

Moderation of Good Corporate Governance: Agency Cost, Liquidity Ratio, and Leverage on Dividend Policy

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Abstract

This study examines and determines the effect of agency cost, liquidity ratio, and leverage on dividend policy with good corporate governance as a moderating variable in the food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange. This research is quantitative. Withdrawal of research hypotheses using agency and signaling theories is supported by previous studies with similar variables. The research object is the food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange for 2019-2021. Research variables include Agency Cost, Liquidity Ratio, Leverage, Good Corporate Governance, and Dividend Policy. The data source used is secondary data from the collection of financial statement documents. The analytical method consists of panel data regression analysis and testing of all hypotheses through moderated linear regression analysis, t-test, and testing of the coefficient of determination with the help of Eviews 12 for data analysis. The results show that partially Agency Cost; Liquidity Ratio has a negative and significant effect on Dividend Policy in food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange. While Leverage Disclosure partially has a positive and insignificant impact on Dividend Policy in food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange.

Keywords: Agency Cost, Liquidity Ratio, Leverage, Good Corporate Governance, Dividend Policy

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Introduction

The development of the Indonesian economy in recent years has been marked by the increasing expansion of company activities and the emergence of companies registering and selling their shares on the Indonesia Stock Exchange (IDX). One of them is a food and beverage sub-sector manufacturing company. Until early 2020 there were recorded 677 companies going public on the Indonesia Stock Exchange consisting of sectors and sub-sectors. The primary sector was the raw material-producing industry or natural resource management industry. The second sector was the manufacturing industry or processing

industry, and the second sector was the manufacturing industry or processing industry. Lastly is the service industry. Manufacturing companies engaged in the food and beverage industry sub-sector are still a mainstay which are the pillars of national manufacturing and economic growth. The critical role of this sector can be seen from its contribution to gross domestic product (GDP) and increased investment realization. With so much competition, all food and beverage companies must maintain price and quality so that the company's goals become one of the indicators for economic progress; it becomes one of the main alternatives for investors to invest their capital.

An investor who will invest in a particular company should do a performance analysis of the company concerned. The company's financial performance needs to be analyzed first so that there are no misunderstandings among investors in choosing stocks and being stuck with stocks in dire financial conditions so that they can harm these investors. Profit and dividend information is essential to assess the company's prospects. Investors invest to benefit from stocks in the form of dividends and capital gains. The dividend is the distribution of company profits to stakeholders whose size is proportional to the number of shares owned. At the same time, the Capital gain is the excess difference obtained from the stock price when selling and buying shares. According to Khusnia (2019), dividends are part of the company's profits and are given to shareholders as a reward for their willingness to invest their assets in the company. Meanwhile, dividend policy relates to whether the company will distribute dividends to shareholders or withhold profits to be reinvested in profitable projects to increase the company's growth (Parmitasari & Hasrianto, 2017).

For some companies, dividends are considered burdensome because the company must always provide a relatively endless amount of cash to pay dividends in the future. Companies that do not have funds but must still issue dividends can result in reduced funds for their investment needs, thus requiring new additional capital by administering new shares or making loans to other parties (Idawati & Sudiartha, 2014). Meanwhile, on the one hand, the business world is generally dominated by family-owned company groups where the entire board of directors and management are managed as a family, and a particular family holds the majority share ownership. Indonesia is one of them, around 90% of companies that go public on the Indonesia Stock Exchange (IDX) are owned by specific families (Sari et al., 2015). This indicator shows that first and second-generation owners still manage the characteristics of listed companies in Indonesia. Based on IDX research, there are indications of a conflict of interest.

Hikmah, (2010) suggests that IDX research has found indications of a conflict of interest where a conflict of interest in management between majority shareholders and third parties such as suppliers, agents, and so on. Majority shareholders often have a disadvantageous position compared to agents because agents dominate in controlling information and making decisions. The conflict of interest raises Agency Costs. Agency Costs are costs related to management supervision to ensure that management acts consistently by the company's contractual agreements with creditors and shareholders. According to agency theory, an increase in agency costs often occurs in conflicts of interest between managers and company owners. The competition is influenced by asymmetric information (unbalanced information) between managers and owners. In other words, agency costs are incurred due to conflicts of interest between managers and owners. The explanation of agency theory is in

line with the findings (Hikmah, 2010) in his research that agency costs have a negative and significant effect on dividend policy. This means that the higher the agency cost, the lower the dividend policy. However, the findings (Auditta & Achsin, 2014) show contradictory evidence that agency costs positively and significantly affect dividend policy.

