 always changes every year and tends to be unstable. As experienced by PT. Bank Negara Indonesia (BNI) which experienced an increase in 2018, but again experienced a decline of around 7% in 2019, then experienced a fairly high increase

of almost 100% in 2020, and fell quite far to 100% in 2021. The same thing was also experienced by PT Bank Mandiri which experienced a considerable decline of around 24% in 2018 and again experienced an increase in 2019-2020, then again experienced a fairly distant decline of 60% in 2021. This is also the case with PT. Bank Pembangunan Daerah Jawa Timur (BJTM), which always experiences an increase and decrease every year from 2017 to 2021. Meanwhile, PT. Bank Bumi Arta has consistently increased until 2019 and then experienced successive declines in 2020 and 2021. Different things happened to PT. Bank Pembangunan Daerah Jawa Barat dan Banten (BJBR) which continues to experience a decrease in dividend distribution from 2017 to 2021. The decrease in dividend distribution in this company is allegedly because the company wants to increase the ability to internal funds. PT. Bank Rakyat Indonesia has consistently increased continuously until 2020, then experienced a significant decline of almost 70% in 2021.

Meanwhile, PT. Bank Central Asia continued to experience a fairly consistent increase from 2017 to 2021. With this, the change in dividends is considered an important benchmark for investors in making investments. On average, the company experienced a decrease in dividend distribution in 2021, this is because in the previous year, namely 2020, the company preferred to withhold the profit it earned as a reserve for the company's capital acquisition.

Since the beginning of 2020 there has been a Covid-19 outbreak and this outbreak experienced its peak in 2021 and is still ongoing today making many industries in a country worse. This is no exception with the banking industry. Since the Covid-19 outbreak entered Indonesia in March 2020, the banking sector has experienced difficulties to maintain its performance. In 2020, a number of banks recorded a natural decline in net profit in the first half of 2020.

Table 2. Banking Industry Company Profit Growth Data 2017-2021

Emiten	Profit (Million) Rp					Increase-Decrease (%)			
	2017	2018	2019	2020	2021	2018-2017	2019-2018	2020-2019	2021-2020
PT. Bank Central Asia, Tbk	23.321	25.851	28.569	27.147	31.440	10,84	10,51	-4,97	15,82
PT. Bank Negara Indonesia, Tbk	13.770	15.091	15.508	3.321	10.977	9,60	2,76	-78,60	230,53
PT. Bank Rakyat Indonesia, Tbk	29.045	32.418	34.413	18.660	30.755	11,61	6,15	-45,77	64,82
PT. Bank Mandiri, Tbk	21.443	25.851	28.455	18.398	30.551	20,56	10,07	-35,34	66,05
PT. Bank Pembangunan Daerah Jawa Barat dan Banten, Tbk	1.211	1.552	1.564	1.689	2.018	28,15	0,773	8,00	19,48
PT. Bank Pembangunan Daerah Jawa Timur, Tbk	1.159	1.260	1.376	1.488	1.523	8,71	9,20	8,13	2,35
PT. Bank Bumi Arta, Tbk	89.458	92.879	51.167	35.053	78.760	3,82	-44,91	-31,49	124,68

Source: Processed Data (2022)

In the table above, it can be seen that the average bank experienced a significant decrease in net profit in 2020 before increasing again in 2021.From the emerging phenomenon, researchers are interested in focusing on the problem of unstable dividend payments every year. Several factors include liquidity position, profit rate, leverage, profitability, income stability, multiple laws, opportunities to the capital market, profit stability, and dividend stability (Nadeem et al., 2018).

2. Methodology

Lagged Dividend

Lagged Dividend is the dividend paid in the 1 year before the current year or year under consideration. Lagged dividend describes the desire on the part of the company's management to create a stable dividend policy. Lagged dividends are considered as one of the determining factors for the stability of a company's dividend policy. Lagged Dividend is measured by the Dividend Payout Ratio (DPR) in the previous year (Dividend Payout Ratio-1) which is formulated by (Hutagalung et al., 2013):

$$\text{DPR}_{t\text{-}1} = \frac{Dividen\ per\ Share_{t-1}}{Earning\ per\ Share_{t-1}}$$

