

Journal of Contemporary Accounting

Volume 7 | Issue 3

The influence of free cash flow, capital structure, investment opportunities, and company growth on dividend policy

Nuning Safitri M. Sawal

Department of Accounting, Universitas Khairun, Ternate, Indonesia
nuningsafitri28@gmail.com

Rizki Wahyu Utami Ohorella

Department of Accounting, Universitas Khairun, Ternate, Indonesia
rizkiwahyutami@gmail.com

Meliana

Department of Accounting, Universitas Khairun, Ternate, Indonesia
meliana.mdj@gmail.com

Follow this and additional works at: <https://journal.uir.ac.id/jca>

Copyright ©2025 Authors.

Nuning Safitri M. Sawal, Rizki Wahyu Utami Ohorella, & Meliana (2025). The influence of free cash flow, capital structure, investment opportunities, and company growth on dividend policy (Empirical Study on Mining Companies Listed on the Indonesia Stock Exchange (IDX) for the period 2019-2023). *Journal of Contemporary Accounting*, 7(3), 239-253. DOI: [10.20885/jca.vol7.iss3.art7](https://doi.org/10.20885/jca.vol7.iss3.art7)

The influence of free cash flow, capital structure, investment opportunities, and company growth on dividend policy

Nuning Safitri M. Sawal*, Rizki Wahyu Utami Ohorella, Meliana

Department of Accounting, Universitas Khairun, Ternate, Indonesia

Article History:

Received : 2025-08-21
Revised : 2025-09-15
Accepted : 2025-10-12
Published : 2026-12-10

JEL Classification:

G35, G32, G31

Keywords:

Dividend policy, investment opportunities, capital structure, free cash flow

*Corresponding Author:

Kiky@unkhair.ac.id

DOI:

[10.20885/jca.vol7.iss3.art7](https://doi.org/10.20885/jca.vol7.iss3.art7)

Copyright ©2025



This is an open access under
CC-BY-SA LICENSE

Abstract

This study examines the influence of free cash flow, capital structure, investment opportunities, and firm growth on dividend policy among mining companies listed on the Indonesia Stock Exchange (IDX) over the observation period. The research applies multiple regression analysis based on secondary data derived from financial statements and annual reports. The findings reveal that free cash flow, capital structure, and firm growth do not have a significant impact on dividend policy. In contrast, investment opportunities show a positive and meaningful effect on dividend decisions. Collectively, these variables are found to influence dividend policy, although the model explains only a limited portion of its variation, indicating that other factors beyond the scope of this study also play a role. The results suggest that investment opportunities serve as an important consideration for management in determining dividend policy, while free cash flow, capital structure, and firm growth are not the primary determinants.

Introduction

In carrying out its operational activities, the company will require sources of funding. One thing that can help in funding activities in a company is investment. The sources of funds obtained do not only come from internal funds but also from external parties who feel they have excess funds and will invest their money, either through investments in real assets or financial assets (Attahiriah et al., 2020).

Investment is an activity of placing capital, whether directly or indirectly, with the hope that at a later time the capital owner will obtain a certain profit from the results of that investment (Dewi, 2023). In investing in companies, problems often arise related to dividend policy, which is the policy of determining the distribution of profits earned by the company at the end of the year to be paid as dividends to shareholders or retained to increase capital to finance future investments (Rice & Sulia, 2014). Investors invest capital to obtain profits while considering risks, and financial reports serve as the main guideline in decision-making. The company's profits can be distributed as dividends or retained for internal financing, so the dividend policy must be established correctly to be balanced for all parties. Dividends also serve as a signal to investors, where a decrease in dividends from the previous year indicates that the company's financial condition is not good and can reduce investment interest. Thus, the dividend policy becomes an important incentive for investors in investing their capital (Hariyani, 2023).

The phenomenon of dividend policy is often seen even in Indonesia itself, leading to issues raised by various parties or industries. At PT. Indo Tambang Raya Megah Tbk. (ITMG), dividends have been distributed twice in 2023, with the first dividend in April 2023, where ITMG paid a cash dividend of Rp 6,416 per share with a yield of 16%. The total dividend from the company's profit for the 2022 fiscal year reached USD 774 million, or Rp 12 trillion when converted, equivalent to 65% of the company's net profit. Then, the second dividend was distributed in September 2023, where ITMG paid an interim dividend of Rp 2,660 per share or USD 199.27 million, amounting to Rp 3 trillion, representing 65% of the net profit with a dividend yield of 9.11%. Despite ITMG's financial performance in the first half of 2023 declining by 33.39%, the company still managed to achieve a net profit of Rp 4.66 trillion (Widiarko, 2023).

Quoted from cnnindonesia.com (2021), PT Bukit Asam Tbk (PTBA) distributed dividends amounting to Rp835 billion. The amount of dividends distributed is 35% of the company's total net profit in 2020, which is Rp2.4 trillion. Although many companies distribute dividends regularly every year, there are some companies that do not do so due to various challenges faced by the company, resulting in no dividend distribution on company stock ownership. The phenomenon of companies not distributing dividends due to a decrease in the company's income in the previous year can be seen in PT Borneo Olah Sarana Sukses Tbk (BOSS), which decided not to distribute dividends in 2019, as cited from the results of the General Meeting of Shareholders held on August 28, 2020. Additionally, PT Darma Henwa Tbk (DEWA) also did not distribute dividends in 2019; this decision is the same as the previous year when this company also did not distribute dividends in 2018.

The phenomenon described above illustrates that a company's dividend policy is not always determined by the amount of profit, but is influenced by financial conditions, management strategies, and the company's objectives. Some companies, such as ITMG and PTBA, continue to distribute large dividends even when performance declines as a positive signal and an effort to maintain investor confidence, while other companies, such as BOSS and DEWA, choose not to distribute dividends due to facing financial constraints and the need to maintain liquidity. This indicates that dividend policies are strategic and vary for each company according to the situations and priorities they face.