The dividend policy carried out by the company is, of course, very much determined by financial performance in which the ratios used by the company are the liquidity ratio (CR) and Leverage (DER). Suryaningsih (2018) suggests that the Liquidity Ratio is a ratio that describes a company's ability to meet short-term (debt) obligations. Company liquidity is a primary consideration in many dividend decisions (Silviana et al., 2014). According to the signal theory, good liquidity will give a positive signal to the company regarding the company's financial performance to investors and creditors to owners. The implication is that the distributed dividend policy will receive a positive appreciation. The signal theory argument is in line with research findings (Hartanto et al., 2018) that Liquidity Affects Dividend Policy. This means that the higher the company's liquidity, the higher the investor's confidence in the dividend policy that is distributed. However, the findings (Antoro & Hermuningsih, 2018) show evidence to the contrary that liquidity has a negative effect on dividend policy.

Ginting, (2018) suggests that leverage is a measure of the number of assets financed with debt. Debt used to finance purchases comes from creditors, not from shareholders or investors. According to signal theory, good leverage will positively affect the company's financial performance. The implication is that the distributed dividend policy will receive a positive appreciation. This opinion is supported by research findings (Hartanto et al., 2018) that leverage affects dividend policy. This means that the higher the company's liquidity, the higher the investor's confidence in the dividend policy that is distributed. However, the findings (Antoro & Hermuningsih, 2018) show evidence to the contrary that liquidity does not have a significant effect on dividend policy. Things that can have implications for the dividend policy carried out by the company, namely the implementation of the Good Corporate Governance mechanism, which is a system that can protect shareholders from fraudulent actions carried out by managers.

To avoid abuse of authority between management and the interests of shareholders, companies agree on implementing Good Corporate Governance (GCG), an excellent corporate management system to achieve goals and monitor company performance (Noryanto, 2012). GCG is used as a system and structure that regulates the relationship between management and both majority and minority owners of a company; in other words, as a form of investor protection for differences in the interests of shareholders (principal) and management (agent). Implementing Corporate Governance requires a strong defense of the rights of shareholders, predominantly minority shareholders (Lestari & Priyadi, 2017).

This research is a replication of research (Antoro & Hermuningsih, 2018), which differs from this research by adding Good Corporate Governance as a moderating variable because it acts as an intermediary between the Agency Cost, Liquidity Ratio (CR), and Leverage (DER) variables on dividend policy. Based on the background described, this study aims to determine the effect of agency cost, liquidity ratio, and leverage on dividend policy with good corporate governance as a Moderation variable.

According to Fahmi, (2015), the liquidity ratio is the ability of a company to meet its

short-term obligations promptly. Company liquidity is a primary consideration in many dividend decisions (Jabbouri & El Attar, 2017). According to Roy (2015), there are various types of liquidity ratios; the first is the Current ratio, which is a ratio to measure a company's ability to pay short-term obligations or debts that are due soon when billed as a whole. The second is the quick ratio, which is a ratio to see the company's ability to meet or pay current liabilities or debt with existing assets without taking inventory into account. The third is the cash ratio used to monitor cash capacity in debt financing. Fourth is the cash turnover ratio to measure the company's working capital adequacy needed to pay bills and finance sales. Fifth, the cash turnover ratio measures the adequacy of a company's working capital needed to pay bills and finance sales.

The Forum for Corporate Governance in Indonesia (FCGI) defines Corporate Governance as a set of rules governing the relationship between shareholders, company management or management, creditors, government, employees, and other internal and external stakeholders relating to their rights and obligations, thereby creating added value for all interested parties (stakeholders) (Tamrin et al., 2018). According to Bista, (2019) Good Corporate Governance is a principle that directs and controls companies to balance the company's strengths and authority in providing accountability to all shareholders.

Agency costs are defined as costs related to management supervision to ensure that management acts consistently by the company's contractual agreements with creditors and shareholders. Increases in agency costs often occur in conflicts of interest between managers and company owners. The competition is influenced by asymmetric information (unbalanced information) between managers and owners. The results of research from the (Hikmah, 2010; Negara, 2019) in his study showed that Agency Costs have a negative and significant effect on dividend policy. This means that the higher the agency cost, the lower the dividend policy.