Profit Growth

Profit Growth is a change in the year's profit from the previous year. If profits fluctuate, dividends will also fluctuate. In dividend distribution, profit is one of the things considered in making dividend distribution decisions. Investors often pay attention to profit income on financial statements to predict the return on investment that will be obtained in the future (Purnamasari 2015). Profit growth is the process of increasing or decreasing revenue earned by the company when viewed and judging from the revenue that the company has earned in previous years Profit growth is the process of increasing or decreasing revenue earned by the company when viewed and judging from the revenue that the company has earned in previous years (Fridson & Alvarez 2022).

$$\text{EG} = \frac{\boldsymbol{Net\ Profit\ Year_t - Net\ Profit\ Year_{t-1}}}{\boldsymbol{Net\ Profit\ Year_{t-1}}}$$

Company Growth

Company growth is an ability of the company to develop the company to increase as time passes or also how to maintain the company's position. The entire value of the company's assets can be used to measure the company's growth, if the value of its assets rises, the company's operating performance, and the company's revenue (Kaplan & Norton 2001). Company growth describes the growth of assets where assets are the most often used for company operational activities (Mouzas 2006). The company's growth can be noticed by comparing the number of assets held this year with those in previous years.

$$Growth = \frac{Total\ Assets_t - Total\ Assets_{t-1}}{Total\ Assets_{t-1}}$$

Capital Structure

The company's own sources of capital, which include share capital, retained earnings, and reserves, are used to fund all of the company's operations. If the company's own capital is deemed insufficient to cover all the needs of the company, funding from outside the company such as debt, should be considered (Zuchruf et al., 2019). The

company will have obligations established as a result of the use of debts in the form of interest payments, the company's profits are used to cover interest payments. The reduced profits that can be used to fund dividend payments for the company are a result of the obligation to spend interest on debts that have been used by the company (Al Shabibi & Ramesh 2011). Leverage can be measured using the Debt to Equity Ratio (DER), which can be measured using the formula: **(**Sari & Hutagaol 2009).

$$\text{DER} = \frac{Total\ Liability}{Total\ Equity}$$

Dividend Policy

Dividend policy is a policy chosen by the financial management in deciding how much profit will be given to shareholders in the form of cash dividends or stock dividends (Triani & Tarmidi 2019). The company's dividend policy is the process of determining whether the profit will be given to shareholders as dividends or will be kept as retained earnings to support internal financing and investment financing (Rizqia & Sumiati 2013). Dividend Payout Ratio is then measured by the following formula:

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

3. Empirical Findings/Result

Descriptive Statistics

Descriptive statistics describe the exposure and description of the explanation of a data that can be considered from the mean, median, variance, maximum, minimum, standard deviation, range, sum, skewness, and kurtosis (Gozali dan Latan 2015). The results of the descriptive analysis in this study can be seen in the table below:

Table 3. Desriptive Statistics on Research Variables

	N	Mean	Median	Minimum	Maksimum	Std. Deviasi
Lag Dividend	35	0,480	0,466	0,182	1,171	0,234
Profit Growth	35	0,130	0,101	-0,786	2,305	0,463
Growth	35	0,111	0,114	-0,0150	0,223	0,061
Dividend Policy	35	0,478	0,467	0,076	1,171	0,228
Capital Structure	35	4,045	4,060	0,745	10,543	3,198

Source : Data Processing SmartPLS (2022)

In Table 4 explains the description of the variables used in this study. The minimum value is the smallest value in a study, the maximum value is the largest value in the study, the mean or also known as the average is the result of the process of summing the value of the entire data which is then divided by the amount of data obtained, and the last is the difference between the data value and the mean, square, and number of data points used to calculate the standard deviation, which is then multiplied by the number of data points.

Measurement Model Evaluation Results (Outer Model)

1. Validation Test

	X1	X2	X3	Y	Z*X1	Z*X2	Z*X3	Z
X1	1.000							
X1*Z					0.946			
X2		1.000						
X2*Z						0.830		
X3			1.000					
X3*Z							1.000	
Y				1.000				
Z								1.000

a. Convergent Validity

Table 4. Convergent Validity

Source: Data Processing SmartPLS (2022)

The convergent validity value is the level of loading factor for latent variables with indicators. Reflective Convergent Validity is highly rated if it correlates more than >0.7. In Table 5.2, it can be seen that the loading factor value of the latent variable with the indicators is 1,000 which explains that the data has a value of more than 0.7, so the indicators chosen as a measuring tool for this research variable are considered valid.

Average Variance Extracted

Average Variance Extracted (AVE) is a value that describes the magnitude of the variability of variables that exist in latent, the higher the diversity of variables, the higher the representation. The expected AVE value of >0.5 is therefore assessed that the variables in this study can explain more than half of the indicator variants.