The decision on dividend distribution is determined through the General Meeting of Shareholders, and the dividend policy is influenced by several factors, including free cash flow, capital structure, investment opportunities, and company growth. Free cash flow reflects the cash available after operational and investment needs, which according to several studies positively affects dividend policy (Veronika & Munandar, 2022; Adiwibowo et al., 2021), while other research shows no impact (Gas, 2023). Capital structure is also related to dividend policy, where reliance on debt tends to reduce dividend payments (Fasridon, 2022), although there are studies that state otherwise (Purwaningsih & Lestari, 2021). In addition, investment opportunities can influence dividend policies as they reflect the company's growth prospects (Mulyani et al., 2022), but research results still show discrepancies (Muslimin & Wenten, 2023). Another factor is company growth, which usually increases the chances of dividend distribution (Wulandari et al., 2022), although some studies also state that it has no effect (Sitorus, 2022). Thus, dividend policies are influenced by various internal factors of the company, but empirical findings still show diverse results.

This research is a development of the study by Taniel et al. (2024) which focuses on manufacturing companies during the period 2015–2019 with variables of free cash flow, capital structure, and investment opportunity set on dividend policy. However, this study still has limitations because it has not considered the growth factor of the company which may also affect dividend policy. In addition, the use of manufacturing company subjects during this period has not been able to represent the conditions of other sectors, especially the mining sector which has different financial characteristics and dividend distribution patterns. Therefore, this research aims to fill that gap by adding the variable of company growth, using mining companies as the subject,

and extending the observation period to 2019–2023, so it is expected to provide a more comprehensive picture of the factors affecting dividend policies in different sectors.

Literature Review

Agency Theory

The agency theory was developed by Jansen and Mackling in 1976. This theory describes the relationship between shareholders (principals) and management (agents), where shareholders grant authority to management to run the company in order to achieve common goals. However, because management has more information about the company's condition than shareholders, conflicts of interest or agency problems may arise if management does not act according to the expectations of the shareholders.

Agency theory relates to dividend policy because the dividend policy decisions implemented in a company are related to management behavior. The company, as an agent, must manage investment assets optimally to provide maximum dividends to shareholders. However, this relationship can lead to conflicts of interest resulting in agency costs, which are expenses incurred to ensure that management acts in accordance with the interests of shareholders, such as monitoring costs, bonding costs, and residual costs. Therefore, it is important for management to perform their duties well to maintain the trust and objectives of the shareholders (Heliani et al., 2022). This theory holds that dividends can be used as an alternative control method when ownership requirements or governance are unfavorable to shareholders, and dividends encourage managers to use available resources more effectively. As a mechanism of discipline and oversight, dividends are designed to reduce the agency costs of equity (Lilis & Suryanto, 2017).

Signaling Theory

Signal theory was first proposed by Spence in 1973. This theory explains that the sender (information owner) provides a signal or cue in the form of information that reflects the condition of a company which is beneficial for the recipient (investor). Signal theory states that companies should provide signals in the form of information to users of financial reports regarding what has been done by management to realize the owner's desires. This theory emphasizes the importance of the information released by companies for investment decisions made by outside parties (Amri, 2022).

This signaling theory explains that information about cash dividends paid is regarded by investors as a signal of the company's future prospects. This assumption arises due to the existence of asymmetric information between managers and investors, leading investors to use dividend policies as a signal regarding the company's prospects. An increase in dividends is seen as a positive signal, meaning the company has good prospects, which results in a positive stock price reaction. Conversely, a decrease in dividends is considered a negative signal, indicating that the company has less favorable prospects, resulting in a negative stock price reaction (Pramastuti, 2007).

Dividend Policy

Dividend policy is a very important aspect to be used as a benchmark for investors in investing their capital with the aim of obtaining maximum returns, and corporate management can make good decisions for the company with the goal of being able to reinvest with investors (Nabela & Widyawati, 2022). The determination of dividend distribution is an important stage in the company's financial policy and influences stakeholders including shareholders, creditors, managers, and other external parties (Ariada & Wulandari, 2024).

In making financial decisions, one of the key aspects is to decide on dividend policy, which requires an understanding of the company's financial condition. To comprehend the company's

financial situation, an analysis of the company's financial statements is necessary (Lestari et al., 2017). Dividend policy can be observed in the company's dividend payout ratio, which reflects the percentage of profits distributed in the form of cash dividends, meaning that the amount of dividends will influence shareholders' investment decisions and, on the other hand, affect the company's financial condition (Rahman et al., 2022).

Hypothesis Development

Free cash flow is the excess cash available to investors (shareholders and debt holders) after the company has invested in fixed assets and current assets and met its operational needs. The decision on whether to distribute the profits earned by the company to shareholders depends on the free cash flow available. The amount of dividends distributed depends on the General Meeting of Shareholders (GMS) in the company (Sejati et al., 2020). With this, management can also prevent unnecessary financing and prioritize the dividend payment process for the shareholders (Veronika & Munandar, 2022).

Agency theory explains that the existence of conflicting interests between shareholders who desire financial outcomes and managers who pursue incentives can lead to conflicts, thus free cash flow needs to be distributed in the form of dividends to prevent misappropriation by management (Lilis & Suryanto, 2017; Trisna & Gayatri, 2019). Additionally, free cash flow is also related to signaling theory as it reflects management's success in managing the company, where stable free cash flow indicates the company's ability to pay dividends without relying on debt and provides assurance to shareholders (Yunita & Subardjo, 2023). The research conducted by Adiwibowo et al. (2021), Dhaneswara and Haryanto (2019), and Veronika and Munandar (2022) show that free cash flow positively affects dividend policy. Based on the theoretical exposition and also the results of previous studies, the hypothesis proposed in this research is as follows.

H1: Free cash flow has a positive effect on dividend policy.

According to Brigham and Houston (2011), their book states that capital structure is the way an entity finances its operations and investments in the long term. Dividend policy and capital structure are correlated because the amount of debt in the capital structure affects how the company's profits are used. If debt is high, the dividends distributed may be more limited because the company must prioritize debt and interest payments. Conversely, if debt is lower and profits are high, the company can be more flexible in providing dividends to investors (Hartawan & Lestari, 2021).

Agency theory explains that managers often have interests different from those of shareholders, so the use of debt in the capital structure can serve as a control mechanism to limit the managers' flexibility and align interests with shareholders (Trisna & Gayatri, 2019; Buchdadi et al., 2019). Research conducted by Veronika and Munandar (2022), Fasridon (2022), and Wiyono and Rana (2023) shows that capital structure has a negative effect on dividend policy. Based on theoretical explanations and previous research results, the hypothesis proposed in this study is as follows.

H₂: Capital structure negatively influences dividend policy.