H₁: Agency Cost has a negative and significant effect on Dividend Policy.

Liquidity is generally understood as the ability of a company to meet its short-term obligations promptly. The primary consideration in many dividend decisions is measuring the company's liquidity. According to the signal theory, good liquidity will give a positive signal to the company regarding the company's financial performance to investors and creditors to owners. The implication is that the distributed dividend policy will receive a positive appreciation. The signal theory argument is in line with research findings (Idawati & Sudiarta, 2014; Parmitasari & Hasrianto, 2017; Sari et al., 2015) which state that liquidity affects dividend policy. This means that the higher the company's liquidity, the higher the investor's confidence in the dividend policy that is distributed.

H₂: Liquidity Ratio has a positive and significant effect on Dividend Policy.

Leverage is a measure used in assessing debt feasibility. The Leverage Ratio determines a company's ability to repay the debt through total assets. According to signal theory, leverage is an essential part of the signal theory that can influence investors, potential investors, creditors, owners, and others in making investment decisions, credit investments to dividend policies. Good leverage will give an excellent signal to interested parties. Conversely, low

leverage will give a wrong signal to interested parties. The signal theory explanation above is in line with the findings of research conducted (Hartanto et al., 2018; Parmitasari & Hasrianto, 2017) that leverage has a positive and significant effect on dividend policy. The higher the company's leverage, the higher the investor's trust in the dividends received.

H3: Leverage has a positive and significant effect on dividend policy.

Good Corporate Governance in moderating agent costs with dividend policy is to show whether, through Good Corporate Governance, agent costs can be reduced so that the decision to pay dividends increases. Based on agency theory, GCG can reduce agency costs by sharing company ownership with management. As it is known, agents can carry out moral hazards or actions that are contrary to the owner's interests and will reduce the company's value. So to force agents not to act moral hazard, namely by dividing ownership to management. The agency theory statement is supported by research findings (Suryaningsih et al., 2018) that management ownership can affect company value. This shows that GCG will increase the company's value by reducing unproductive agency costs and improving the dividend policy.

H4: Management Ownership has a positive and significant effect in moderating the relationship between Agency Cost and Dividend Policy.

Good Corporate Governance in moderating the Liquidity Ratio with dividend policy is to show whether, through Good Corporate Governance, Liquidity can be increased so that the decision to pay dividends increases. Based on agency theory, GCG can increase company liquidity by distributing company ownership to management. It is known that the agent can increase the company's value if the agent has the same interests as the owner of the company. The agency theory statement is supported by research findings (Suryaningsih et al., 2018) that management ownership can affect company value. This shows that GCG will increase the company's value by increasing the mutual understanding of interests between owners and management over the company's value. These findings are also supported by research findings (Hartanto et al., 2018) finding that good corporate governance can mediate liquidity toward dividend policy.

H5: Managerial Ownership has a positive and significant effect in moderating the relationship between Liquidity Ratio and Dividend Policy.

Good Corporate Governance in moderating Leverage with dividend policy is to show whether, through Good Corporate Governance, Leverage can be increased so that the decision to pay dividends increases. Based on agency theory, GCG can increase company liquidity by distributing company ownership to management. It is known that the agent can increase the company's value if the agent has the same interests as the owner of the company. The agency theory statement is supported by research findings (Suryaningsih et al., 2018) that management ownership can affect company value. This shows that GCG will increase the company's value by increasing the mutual understanding of interests between owners and management over the company's value. These findings are also supported by research

findings (Hartanto et al., 2018) finding that good corporate governance can mediate leverage on dividend policy.

H6: Management Ownership has a positive and significant effect in moderating the Leverage relationship with the Dividend Policy.

Research Design and Method

This type of research is quantitative research. The population in this study are manufacturing companies in the food and beverage sub-sector, listed on the Indonesia Stock Exchange for the 2019-2021 period, a total of 16 companies. Determination of the sample in this study using a purposive sampling method. Purposive sampling uses the criteria set by the survey (Sugiyono, 2015). The criteria used include, among others, a. Manufacturing companies in the registered food and beverage sub-sector are still actively traded on the Indonesia Stock Exchange during the 2019-2021 period. b. Manufacturing companies in the food and beverage sub-sector that publish complete annual reports for the 2019-2021 period. c. Manufacturing companies in the food and beverage sub-sector that have complete information on agency costs and liquidity, leverage, and dividend policies for the 2019-2021 period. Based on the specified criteria, the sample for this research is 13 food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange for 2019 – 2021. Three companies that do not meet the criteria are Issuers CAMP, CLEO, and HOKI.