Table 5. Average Variance Extracted

	Average Variance Extracted (AVE)
X1_DPSt-1	1.000
X2_PL	1.000
X3_Growth	1.000
Z*X1	1.000
Z*X2	1.000
Z*X3	1.000
Z_DER	1.000
Y_DPR	1.000

Source: Data Processing SmartPLS (2022)

In Table 6 describes an AVE value of 1,000 which > 0.5, indicating if the latent variable manages to explain more than half of the variants of its indicators.

Discriminant Validity

Table 7 illustrates that the Cross Loading value of each indicator has a higher cross loading value on the indicator itself when matched with other variables. The value of the resulting cross loading explains that the variables in this study have good discriminant validity in their own variables. Cross loading each variable in the table above 1,000 > 0.7.

Table 6. Discriminant Validity

	X1	X2	X3	Y	Z*X1	Z*X2	Z*X3	Z
X1	1.000	0.558	0.013	-0.132	0.043	-0.514	0.264	-0.006
X1* Z	0.043	-0.451	0.279	0.007	1.000	0.345	0.103	0.099
X2	0.558	1.000	-0.069	-0.539	-0.451	-0.858	0.070	-0.069
X2*Z	-0.514	-0.858	0.084	0.504	0.345	1.000	-0.144	0.004
X3	0.013	-0.069	1.000	0.227	0.279	0.084	0.430	0.105
X3 *Z	0.264	0.070	0.430	-0.008	0.103	-0.144	1.000	0.075
Y	-0.132	-0.539	0.227	1.000	0.007	0.504	-0.008	-0.164
Z	-0.006	-0.069	0.105	-0.164	0.099	0.004	0.075	1.000

Source : Data Processing SmartPLS (2022)

Multicollinearity Test

This test is carried out to see the correlation of each indicator and see whether the formatig indicator shows multicholinearity by paying attention to the VIF value.

Table 7. Collinearity Statistic VIF

	VIF
X1	1.000
X1_DPRt-1 * Z_DER_	1.000
X2	1.000
X2_PL * Z_DER_	1.000
X3	1.000
X3_Growth * Z_DER_	1.000
Y	1.000
Z	1.000

Source : Data Processing SmartPLS (2022)

Table 8 explains that the VIF value is 1,000, which means that the VIF value is less than 5 (<5), then the data is ensured that multicollinearity does not occur.

Reliability Test

Reliability test is a test process where reliability is a measuring tool to make measurements with accuracy, consistency, and precision. It is used to measure the internal consistency of the measuring instrument.

Table 8. Composite Reliability

	Composite Reliability
X1_DPRt-1	1.000
X2_PL	1.000
X3_Growth	1.000
Y_DPR	1.000
Z*X1	1.000
Z*X2	1.000
Z*X3	1.000
Z_DER_	1.000

Source : Data Processing SmartPLS (2022)

From Table 9, it can be seen that the Composite Reliability value of each of these variables is 1,000 which means that this value illustrates that the value is > 0.7, therefore the composite reliability results are considered satisfactory

Structural Model Evaluation Result (Inner Model)

A measurement model is a model that connects latent variables, which are evaluated using R^2.

Table 9. R-Square

	R Square	R Square Adjusted
Y	0.624	0.526

Source: Olah Data SmartPLS (2022)

In table 10 explained that R-square score on the research is 0,526, this score is qualified that research is on moderate category. The result of R-Square on the table above indicate the score by 0,526, it shows that dividend policies of 0,526 means 52,6% affected by the indepent variable. While another 47,4% was affected by the others unexamined variables in this study.

Hypothetical Test Results

By examining the value of the parameter coefficient and the value of the t-statistical significance, one can determine how significant the interaction between an independent variable and a dependent variable is. Bootstrapping is usually done following the path coefficient test. After testing, then the p-values can be obtained and can be used to test research hypotheses.