Investment opportunities describe the extent of investment chances available for a company, but are heavily dependent on the company's expenditure for future interests. Companies with high investment opportunities tend to provide low dividends because management believes that the funds are better reinvested back into the company, in order to generate greater profits in the future. This is done to support the growth and sustainability of the company, by prioritizing the reinvestment of retained earnings over the distribution of dividends to shareholders (Hidayat, 2019).

Agency theory explains that companies with many investment opportunities tend to pay lower dividends because profits are allocated to finance new projects, whereas if investment opportunities are limited, the dividends distributed will be higher (Noviyana & Rahayu, 2021). Furthermore, in the context of signaling theory, investment opportunities serve as an important signal to the market, where information regarding the company's growth prospects can enhance investor confidence, while a decline in the company's value will send a negative signal that reduces investment interest (Hariyani, 2023).

Research conducted by Sitorus and Marbun (2024), Sukarti et al. (2023), and Citta et al. (2022) shows that investment opportunities have a positive effect on dividend policies. Based on the theoretical exposition and previous research results, the hypothesis proposed by the study is as follows:

H₃: Investment opportunities have a positive impact on dividend policy

Company growth refers to the increase or decrease in the total assets owned by the company. The assets of a company are the resources used for the operational activities of the company, which are expected to improve the company's operational results, thereby increasing external parties' confidence. Additionally, company growth can send positive signals that are hoped for by both internal and external parties of the company. From an investor's perspective, company growth is a sign that the company has favorable aspects, so investors expect a good return on their investment (Mawardi, 2020).

Agency theory explains that high company growth encourages management to retain profits and lower the dividend payout ratio to support expansion and increase long-term corporate value, even though it may conflict with the interests of shareholders who desire dividends (Nai et al., 2022). Meanwhile, signaling theory views growth as a positive signal regarding the company's future performance prospects, thus an increase in assets and sales assures investors that the company has good opportunities for development (Sejati et al., 2020; Goldwin & Handayani, 2022).

The research conducted by Nai et al. (2022), Rosalita and Suyatmin (2024), and Wiyono and Rana (2023) indicates that company growth has an impact on dividend policy. Based on the theoretical explanation and the results of previous studies, the hypothesis proposed in the research is as follows:

H₄: the growth of the company positively influences dividend policy

Figure 1 shows the research framework illustrating the influence of independent variables, which consist of free cash flow, capital structure, investment opportunities, and company growth on dividend policy as the dependent variable.

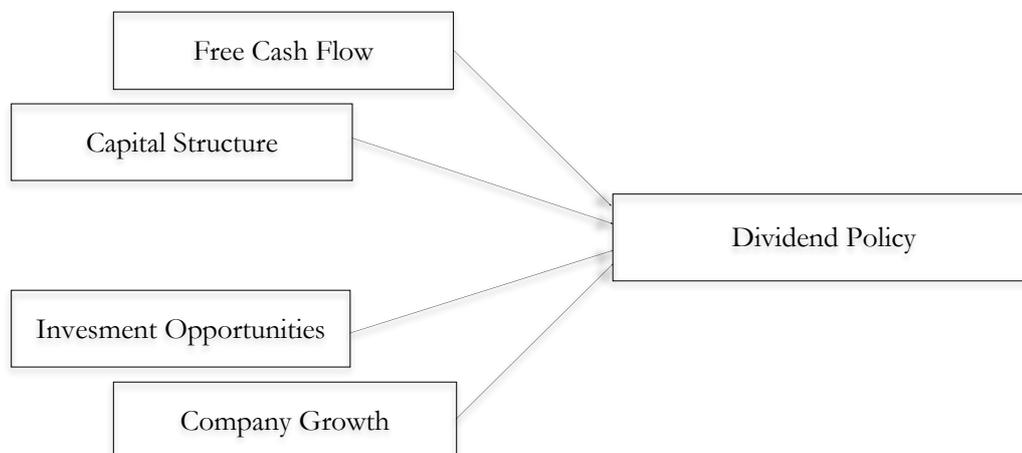


Figure 1. Research Framework

Research Method

Research Object

The subject of this research is mining companies listed on the Indonesia Stock Exchange from 2019 to 2023. The sampling method used is purposive sampling. The type of data used is quantitative, utilizing secondary data sources in the form of annual financial reports for the period of 2019-2023 obtained from the official website of the Indonesia Stock Exchange.

Data Analysis Techniques

The data analysis method used in this research is through statistical calculations, specifically using E-Views 12 software to assist in hypothesis testing.

Definition And Measurement of Variables

The dependent variable in this study is the dividend policy. Dividend policy refers to the decisions made by the company regarding how the profits earned will be allocated, either to be distributed to shareholders in the form of dividends or retained within the company for future investments (Faridah & Putra, 2022). The dividend payout ratio (DPR) is the percentage of profits used as a measure of dividend policy; if the dividend payout ratio (DPR) increases, the amount of funds intended to be reinvested as retained earnings decreases. According to Nabela and Widyawati (2022), the formula for measuring dividend policy is as follows:

$$\text{Dividend Payout Ratio} = \frac{\text{Dividend per share}}{\text{Earning per share}}$$

The independent variables in this study are free cash flow, capital structure, investment opportunities, and company growth.

1. Free Cash Flow

Free cash flow is the excess cash flow that will be distributed to investors in the form of dividends, after the company has made its investments in current assets and fixed assets to support its operational activities (Nabela & Widyawati, 2022). The following is the formula for calculating free cash flow:

$$FCF = \frac{AK_{it} - PM_{it} - NWC_{it}}{TA_{it}}$$

$$NWC = \text{Current Asset} - \text{Current Liabilities}$$

2. Capital Structure

Capital structure is a representation of the financial proportion of a company, namely the proportion of capital sourced from long-term debt and equity that serves as a source of financing for a company (Lubis et al., 2020). Capital structure can be measured in the following ways:

$$\text{Debt to Equity Ratio} = \frac{\text{Total liabilities}}{\text{Total equity}}$$

3. Investment Opportunities

Investment opportunity is a ratio used to measure the level of investment opportunities undertaken by a company and as a choice for selecting investments that will occur in the future (Tresnonegoro, 2021). Investment opportunities can be measured in the following ways:

$$\text{Price to Earning ratio} = \frac{\text{Closing stock price}}{\text{Earning per share}}$$

4. Company Growth

The growth of the company is the change (increase or decrease) in the total assets owned by the company over a period of time or one year (Yanti et al., 2023). This measure can be formulated as follows:

$$Growth = \frac{Total\ Asset\ (t) - Total\ Asset\ (t - 1)}{Total\ Asset\ (t - 1)} \times 100\%$$

Data Analysis

The analytical model used in this study is a multiple linear regression model with the following equation:

$$DPR = \alpha + \beta_1FCF + \beta_2DER + \beta_3IOS + \beta_4CG + \varepsilon$$

Results and Discussion

Descriptive Statistics

Descriptive statistics are used to provide information about the variables used in this study, namely the dividend policy coefficient (Y), free cash flow (X1), capital structure (X2), investment opportunities (X3), and company growth (X4). Descriptive statistics provide a description of the mean, minimum, maximum, and standard deviation of each of these variables. The descriptive statistics of this study can be seen in Table 1.