This study uses secondary data from annual financial reports of food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange for 2019-2021. The data source in this study was obtained through the official website of the IDX, namely www.idx.co.id. The data collection method in this study uses documentation. Documentation, namely by collecting data that is already available or documented. The analytical approach consisted of panel data regression analysis and testing all hypotheses through linear moderation regression analysis, t-test, and testing the coefficient of determination.

Table 1. Operationalization of Variables and Measurements

Variable	Indicator	Reference
Agency Cost	DTA = $\frac{\text{Long-term debt}}{\text{Total Assets}}$	(Auditta & Achsin, 2014; Hikmah, 2010)
Liquidity Ratio	Inventory to NWC = $\frac{\text{Supply}}{\text{Current Assets} - \text{Current Liabilities}}$	(Antoro & Hermuningsih, 2018; Hartanto et al., 2018)
Leverage	Debt Ratio = $\frac{\text{Total Hutang}}{\text{Total Aset}}$	(Ginting, 2018; Negara, 2019)
Good Corporate Governance	KM = $\frac{\text{Managerial Share Ownership}}{\text{Based Shares}} \times 100\%$	(Widyasti & Putri, 2021; Yarram & Dollery, 2015)
Dividend Policy	Dividen Payout Ratio = $\frac{\text{Dividend per share}}{\text{Earning per share}}$	(Al-Amarneh & Yaseen, 2014; Tamrin et al., 2018)

Results and Discussion

Statistical Result

The results of this study were obtained based on processed 39 financial report data for Manufacturing Companies in the food and beverage sub-sector for the 2019-2021 period, which are related to Agency Cost Variables, Liquidity Ratio, Leverage, and Dividend Policy. The results of descriptive statistics can be seen in table 2.

Table 2. Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
Agency Cost	39	1,98	46,03	16,8354	11,66452
Liquidity Ratio	39	-143,98	934,37	122,8833	219,26148
Leverage	39	15,48	67,64	46,2600	14,59341
Kebijakan Deviden	39	,00	145,92	27,2346	33,85543
GCG	39	,00	33,85	1,6279	6,27290
Valid N (listwise)	39				

Table 2 shows that the number $N = 39$; the Agency Cost variable has a minimum value of 1.98 and a maximum value of 46.03. The average value of the Agency Cost is 16.8354, and the standard deviation is 11.66452, which means that the mean is greater than the standard deviation, thus indicating that the results are pretty good. Liquidity (LDR) has a minimum value of -143.98 and a maximum value of 934.37. The mean value of liquidity (LDR) is 122.8833, and the standard deviation value is 219.26148, which means that the mean value is greater than the standard deviation, indicating that the results are not good. Leverage (DER) has a minimum value of 15.48 and a maximum value of 67.64. The average value (mean) owned by Leverage (DER) is 46.2600, and the standard deviation value is 14.59341, which means that the mean value is greater than the standard deviation, thus indicating that the results are pretty good. The dividend Policy (DPR) has a minimum value of 0.00 and a maximum value of 145.92. The mean value of the Dividend Policy (DER) is 27.2346, and the standard deviation is 33.85543, which means that the mean is greater than the standard deviation, thus indicating that the results are not good. . Good Corporate Governance (GCG) has a minimum value of 0.00 and a maximum value of 33.85. The average value (mean) of Good Corporate Governance (GCG) is 1.6279, and the standard deviation value is 6.27290, which means that the mean value is greater than the standard deviation, thus indicating that the results are sufficient. Good.

The data normality test is used to determine whether the resulting errors have a normal distribution in a regression model. The normality test for the residuals in this study used the Jarque-Bera (JB) test, with a significance level used $\alpha = 0.05$. Figure 2 shows the value of the Jarque Bera statistic is 0.427960. And the probability value is 0.807364 or more excellent than the significance level of 0.05. This means that the normality assumption is met.