Table 11. Path Coefficient

Hypotesis	Variable	Original Sample	T-statistik	P-Values	Conclusion
H1	DPR_{t-1}→DPR	0,521	2,661	0,008	Accepted
H2	PL →DPR	-1,054	2,454	0,014	Accepted
H3	Growth →DPR	0,398	2,106	0,036	Accepted
H4	DER → DPR	-0,206	1,112	0,267	Rejected
H5	DER*DPR_{t-1} →DPR	-0,598	2,080	0,038	Accepted
H6	DER*PL →DPR	0,008	0,016	0,987	Rejected

H7	DER*Growth → DPR	-0,168	0,779	0,436	Rejected

Source : Data Processing SmartPLS (2022)

Based on the test results in table 11, it can be seen that the significance value of the T test for:

1. The first hypothesis proposed in this study is to test how the Lagged Dividend affects dividend policy (DPR). From the results of the SmartPLS data processing in the table above, it is known that the original sample estimate value is positive at 0.521. Then it was significant at 0.05 (2.661 > 1.96) and P-Values 0.008 < 0.05. Thus the first hypothesis that states that Lagged Dividend has an influence on Dividend Policy received, Lagged Dividend has a positive and significant effect on Dividend Policy. The first hypothesis is accepted
2. The second hypothesis proposed in this study is to test the effect of Profit Growth on Dividend Policy (DPR). From the results of the SmartPLS data processing in the table above, it is known that the original sample estimate value of PL (Profit Growth) against DPR (Dividend Policy) is -1,054. With significant values at 0.05 (2.454 > 1.96) and P-values at 0.014 < 0.05. So the second hypothesis that states that Profit Growth has an influence on Dividend Policy is accepted, Profit Growth has a negative and significant effect on Dividend Policy. The second hypothesis is accepted
3. The third hypothesis proposed in this study is to test the effect of Company Growth on Dividend Policy (DPR). From the results of the SmartPLS data processing in the table above, it is known that the original sample estimate value of Growth (Company Growth) against the DPR (Dividend Policy) was positive at 0.398. With significant values at 0.05 (2.106 > 1.96) and P-values at 0.036 < 0.05. So the third hypothesis states that the Company's Growth has an influence on the Dividend Policy received, the Company's Growth has a positive and significant effect on the Dividend Policy. The third hypothesis is accepted
4. The fourth hypothesis proposed in this study is to test the effect of Lagged Dividend on Dividend Policy (DPR) with Capital Structure as a moderation variable. From the results of the SmartPLS data processing in the table above, it is known that the original sample estimate value of Lagged Dividend (DPRt-1) with Capital Structure (DER) to Dividend Policy (DPR) is negative by -0.598 which means moderation can weaken the relationship between lagged dividend and dividend policy. And significant at 0.05 (2,080 > 1.96) and P-values of 0.038 < 0.05. Thus the fourth hypothesis stating that the Capital Structure can moderate the relationship of Lagged Dividend to Dividend Policy is accepted.
5. The fifth hypothesis proposed in this study is to test the effect of Profit Growth on Dividend Policy (DPR) with Capital Structure as a moderation variable. From the results of the SmartPLS data in the table above, it is known that the original sample estimate value of the effect of profit growth with the capital structure on dividend policy is positive at 0.008, which means that the capital structure can strengthen the relationship between profit growth and dividend policy. And insignificant at 0.05 0.016 (<1,96) and p-values 0,987(>0.05). Thus the fifth hypothesis stating that the Capital Structure can moderate the relationship of Profit Growth to Dividend Policy is not accepted
6. The fifth hypothesis proposed in this study is to test the effect of Profit Growth on Dividend Policy (DPR) with Capital Structure as a moderation variable. From the

results of the SmartPLS data processing in the table above, it is known that the original sample estimate of company growth with a capital structure (DER) to dividend policy (DPR) is negative at -0.168, which means that moderation can weaken the relationship between company growth and dividend policy. With insignificant at 0.05 (0.779 <1,96) and p-values 0,436 (> 0.05). Thus the fifth hypothesis stating that the Capital Structure can moderate the relationship of Profit Growth to Dividend Policy is not accepted.

4. Discussion

These results show that lagged dividend has a positive and significant effect on dividend policy. Then the conclusion can be drawn that the hypothesis of the first (H1) is acceptable. The results of the study found that the higher the lagged dividend, the higher the dividend payout ratio given because in making dividend distribution decisions in the current year considering the history of dividend distribution in the previous year **(**Phandey & Bhat 2007). The results of this study are in accordance with research conducted by Gennusi & Maharani (2021) which revealed that lagged dividend affects dividend policy. Another study conducted by (Yusof & Ismail 2016) also showed that lagged dividend affects dividend policy. According to Dewasiri et al. (2019) revealed that dividends in the previous year are one of the keys to making dividend policy decisions. Most managers do not want to reduce the company's dividend payment because they think it can harm their company's share price.