Tabel 1. Descriptive Statistics

	Dividend Police (%)	Free cash flow (%)	Capital Structure (%)	Invesment Opportunities (%)	Capital Growth (%)
Mean	0.752	-0.083	0.736	26.343	0.140
Median	3.584	-6.520	6.518	8.521	0.079
Maximum	6.124	0.558	1.951	745.423	2.342
Minimum	0.001	-0.647	0.096	2.340	-1.951
Std. Dev.	1.074	2.057	4.552	8.910	4.356

Source: Data processed, E-Views 12.0 (2025)

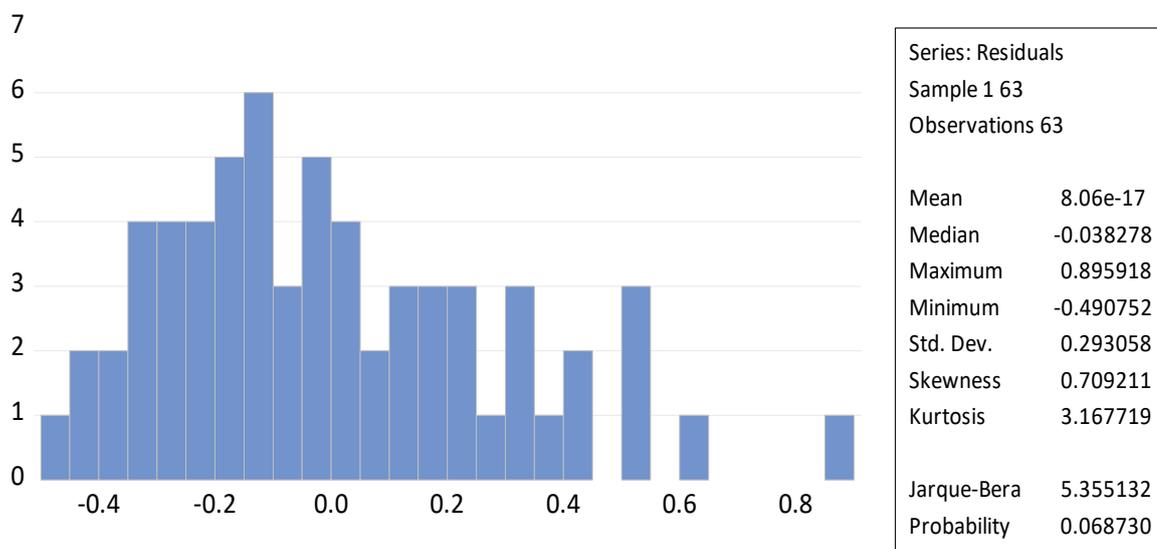
Based on Table 1, the dividend policy variable (Y) has the lowest value of 0.001 at PT Merdeka Copper Gold Tbk (MDKA) in 2019 and the highest value of 6.124 at PT Petrosea Tbk (PTRO) in 2023, with an average of 0.752 and a standard deviation of 1.074. Free cash flow (X1) has the lowest value of -0.647 at PT Samindo Resources Tbk (MYOH) in 2022 and the highest value of 0.558 at PT Baramulti Suksesserana Tbk (BSSR) in 2022, with an average of -0.083 and a standard deviation of 2.057. The capital structure (X2) has the lowest value of 0.096 at PT Harum Energy Tbk (HRUM) in 2020 and the highest value of 1.951 at PT Radiant Utama Interinsco Tbk (RUIS) in 2020, with an average of 0.736 and a standard deviation of 4.552. Investment opportunity (X3) has the lowest value of 2.340 at PT Indo Tambangraya Megah Tbk (ITMG) in 2022 and the highest value of 745.423 at PT Merdeka Copper Gold Tbk (MDKA) in 2023, with an average of 26.343 and a standard deviation of 8.910. Company growth (X4) has the lowest value of -1.951 at PT Adaro Energy Indonesia Tbk (ADRO) in 2023 and the highest value of 2.342 at PT Merdeka Copper Gold Tbk (MDKA) in 2022, with an average of 0.140 and a standard deviation of 4.356.

Test Classic Assumptions

1. Normality test

Normality testing in this study was performed twice. The testing was conducted twice because the residuals in the first normality test were distributed abnormally with a significant result of 0.000. Based on this, the researcher removed several data points with extreme residuals using the outliers method so that the research data from 75 decreased to 63. In the second data test,

the residual values indicate that the data has been normally distributed with a significant result of 0.068730.



Source: Processed secondary data, E-Views 12.0 (2025)

Figure 2

2. Uji Heteroskedastisitas

Tabel 2. Heteroskedasticity Test

Heteroskedasticity Test: (Breusch-Pagan-Godfrey)			
F-statistic	1.375.410	Prob. F(4,70)	0.2513
Obs*R-squared	5.465.086	Prob. Chi-Square(4)	0.2428

Source: Processed secondary data, E-Views 12.0 (2025)

In Table 2, the Chi-Square probability value of Obs*RSquared can be seen to be 0.2428, which means > 0.05 . It can be concluded that this model does not exhibit heteroskedasticity.

3. Uji Multikolinearitas

Table 3. Results of the Multicollinearity Test

Variabel	Free Cash Flow	Capital Structure	Investment Opportunity	Company Growth
Free Cash Flow	1.000.000	0.339336	-0.047824	0.170270
Capital Structure	0.339336	1.000.000	-0.000712	0.048218
Investment Opportunity	-0.047824	-0.000712	1.000.000	0.092804
Company Growth	0.170270	0.048218	0.092804	1.000.000

Source: Processed secondary data, E-Views 12.0 (2025)

The multicollinearity test aims to examine whether the regression model has a correlation among the independent variables. If there is a correlation, then there is a problem of multicollinearity. A good regression model should not exhibit multicollinearity. If the correlation coefficient among independent variables is > 0.8 , it can be concluded that the model experiences multicollinearity issues. From the results of this test, it can be seen that there is no multicollinearity because the correlation values among the independent variables do not exceed 0.8.