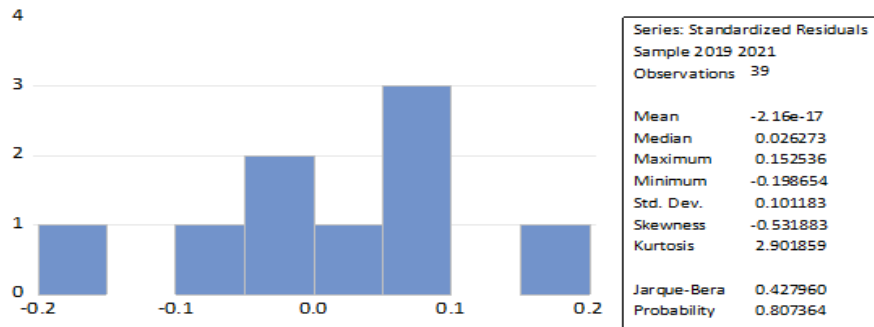


Figure 2. Normality Test

Source: Data processed by eviews, 2022

The multicollinearity test is one of the classic assumption tests to find correlations or relationships between independent variables. Multicollinearity tests can only be performed on study models with several independent variables or predictors of two or more variables. A regression model can be good if the independent variables do not have a high correlation. The statistical tool that can be used to test multicollinearity barriers in this research model is the coefficient value between the variables, the Centered VIF value is less than 10, so this research model is said to have no multicollinearity. In table 3, the results of testing the correlation between the independent variables show that the VIF value of each independent variable is smaller or less than 10. So, it can be concluded that there is no correlation between the independent variables in this research model.

Table 3. Multicollinearity Test Results

No	Auxiliary	Centered VIF	Info
1	Agency Cost	2,763	there is no multicollinearity
2	Likuidity Ratio	1,719	there is no multicollinearity
3	Leverage	2,015	there is no multicollinearity
4	GCG	1,942	there is no multicollinearity
5	Dividend Policy	3,521	there is no multicollinearity

Source: Data processed by eviews, 2022

Furthermore, autocorrelation testing is carried out to determine whether there is a correlation or relationship between the residuals in one observation with other observations in the regression model. The statistical tool that can be used to determine the correlation between residuals in this study is the Durbin-Watson test. The detection of autocorrelation can be seen from the condition that the DW number below -2 means there is a positive autocorrelation, between -2 to +2 means there is no autocorrelation, and above +2 means there is a negative autocorrelation.

Table 4. Autocorrelation Test Results

No	Autocorrelation	Score	Info
1	Durbin-Watson stat	1,080904	Autokorelasi Positif

Source: Data processed by eviews, 2022

Table 4 shows the results of the Durbin-Watson test. The value on the test output is

1.080904, where the DW number is between -2 to +2. So it can be concluded that there is no autocorrelation. The heteroscedasticity test aims to see whether there is an inequality of variance in the residuals from one observation to another. The heteroscedasticity test in this study used the Harvey test, as presented in table 5

Table 5. Heteroscedasticity Test Results

No	Info	Harvey's test
1	F. Statistics Prob. F	1,28236 0,15445
2	Obs* R-Square Prob. Chi-Square	3,18681 0,20135

Source: Data processed by eviews, 2022

Linear regression analysis of panel data in this study used the Common Effect method. The selection of the common effects method as the panel data analysis method was previously tested through the Chow test and the Hausman test with various considerations. Finally, the expected effects method was chosen to test the panel data in this study. The following results from panel data estimation using the common effect model.

Table 6. Panel Data Estimation Results of Common Effect Model I

Variable	Coefficient	Std. Error	t-Statistics	Sig.
Constant	0.594139	2.173604	4,506251	0,0000
Agency cost	-0,248236	1,873719	3,166601	0,0000
liquidity ratio	0,154450	2,106309	4,012519	0,0000
Leverage	0,021035	1,960618	3,247007	0,0000

Source: Data processed by eviews, 2022

The results of panel data regression with the common effect model above obtained the following equation:

$$DPR = 0,594139 - 0,248236 DTA + 0,154450 \text{ Inventory to NWC} + 0,021035 DR$$

**Table 7. Common Effect II and Panel Data Estimation Results
Moderate Regression Analysis**

Variable	Coefficient	Std. Error	t-Statistics	Sig.
Contant	0,812645	0,143907	5,438	0,000
Agency cost	-2,250857	0,516780	-2,806	0,008
liquidity ratio	-3,874290	1,465228	-2,318	0,023
Leverage	1,748025	1,867904	1,435	0,160
Agency cost*GCG	-2,154103	0,971702	-0,406	0,587
liquidity ratio*GCG	1,172356	1,760476	0,228	0,821
Leverage*GCG	1,861806	2,538192	0,474	0,509
R-Squared	0,707693			
Adj. R-Squared	0,415385			
F. Statistcs	2,421056			
Prob. F	0,000200			