From these results, it is found that the Profit Growth has a negative and significant effect on Dividend Policy, so the second hypothesis (H2) is acceptable. The effect of profit growth on dividend policy is negative where if the company's profit increases, the dividends given to shareholders will actually decrease. Since the company has other initiatives to be carried out, it is uncertain whether the company will increase the amount of its dividend pay-out ratio as it increases its profit growth, such as the company will make the profit as retained earnings for investment for the company or a special reserve fund for the company (Masood 2017). This research is in line with research conducted by Lumapow & Tumiwa (2017) which revealed that profit growth has a negative and significant influence on dividend policy

These results show that the growth of the company has a positive and significant effect on dividend policy, hence the third hypothesis (H3) is acceptable. The effect of the company's growth on dividend policy is positive which means that if the company's growth increases, the value of the Dividend Payout Ratio will also increase, and vice versa. This research is in line with research conducted by Pattiruhu & Paais (2020) which also obtained results that the company's growth has a positive and significant effect on dividend policy. This research is also supported by other research conducted by Ahmad & Wardani (2014) also mentioned that the company's growth has a positive and significant effect on dividend policy.

The capital structure can be seen by using the Debt to Equity Ratio which describes the ability of a company to fulfill all its obligations. Thus, if the DER decreases, it will result in an increase in the company's capability to fulfill all its obligations, and if the amount of debt is greater, the greater the number of obligations (Dirman 2020). This

research is supported by research that has been carried out by Sualehkhattak & Hussain (2017) which shows that the capital structure manages to moderate dividends to negative but the effect is not significant. This is because the high capital structure will cause a decrease in the company's ability to pay dividends to shareholders because the income earned by the company will be used to pay the company's obligations.

The results of this study show that the interaction of profit growth with capital structure weakens the negative influence of profit growth on dividend policy, but is not significant. This shows that the higher the profit growth obtained by the company, the less dividend distribution will lead to a decrease in dividend distribution due to the more retained earnings used by the company, so that the dividend distribution to investors will decrease (Arsyad et al., 2021). This research is supported by the results of research conducted by Al-Najjar & Kilincarslan (2016) which states that the capital structure is able to moderate the growth rate on dividend policy, which in this case weakens the negative influence of growth rates. However, the influence between the interaction of capital structure and profit growth on dividend policy is not significant because the movement to reduce dividend policy is often described as poor company performance, therefore, the company will continue to distribute dividends if there is net income from the company's investment results.

The capital structure is a comparison of funding with the use of corporate debt. Large sources of funding are needed for businesses with high growth rates, therefore additional funding from outside sources is needed as an effort to increase financing needs in the growth phase (Brush et al., 2009). The higher the capital structure will help the company to develop its business, but the existence of a high capital structure will interfere with the company's ability to distribute dividends to shareholders because the company has to pay its obligations to creditors. This research is supported by research conducted by Sudiyanto et al. (2021), which states that the capital structure has succeeded in moderating the company's growth where if the company's growth rate increases, it will cause higher debt that will be used by the company to develop. If the debt ratio increases, it will reduce the company's ability to distribute dividends to shareholders. The capital structure has succeeded in moderating the relationship between the company's growth and dividend policy, which in this case weakens the positive relationship between the company's growth and dividend policy but the effect is not significant, this is because the movement to reduce dividend policy is often described as the company's poor performance, therefore, the company will continue to distribute dividends if there is a net income from the company's investment results

5. Conclusion

Judging from the results of the research conducted from the data that has been collected and tested on the problem, the following conclusion can be drawn as; 1) The Lagged Dividend has a significant effect on the Dividend Policy of Banking Sector Companies for the 2017-2021 period, 2) The Profit Growth affects the Dividend Policy of Banking Sector Companies for the 2017-2021 period, 3) The Company Growth has a significant effect on the Banking Sector Company's Dividend Policy for the 2017-2021 period, 4) The Capital Structure moderates the relationship of Lagged

Dividend to the Banking Sector Company's Dividend Policy for the period 2017-2021, 5) The Capital Structure does not moderate the relationship of Profit Growth to the Dividend Policy of Banking Sector Companies for the period 2017-2021, 6) The Capital Structure does not moderate the relationship of the Company's Growth to the Banking Sector's Corporate Dividend Policy for the 2017-2021 period.

In this study, lagged dividends, profit growth, and company growth on dividend policy: the moderating effect of capital structure have many drawbacks and for further research, other variables need to be added to complete this research.

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