Results of Multiple Linear Regression Model Analysis

Table 4. Results of Multiple Linear Regression Model Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	94.907	25.216	3.763	0.000
Free Cash Flow	0.076	0.601	0.127	0.899
Capital Structure	-0.342	0.267	-1.281	0.204
Investment Opportunities	4.850	1.293	3.748	0.000
Company Growth	-0.464	0.268	-1.730	0.088
R-squared	0.204			
Adjusted R-squared	0.158			
Mean dependent var	7.525			
S.D. dependent var	1.074			
Prob (F-statistic)	0.002			

Source: Data processed, E-Views 12.0 (2025)

Based on the analysis results in Table 4, the regression equation of the panel data in this study is as follows:

$$\text{DPR} = 94.907 + 0.076 \cdot \text{FCF} - 0.342 \cdot \text{DER} + 4.850 \cdot \text{IOS} - 0.464 \cdot \text{CG} + e$$

The equation indicates that the constant value of 94.907 reflects the level of dividend policy when all independent variables are assumed to be zero. The regression coefficient of free cash flow is 0.076, suggesting that an increase in free cash flow is associated with a change in dividend policy in the same direction, while a decrease would lead to the opposite effect. The capital structure coefficient is -0.342 , indicating that a higher capital structure tends to be followed by a decline in dividend policy, whereas a lower capital structure would have the reverse implication.

Furthermore, the investment opportunity coefficient of 4.850 shows that an increase in investment opportunities is associated with a rise in dividend policy, and a decrease would result in the opposite outcome. Meanwhile, the company growth coefficient of -0.464 implies that higher company growth tends to reduce dividend policy, while lower growth would correspond to an increase in dividend policy, assuming other variables remain constant.

Hypothesis Test

Partial test (t Test)

The results of the partial test (t-test) in Table 4, show that the variable of free cash flow (X1) with a probability of 0.089 (>0.05), capital structure (X2) with a probability of 0.204 (>0.05), and company growth (X4) with a probability of 0.088 (>0.05) do not have an impact on dividend policy, thus the first, second, and fourth hypotheses are rejected. On the other hand, the investment opportunity variable (X3) with a probability of 0.000 (<0.05) has a significant effect on dividend policy, thus the third hypothesis is accepted.

Simultaneous significant Test (F Test)

Based on the test results in Table 4, the value of Prob (F Statistic) is 0.002. This indicates that the value is less than the significance level (< 0.05). Therefore, free cash flow, capital structure, investment opportunities, and company growth simultaneously affect the dividend policy of mining companies.

Test of determination coefficient (R2 Test)

Based on Table 4, it shows an Adjusted R-Squared value of 0.158807 or 15.88%. This coefficient of determination indicates that the independent variables consisting of free cash flow, capital

structure, investment opportunities, and company growth are able to explain the dividend policy variable by 15.88%, while the remaining 84.12% (100 – adjusted r squared value) is explained by other variables not included in this research model.

Discussion

The influence of free cash flow on dividend policy

The results of the hypothesis testing show that free cash flow does not have a significant effect on dividend policy ($p = 0.089 > 0.05$), thus the first hypothesis is rejected. Theoretically, free cash flow is usually considered an indicator of a company's ability to pay dividends as it reflects the availability of funds after operational needs and basic investments are met (Patricia & Septiyani, 2024). However, in mining companies, free cash flow is more often allocated for long-term project financing, such as exploration and mine development, thus it does not become a primary factor in determining the size of dividends. This condition shows that cash availability alone is not strong enough to influence profit distribution decisions.

In the perspective of agency theory, high free cash flow has the potential to create conflicts between shareholders and managers. Shareholders prefer that this cash be distributed as dividends, while managers may choose to retain the cash for other interests. However, the insignificance of the effect of free cash flow in this study actually indicates that the decision-making mechanisms in mining companies are more controlled. This means that, even in the presence of free cash flow, management tends to prioritize long-term investment strategies over distributing dividends, thus minimizing the potential for agency conflict.

When linked to signaling theory, these results can be interpreted that companies do not use free cash flow as a means to signal to the market about their financial condition. On the contrary, companies place more emphasis on investment prospects or growth to convince investors. These findings are consistent with Gas (2023), Krisardiyansyah and Amanah (2019), and Yunita and Subardjo (2023), who also found that free cash flow does not affect dividend policy, but differs from the research by Adiwibowo et al. (2021) which states that there is a positive effect. Thus, the rejection of the first hypothesis indicates that in the context of the mining industry, dividends are more influenced by long-term strategic considerations rather than merely the availability of free cash flow.

The influence of capital structure on dividend policy

Partial tests show that capital structure does not affect dividend policy ($p = 0.204 > 0.05$), thus the second hypothesis is rejected. In general, capital structure reflects the ratio between long-term debt and equity (Zubaedah, 2020). Companies with high levels of debt usually have less flexibility in paying dividends because a portion of the profits is used to pay interest obligations. However, this was not proven in this study. This can be explained because mining companies have a large capital requirement that mostly comes from debt, but they can still distribute dividends by relying on relatively stable income from the sale of mining products.

In the framework of agency theory, debt can serve as a tool for controlling management. With the obligation to pay interest, managers have more limited flexibility to use funds freely, thus reducing the potential for conflicts with shareholders (Buchdadi et al., 2019). However, the results of this study indicate that debt does not play a direct role in influencing the dividend policy of mining companies. This suggests that factors controlling managers are not only capital structure, but also corporate governance and the business strategies being implemented.

Companies with low DER are usually perceived to be more capable of paying dividends. However, the results of this study prove that investors do not solely assess a company's ability to pay dividends based on its capital structure, but rather from other factors such as profit performance and investment opportunities. This finding is in line with Purwaningsih and Lestari

(2021), Rosalita and Suyatmin (2024), and Hartawan and Lestari (2021) who state that capital structure does not have a significant effect, but differs from Veronika and Munandar (2022) who found a negative effect. Thus, the second hypothesis is rejected because capital structure in mining companies is not the main determinant in dividend distribution.