Source: Data processed by eviews, 2022

Based on the table above⁷, the regression equation formed in this regression test is:

$$\text{DPR} = 0.812 - 2,250 \text{ DTA} - 3,874 \text{ Inventory to NWC} + 1,748 \text{ DR} - 2,154 \text{ DTA} * \text{KM} + 3,172 \text{ Inventory to NWC} * \text{KM} + 1,861 \text{ DR} * \text{KM}$$

The value of 0.812 is a constant, which means that if there is no X variable influencing the Dividend Policy variable, then the Dividend Policy is 0.812. The value of -2.250 is the coefficient of the Agency Cost variable, which means that if there is a decrease in Agency Cost by 1, the Dividend Policy will decrease by 2.250. The value of -3.874 is the coefficient of the Liquidity Ratio variable, which means that if there is a decrease in the Liquidity Ratio by 1, the Dividend Policy will decrease by 3.874. The value of 1.748 is the coefficient of the Leverage variable, which means that if there is an increase in Leverage of 1, the Dividend Policy will increase by 1.748. The value -2.154 is the coefficient of the Agency Cost variable moderated by GCG, which means that Agency Cost moderated by GCG will reduce the Dividend Policy by 2.154. The value of 1.172 is the coefficient of the Liquidity Ratio variable moderated by GCG, which means that the Liquidity Ratio moderated by GCG will increase the Dividend Policy by 1.172. The value of 1.861 is the coefficient of the Leverage variable moderated by GCG, which means that Leverage moderated by GCG will increase the Dividend Policy by 1.861.

Next, Prob Value. From the calculated F of all tests more significant than the significance value of 5%, there is no heteroscedasticity in the equation model. The result of the calculated f test is 2.421056, and the probability value of the f statistic is $0.000200 < 0.05$, so agency cost, liquidity ratio, leverage, and GCG simultaneously have a significant effect on dividend policy in food and beverage sub-sector manufacturing companies listed in Indonesia. Indonesia Stock Exchange (IDX) for 2019-2021.

The coefficient of determination (R²), according to Ghazali (2006) in Prasinta (2012), is used to measure and determine the suitability of the relationship between the independent variable and the dependent variable in a regression equation. The value of the coefficient of determination is between 0 and 1. If the value of R² is small, close to 0, then it shows the ability of the independent variable to explain the dependent variable is very limited. Conversely, if R² is close to 1, it shows the power of the independent variable to provide almost all the information needed to explain the dependent variable. The R Square number is 0.415385, while the Adjusted R Square value is 0.415385. The result of R Square is 41.53% agency cost, liquidity ratio, and leverage; GCG significantly influences dividend policy. At the same time, the remaining 58.47% can be explained by other variables not found in this study.

Testing the First Hypothesis (H₁)

Based on table 7, the Agency Cost variable has a significant level of 0.008, which is smaller than 0.05, and the t-value of -2.806 indicates the direction of a negative influence on Dividend Policy. It can be said that Agency Cost has a negative and significant effect on Dividend Policy. Then H₁ is accepted.

Testing the Second Hypothesis (H₂)

Variable Liquidity Ratio has a significant level of 0.023, which is smaller than 0.05, and the t-value of -2.318 indicates the direction of a negative influence on Dividend Policy. So the Liquidity Ratio has a negative and significant effect on Dividend Policy. Then H₂ is accepted.

Testing the Third Hypothesis (H₃)

The leverage variable has a significant level of 0.160, greater than 0.05, and the t-value of +1.435 indicates a positive direction of influence on the Dividend Policy. It can be said that Leverage is positive and has no significant effect on Dividend Policy. Then H₃ is not accepted.

Testing the Fourth Hypothesis (H₄)

The GCG variable in moderating the relationship between Agency Cost and Dividend Policy has a significant level of 0.587, which is greater than 0.05, and the t-value of -0.406 indicates the direction of negative influence on Dividend Policy. It can be said that GCG is negative and has no significant effect in moderating the relationship between Agency Cost and Dividend Policy. Then H₄ is not accepted.