The influence of investment opportunities on dividend policy

The research results indicate that investment opportunities have a significant effect on dividend policy ($p = 0.000 < 0.05$), thus the third hypothesis is accepted. Investment opportunities reflect the company's chance to develop its business through projects with positive net present value. Companies with high investment opportunities usually retain earnings to finance expansion, resulting in lower dividends being distributed. This finding supports the notion that dividend policy is not only determined by current earnings but also by the company's future prospects (Mulyani et al., 2022).

In agency theory, this phenomenon can be explained through the conflict of interest between managers and shareholders. Shareholders may expect large dividends, but managers prefer to allocate profits to fund promising investment projects (Noviyana & Rahayu, 2021). Although this may potentially lead to conflicts, the decision is fundamentally an effort by managers to enhance the long-term value of the company. In other words, retaining dividends in companies with significant investment opportunities is a strategy to reduce external capital costs and maximize growth.

From the perspective of signaling theory, the presence of high investment opportunities can send a positive signal to investors that the company has good prospects for the future (Hariyani, 2023). Thus, even though the dividends paid are low, investors remain interested as they believe that retained earnings are used to fund productive projects. The results of this study are in line with Citta et al. (2022), Hariyani (2023), and Sukarti et al. (2023), which found a positive influence of investment opportunities on dividend policy. Therefore, the acceptance of the third hypothesis confirms that the main factor influencing the dividend policy of mining companies is the availability of potential investment projects.

The influence of capital growth on dividend policy

The research results indicate that company growth does not significantly affect dividend policy ($p = 0.088 > 0.05$), hence the fourth hypothesis is rejected. Company growth is generally seen as an indicator of business expansion that can enhance company value. However, in this study, growth was not proven to influence dividend policy. This suggests that even though a company experiences an increase in assets or sales, the dividend policy is still more influenced by other considerations such as investment needs and management strategies.

Within the framework of agency theory, high-growth companies tend to retain earnings to finance expansion, resulting in a decreased dividend payout ratio (Nai et al., 2022). However, the insignificance of the results in this study indicates that mining companies do not always consider growth as a decisive factor for dividends. This may be due to the capital-intensive characteristics of the industry, where asset growth does not always reflect the availability of cash for dividend payments. In other words, the growth that occurs may often stem more from external financing rather than from internal profits.

Meanwhile, signaling theory explains that corporate growth should be a positive signal for investors regarding future prospects (Sejati et al., 2020; Goldwin & Handayani, 2022). However, the results of this study actually indicate that investors in the mining sector do not use growth as the main reference in assessing dividend policies. These findings support the research by Sitorus (2022), Ginanjar (2022), and Purwaningsih and Lestari (2021), which also found no significant influence. Thus, the rejection of the fourth hypothesis strengthens the evidence that dividend

policies in mining companies are more determined by other strategic factors such as investment opportunities, rather than solely by corporate growth.

Conclusion

Based on the analysis results of mining companies listed on the Indonesia Stock Exchange during the period 2019–2023, it was found that free cash flow and capital structure do not have a significant effect on dividend policy, due to the differing interests between management, shareholders, and the funding needs of the company. Company growth also does not have a significant effect, as management considers retained earnings strategies or dividend distribution as signals of financial condition, rather than solely the level of asset growth. Meanwhile, investment opportunities have a significant positive effect on dividend policy, as promising investment opportunities become indicators of company growth and are used by management as positive signals for investors through dividend policy.

In this research, there are several limitations that need to be considered and may be taken into account for future research: 1. The study only uses four independent variables (free cash flow, capital structure, investment opportunities, and company growth), which means it does not fully explain other factors that also influence dividend policy. 2. The research focuses solely on mining companies listed on the Indonesia Stock Exchange (IDX) during the period of 2019–2023, so the results may not be relevant to other sectors or longer periods. 3. The data used comes from financial statements and annual reports of companies (secondary data), thus the analysis is entirely dependent on the accuracy and completeness of the published data without considering external factors or non-financial aspects.

Based on the conclusions and limitations that have been outlined, the following recommendations can be made for future research: 1. Future research is advised to add other variables such as profitability, company size, liquidity, and corporate governance to provide a more comprehensive analysis in explaining the factors that influence dividend policy. 2. Subsequent research could expand the sample to other sectors outside of mining or extend the observation period, so that the results are more representative and can be generalized. 3. Future research is expected to not only rely on secondary data from financial statements but also consider external factors and non-financial data, such as macroeconomic conditions or interviews with management, to achieve deeper analysis.

References

- Adiwibowo, A. S., Larasati, O., & Nurmala, P. (2021). Pengaruh free cash flow dan investment opportunity set terhadap kebijakan deviden. *Jurnal Riset Keuangan dan Akuntansi*, 7(1), 29–43. <https://doi.org/10.25134/jrka.v7i1.4400>
- Amri, P. (2022). Pengaruh kebijakan dividen terhadap harga saham. *Jurnal Ilmu dan Riset Akuntansi*, 11(8), 1–14.
- Ariada, K., & Wulandari, R. P. (2024). Pengaruh good corporate governance dan investment opportunity set terhadap kebijakan dividen. *Jurnal Inovasi Akuntansi (JIA)*, 2(1), 163–174. <https://doi.org/10.22373/jep.v12i1.147>
- Attahiriah, A. A., Suherman, A., & Sudarma, A. (2020). Pengaruh likuiditas terhadap kebijakan dividen. *2507*, 1–9.
- Brigham, E. F., & Houston, J. F. (2011). *Dasar-dasar manajemen keuangan*. Salemba Empat.
- Buchdadi Dharmawan, A., Hadistira, V., & Kurnianti, D. (2019). Pengaruh board size, board independence, dan ownership structure terhadap kebijakan dividen pada sektor manufaktur

- yang terdaftar di Bursa Efek Indonesia periode 2012–2016. *Jurnal Riset Manajemen Sains Indonesia*, 10(1).
- Citta, K. M. S. M., Merawati, L. K., & Tandio, D. R. (2022). Pengaruh solvabilitas, investment opportunity set, pertumbuhan perusahaan, cash ratio, dan laba bersih terhadap kebijakan dividen. *Jurnal Kharisma: Kumpulan Hasil Riset Mahasiswa Akuntansi*, 4(1), 330–341.
- CNN Indonesia. (2021, April 5). Bukit Asam tebar dividen Rp835 miliar. <https://www.cnnindonesia.com/ekonomi/20210405194053-85-626273/bukit-asam-tebar-dividen-rp835-miliar>
- Dewi, N. K. P. Y. D., & Astika, I. B. P. (2019). Pengaruh profitabilitas, kebijakan dividen, dan struktur modal pada nilai perusahaan. *E-Jurnal Akuntansi*, 29(2), 804. <https://doi.org/10.24843/eja.2019.v29.i02.p24>
- Dewi, S. R. K. (2023). Pengaruh kebijakan dividen dan struktur modal terhadap harga saham pada perusahaan manufaktur yang tercatat di Bursa Efek Indonesia. 3(1), 279–291.
- Dhaneswara, F., & Haryanto. (2019). Pengaruh laba, arus kas operasi dan arus kas bebas terhadap kebijakan dividen pada perusahaan non-keuangan (tahun 2008–2017). *Diponegoro Journal of Accounting*, 8(2), 1–13.
- Fasridon, F. (2022). Pengaruh biaya agensi, struktur kepemilikan, dispersion of ownership, dan struktur modal terhadap kebijakan deviden perusahaan manufaktur yang terdaftar di BEI tahun 2007–2011. *Cemerlang: Jurnal Manajemen dan Ekonomi Bisnis*, 2(3), 87–95. <https://doi.org/10.55606/cemerlang.v2i3.255>
- Gas, T. C. (2023). The effect of free cash flow and profitability on dividend policy. *COMSERVA: Jurnal Penelitian dan Pengabdian Masyarakat*, 2(9), 1650–1654.
- Goldwin, T. H., & Handayani, S. (2022). Pengaruh profitabilitas, besaran perusahaan, leverage, dan pertumbuhan perusahaan terhadap kebijakan dividen. *Diponegoro Journal of Accounting*, 11(2), 1–15.
- Hariyani, S. R. (2023). Pengaruh profitabilitas, leverage, investment opportunity set dan firm size terhadap kebijakan dividen. *Jurnal Ilmu dan Riset Akuntansi*, 12(2), 1–17.
- Hartawan, A., & Lestari, D. (2021). Pengaruh corporate governance, growth opportunities, dan struktur modal terhadap kebijakan dividen pada perusahaan LQ45 periode 2013–2017. *KALBISOCIO Jurnal Bisnis dan Komunikasi*, 8(1), 17–27.
- Heliani, H., Yulianti, R., & Hermawan, I. (2022). Pengaruh net profit margin, current ratio, debt to equity ratio, free cash flow dan firm size terhadap kebijakan dividen. *Moneter: Jurnal Akuntansi dan Keuangan*, 9(2), 162–170. <https://doi.org/10.31294/moneter.v9i2.13415>
- Hidayat, R. (2019). Pengaruh profitabilitas, struktur modal dan arus kas operasi terhadap kebijakan dividen perusahaan. *Jurnal Pendidikan Akuntansi & Keuangan*, 5(2), 20. <https://doi.org/10.17509/jpak.v5i2.15406>
- Krisardiyansyah, & Amanah, L. (2019). Pengaruh free cash flow, profitabilitas, likuiditas, dan leverage terhadap kebijakan dividen. *Jurnal Keuangan dan Perbankan*, 13(1), 78–87.
- Lestari, K. F., Tanuatmodjo, H., & Mayasari, M. (2017). Pengaruh likuiditas dan profitabilitas terhadap kebijakan dividen. *Journal of Business Management Education (JBME)*, 2(1), 243–250. <https://doi.org/10.17509/jbme.v4i1.2293>
- Lilis, L., & Suryanto. (2017). Faktor-faktor yang mempengaruhi kebijakan dividen: Ukuran perusahaan sebagai pemoderasi. *Jurnal Bisnis dan Akuntansi*, 19(1), 365–374.

- Lubis, M. S., Y. A. N., & E. S. (2020). Pengaruh struktur modal, net profit margin (NPM) dan ukuran perusahaan terhadap kebijakan dividen pada perusahaan sub sektor consumer goods yang terdaftar di Bursa Efek Indonesia periode 2011–2015. *Jurnal Ekonomi Bisnis Manajemen Prima*, 2(1), 19–34. <https://doi.org/10.34012/jebim.v2i1.1173>
- Mawardi, A. (2020). Analisis pertumbuhan perusahaan, struktur modal dan kebijakan dividen terhadap nilai perusahaan sektor properti, real estate dan konstruksi bangunan. *Eqien: Jurnal Ekonomi dan Bisnis*, 7(2), 62–70. <https://doi.org/10.34308/eqien.v7i2.140>
- Mulyani, N. P. S. A., Suryandari, N. N. A., & Putra, G. B. B. (2022). Pengaruh investment opportunity set, kepemilikan manajerial, kepemilikan institusional, dewan komisaris independen dan kebijakan dividen terhadap nilai perusahaan. *Jurnal Kharisma*, 4(3), 100–110.
- Muslimin, R. A., & Wenten, I. K. (2023). Pengaruh pertumbuhan aset, investment opportunity set (IOS), dan risiko bisnis terhadap kebijakan dividen. *Jurnal Akuntansi Barelang*, 8(1), 47–59.
- Nabela, E. F., & Widyawati, D. (2022). Pengaruh rasio keuangan terhadap kebijakan dividen pada perusahaan manufaktur yang terdaftar di BEI. *Jurnal Ilmu dan Riset Akuntansi*, 11(2), 1–20.
- Nai, N. L., Wiyono, G., & Maulida, A. (2022). Pengaruh profitabilitas, struktur kepemilikan dan pertumbuhan perusahaan terhadap kebijakan dividen pada perusahaan manufaktur. *Reslaj: Religion Education Social Laa Roiba Journal*, 4(4), 1059–1075. <https://doi.org/10.47467/reslaj.v4i4.1068>
- Noviyana, N., & Rahayu, Y. (2021). Pengaruh firm size, investment opportunity set (IOS), profitabilitas, dan likuiditas terhadap kebijakan dividen. *Jurnal Ilmu dan Riset Akuntansi*, 10(5), 1–17.
- Patricia, N. F., & Septiyani, R. (2024). Pengaruh kepemilikan manajerial, kebijakan hutang, kepemilikan institusional, profitabilitas, free cash flow, pertumbuhan perusahaan dan ukuran perusahaan terhadap kebijakan deviden. *Management Studies and Entrepreneurship Journal*, 5(2), 4666–4684. <http://journal.yrpiiku.com/index.php/msej>
- Pramastuti, S. (2007). *Analisis kebijakan dividen: Pengujian signalling theory dan rent extraction hypothesis*. <https://etd.repository.ugm.ac.id/penelitian/detail/32959>
- Purwaningsih, E., & Lestari, K. (2021). Pengaruh struktur kepemilikan, struktur modal dan pertumbuhan aset terhadap kebijakan dividen. *JSIKAP*, 6(1), 108–124. <https://doi.org/10.32897/jsikap.v6i1.792>
- Rahman, O. A., Hasanuddin, H., & Abdullah, J. (2022). Analisis faktor-faktor yang mempengaruhi kebijakan dividen. *Gorontalo Accounting Journal*, 5(2), 120. <https://doi.org/10.32662/gaj.v5i2.1949>
- Rice, & Sulia. (2014). Pengaruh pertumbuhan perusahaan dan rasio keuangan terhadap kebijakan dividen pada perusahaan LQ-45. *Jurnal Wira Ekonomi Mikroskil*, 4(1), 21–30. <https://doi.org/10.55601/jwem.v4i1.210>
- Rosalita, D., & Suyatmin. (2024). Pengaruh pertumbuhan perusahaan, ukuran perusahaan, struktur modal, dan return on equity terhadap kebijakan dividen. *Al-Kharaj: Jurnal Ekonomi, Keuangan & Bisnis Syariah*, 6(8), 78–86. <https://doi.org/10.47467/alkharaj.v6i8.4510>
- Sejati, F. R., Ponto, S., Prasetianingrum, S., Sumartono, S., & Sumbari, N. N. (2020). Faktor-faktor yang mempengaruhi kebijakan dividen. *Berkala Akuntansi dan Keuangan Indonesia*, 5(2), 110. <https://doi.org/10.20473/baki.v5i2.21480>