Testing the Fifth Hypothesis (H₅)

The GCG variable in moderating the relationship between the Liquidity Ratio and Dividend Policy has a significant level of 0.821, which is greater than 0.05, and the t-value of +0.228 indicates the direction of positive influence on the Dividend Policy. It can be said that GCG is positive and has no significant effect in moderating the relationship between the Liquidity Ratio and Dividend Policy. Then H₅ is not accepted.

Testing the Sixth Hypothesis (H₆)

The GCG variable in moderating the relationship between Leverage and Dividend Policy has a significant level of 0.509, greater than 0.05. The t-value of +0.474 indicates the direction of positive influence on the Dividend Policy. So it can be said that GCG is positive and has no significant effect in moderating the relationship between Leverage and Dividend Policy. Then H₆ is not accepted.

Discussion

The results of hypothesis testing indicate that the Agency Cost variable has a negative and significant effect on the Dividend Policy in manufacturing companies in the food and beverage sub-sector. The lower the agency cost of a manufacturing company in the food and beverage sub-sector, the higher the dividend policy. This shows that every 1 percent decrease will increase the dividend policy. The results of this study support the agency theory by Jensen, who argues that with debt, the company must make product payments on interest and principal (Lestari & Priyadi, 2017). This can reduce the manager's desire to use cash flow for less-than-optimal activities. The existence of debt can force managers to enjoy fewer profits and make managers work more efficiently. According to Noryanto (2012), increasing funding with debt will reduce the scale of conflict between shareholders and management. Reducing conflict between shareholders and management will reduce agency costs. This means that if the agency costs within the company are decreasing, the dividend policy will be higher, and

vice versa. The results of this study align with previous research conducted by (Hikmah, 2010; Silviana et al., 2014) in their research that Agency Cost has a negative and significant effect on dividend policy. This finding means that the higher the agency cost, the lower the impact of the dividend policy. On the other hand, the lower the agency cost, the higher the dividend policy.

The liquidity Ratio variable has a negative and significant effect on Dividend Policy in manufacturing companies in the food and beverage sub-sector. This means that the lower the liquidity ratio of the food and beverage sub-sector manufacturing companies, the lower the dividend policy. This means that the higher the company's liquidity, the higher the investor's confidence in the dividend policy that is distributed. Liquidity is generally understood as the ability of a company to meet its short-term obligations promptly. On this basis, the primary consideration in many dividend decisions is measuring the company's liquidity. The results of this study support the signal theory; good liquidity will give a positive signal to the company related to the company's financial performance to investors and creditors to owners. The implication is that the distributed dividend policy will receive a positive appreciation. This study's results align with previous research conducted by (Hartanto et al., 2018; Parmitasari & Hasrianto, 2017) that Liquidity Affects Dividend Policy. This finding means that the decreasing liquidity will affect investor confidence in the dividends distributed.

The leverage variable has a positive and insignificant effect on Dividend Policy in manufacturing companies in the food and beverage sub-sector. This means that the higher the leverage owned by the food and beverage sub-sector manufacturing companies, the higher the dividend policy. The higher the company's leverage, the higher the investor's confidence in the dividends received. Leverage is a measure used in assessing debt worthiness. In other words, the Leverage ratio assesses the company's ability to repay the debt through total assets. Leverage is leverage. Levers are usually used to help lift heavy loads. In finance, leverage also has a similar meaning. More specifically, leverage can be used to increase the expected level of profit. This study supports the signal theory; Leverage is an essential part of the signal theory that can influence investors, potential investors, creditors, owners, and others in making investment decisions, credit investment to dividend policies. Good leverage will give an excellent signal to interested parties. Conversely, low leverage will give a wrong signal to interested parties. This means that the higher the leverage, the higher the dividend policy, and vice versa. This study's results align with previous research (Ginting, 2018; Sari et al., 2015) that Leverage positively affects Dividend Policy. This finding means that the higher the company's leverage, the higher the investor's confidence in the dividends received.

The Agency Cost variable has a negative and insignificant effect on the Dividend Policy in manufacturing companies in the food and beverage sub-sector. This means that the greater the good corporate governance owned, the more able to control agency costs, the lower the agency costs, and the higher the dividend policy. This shows that GCG will increase the company's value by reducing the costs of unproductive agents and even expanding the dividend policy. Good Corporate Governance in moderating agent costs with a dividend policy is to show whether, through Good Corporate Governance, agent costs can be reduced so that the dividend distribution decision increases. This study supports agency theory; good corporate governance can reduce agency costs by dividing company ownership to management as it is known that agents can perform moral hazard or actions that are contrary

to the interests of the owner and will reduce the value of the company. So to force agents not to act morally hazard, namely by dividing ownership to management. This study's results align with the results of previous research by (Suryaningsih et al., 2018) that management ownership can affect firm value. This finding means that good corporate governance will increase the company's value by reducing the costs of unproductive agents and even increasing the dividend policy.

The Liquidity Ratio variable has a positive and insignificant effect in moderating dividend policy in manufacturing companies in the food and beverage sub-sector. This means that the greater the good corporate governance owned, the more able to control the liquidity ratio. The higher the company's liquidity ratio, the higher the dividend distribution decision. This means that Good Corporate Governance is a determining factor for whether or not the Liquidity Ratio is on the dividend policy. Good Corporate Governance in moderating the Liquidity Ratio with a dividend policy is to show whether, through Good Corporate Governance, liquidity can be increased so that the dividend distribution decision increases. This study supports the agency theory that GCG can increase the company's liquidity by dividing company ownership to management. It is known that agents can increase the company's value if they have the same interests as the company owner. This study's results align with previous research by (Suryaningsih et al., 2018) that management ownership can affect firm value. This shows that GCG will increase the company's value by increasing the understanding of interests between owners and management on the company's value. This finding is also supported by research findings (Hartanto et al., 2018) finding that good corporate governance can mediate liquidity on dividend policy.

The leverage variable has a positive and insignificant effect in moderating dividend policy in manufacturing companies in the food and beverage sub-sector. This means that the greater the good corporate governance owned, the more able to control leverage, and the higher the company's leverage, the higher the dividend distribution decision. This means that Good Corporate Governance is a determining factor for whether or not a dividend policy on Leverage is good. Good Corporate Governance in moderating Leverage with a dividend policy is to show whether, through Good Corporate Governance, liquidity can be increased so that the dividend distribution decision increases. This research supports the agency theory that GCG can increase the company's liquidity by dividing company ownership to management. It is known that agents can increase the company's value if the agent has the same interests as the owner of the company. This study's results align with previous research (Suryaningsih et al., 2018) that management ownership can affect firm value. This shows that GCG will increase the company's value by increasing the understanding of interests between owners and management on the company's value. This finding is also supported by research findings (Hartanto et al., 2018) finding that good corporate governance can mediate leverage on dividend policy.

Conclusions

Based on the results of research and discussion in the previous chapter, this study concludes that Agency Cost has a negative and significant influence on Dividend Policy. If the agency cost decreases, it will affect the dividend policy. The liquidity Ratio has a negative and

significant effect on Dividend Policy. If the liquidity ratio decreases, it will affect the dividend policy. Leverage has a positive and insignificant impact on Dividend Policy. The higher the leverage, the higher the investor's confidence in dividends. Good Corporate Governance in moderating Agency Costs on Dividend Policy has a negative and insignificant effect. If the agency cost decreases, the dividend policy will be higher. Good Corporate Governance in moderating the Liquidity Ratio on Dividend Policy has a positive and insignificant effect. The higher the liquidity ratio, the higher the dividend policy. Good Corporate Governance in moderating Leverage on Dividend Policy has a positive and insignificant effect. The higher the leverage, the higher the dividend policy.

It is suggested to the Food and Beverage Sub-Sector Manufacturing Companies pay attention to Agency Cost, Liquidity Ratio, Leverage, and GCG because they can influence Dividend policy. The research findings show that Agency Cost, Liquidity Ratio, Leverage, and GCG affect Dividend Policy. It is recommended that the Manufacturing Companies of the Food and Beverage Sub-Sector consistently increase the Dividend policy. This study can give four suggestions: controlling Agency Costs, increasing Liquidity Ratio, increasing Leverage, and GCG for Food and Beverage Sub-Sector Manufacturing Companies listed on the Indonesia Stock Exchange. 3. For further research, it is hoped that researchers will add other variables to explain the remaining 69.9% of the determination test of this study; besides that, it is better to need formulation of methods and variables and increase the number of research samples to ensure the level of accuracy and consistency of research results.

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