- Sitorus, N. I. S., & Marbun, P. (2024). Pengaruh inflasi, good corporate governance, dan investment opportunity set terhadap kebijakan dividen pada perusahaan food and beverage yang terdaftar di BEI tahun 2019–2023. *Jurnal Ekonomi dan Perbankan Syariah*, 9(5), 3160–3169. <https://doi.org/10.22373/jep.v12i1.147>
- Sitorus, P. R. (2022). Pengaruh likuiditas, leverage, profitabilitas, dan pertumbuhan perusahaan terhadap kebijakan dividen pada perusahaan manufaktur sektor food and beverage yang terdaftar di BEI. *Akuntansi Prima*, 4(2), 1–17. <https://doi.org/10.34012/japri.v4i2.2946>
- Sukarti, M., Rapel, R., & Rosel, R. (2023). Pengaruh investment opportunity set, kebijakan utang, pertumbuhan perusahaan dan collateralizable assets terhadap kebijakan dividen. *Balance: Media Informasi Akuntansi dan Keuangan*, 14(2), 57–67. <https://doi.org/10.52300/blnc.v14i2.8567>
- Taniel, L., Kurniawan, F. X., & Universitas Tarumanagara. (2024). Analisis pengaruh arus kas bebas, struktur modal, dan investment opportunity set terhadap kebijakan dividen. *Jurnal Pajak dan Akuntansi*, 6(3), 1456–1465. <https://doi.org/10.24912/jpa.v6i3.31434>
- Tresnonegoro, G. (2021). Pengaruh profitabilitas, free cash flow, dan investment opportunity set terhadap kebijakan dividen. *Jurnal Ilmu dan Riset Akuntansi*, 10(12), 1–14.
- Trisna, I. K. E. R., & Gayatri, G. (2019). Ukuran perusahaan memoderasi pengaruh free cash flow dan leverage terhadap kebijakan dividen. *E-Jurnal Akuntansi*, 26(1), 484. <https://doi.org/10.24843/eja.2019.v26.i01.p18>
- Veronika, W., & Munandar, A. (2022). Pengaruh rasio keuangan terhadap kebijakan dividen berfokus pada perusahaan pertambangan 2019–2021. *Jurnal Ekonomi Pembangunan STIE Muhammadiyah Palopo*, 8(2), 121. <https://doi.org/10.35906/jep.v8i2.1129>
- Widiarko, I. (2023). Saham dengan dividen terbesar 2023, emiten sektor pertambangan masih mendominasi. <https://www.idxchannel.com/market-news/saham-dengan-dividen-terbesar-2023-emiten-sektor-pertambangan-masih-mendominasi>
- Wulandari, B., Siahaan, A., Sitinjak, C. V., & Purba, I. R. (2022). Pengaruh likuiditas, free cash flow, leverage, growth, profitabilitas, dan ukuran perusahaan terhadap kebijakan dividen pada perusahaan manufaktur di Indonesia. *Jurnal Manajemen Terapan dan Keuangan*, 11(1), 211–224. <https://doi.org/10.22437/jmk.v11i01.15864>
- Wiyono, G., & Rana, O. Y. (2023). Pengaruh struktur modal, tingkat pertumbuhan, ukuran perusahaan terhadap kebijakan dividen pada perusahaan sektor industri barang konsumsi yang terdaftar di BEI tahun 2018–2021. *Reslaj: Religion Education Social Laa Roiba Journal*, 6(3), 1302–1312. <https://doi.org/10.47467/reslaj.v6i3.5027>
- Yanti, U., Habibah, H., & Jatiningrum, C. (2023). Pengaruh pertumbuhan perusahaan, good corporate governance dan kinerja keuangan terhadap nilai perusahaan. *ECo-Fin*, 5(3), 304–315. <https://doi.org/10.32877/ef.v5i3.985>
- Yunita, E. V., & Subardjo, A. (2023). Pengaruh profitabilitas, free cash flow, likuiditas, dan investment opportunity set terhadap kebijakan dividen. *Jurnal Ilmiah Akuntansi dan Keuangan (JIAKu)*, 2(1), 80–96. <https://doi.org/10.24034/jiaku.v2i1.5809>
- Zubaedah, I. (2020). Pengaruh struktur modal, kebijakan dividen dan profitabilitas terhadap nilai perusahaan pada sektor perbankan. <https://eprints.universitaspurabangsa.ac.id/id/eprint/1843>