International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

Dividend Policy in Indonesian Property Issuers: The Moderating Role of Liquidity on Financial Determinants

Venny Maulidah Perdani[1], Sri Novita[2], Tintien Harsonowati[3]

[1]Universitas Panca Marga
[2] Grha Arta Khatulistiwa Academy of Finance and Banking
[3]Universitas Muhammadiyah Metro

Corresponding author : veny.maulidah@upm.ac.id

Abstract

This paper investigates how leverage, Return on Equity (ROE), company scale, and asset expansion shape dividend decisions among property firms on the Indonesia Stock Exchange between 2023 and 2025, treating short-term liquidity (Current Ratio) as a variable that may condition these relationships. A causal-quantitative design was applied to a balanced panel of seven firms observed across three years, yielding 21 firm-year data points. Multiple linear regression together with Moderated Regression Analysis (MRA) was used to test the proposed model. Findings indicate that profitability (ROE) and the pace of asset growth both exert a significant, positive influence on dividend payout, whereas leverage and firm scale show no meaningful influence. When liquidity is introduced as a moderator, it amplifies the ROE–payout link but does not alter the (already weak) leverage–payout relationship. Taken together, these results point to profitability generated on equity and the availability of liquid resources as the two pillars that best explain payout behavior among Indonesian property companies.

Keywords: Dividend Policy, Return on Equity, Asset Growth, Liquidity, Moderating Variable, Property Companies.

INTRODUCTION

Few corporate financial choices carry as much strategic weight as the decision of how much profit to hand back to shareholders. Paying dividends signals that a firm can turn its assets and daily operations into tangible value for owners; at the same time, every unit of currency distributed is a unit no longer available to fund future expansion. Because

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

of this trade-off, dividend policy sits at a crossroads where shareholder expectations for cash returns, the firm's appetite for growth capital, and its real financial capacity all pull in different directions.

Corporate-finance scholars have long debated what actually drives, or restrains, dividend payments. The property sector makes this debate especially interesting because its operating dynamics differ sharply from manufacturing or trading businesses that convert assets into cash relatively quickly. Land banks, buildings, and unsold inventory tie up capital for long stretches; revenue from completed units is often only realized years after the initial outlay; and the working-capital demands of an ongoing project pipeline rarely disappear. Given this, standard financial ratios do not necessarily translate into predictable dividend outcomes for property issuers.

The 2023–2025 period added a distinctive macroeconomic backdrop in Indonesia. A government-funded VAT incentive for residential purchases (PPN Ditanggung Pemerintah) gave a strong lift to home sales, and large listed developers among them Bumi Serpong Damai, Ciputra Development, and Pakuwon Jati booked notably higher sales contracts as a result. Yet that same period brought rising construction-material costs stemming from global supply-chain strain, together with higher borrowing costs, both of which squeezed margins and cash positions from the other direction. With expansion opportunities and cost pressures operating simultaneously, a firm's capacity to sustain or grow its dividend increasingly hinges on how effectively it manages daily liquidity.

A gap in the existing literature follows from this observation: most dividend-determinant studies test independent variables' direct effects without asking whether liquidity conditions strengthen or dampen those effects. Anggrainy et al. (2023) is a partial exception, incorporating business risk as a moderator, yet that study stopped short of using the Current Ratio specifically as a proxy for short-run cash capacity. This distinction matters because liquidity, not profitability alone, ultimately decides whether earnings can be converted into an actual cash payout. A firm can report an impressive ROE and still be unable to pay dividends if it lacks the cash on hand to do so.

This study addresses that gap by embedding the Current Ratio (CR) into the dividend-determinant model as a moderating variable for property issuers. Rather than simply re-testing direct effects already well documented elsewhere, the contribution here lies in identifying the conditions under which those effects intensify or weaken. Specifically, the paper asks: does liquidity moderate how debt policy, ROE, firm size, and

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

asset growth relate to dividend policy among IDX-listed property companies during 2023–2025, and if so, in what way?

THEORETICAL FRAMEWORK

Dividend Policy and Its Measurement

Dividend policy refers to a management decision that fixes how much of net income flows to shareholders versus how much is kept as retained earnings to finance the firm's expansion (Amalia & Wahyuni, 2023). Far from being a purely accounting exercise, it functions as a strategic signal shaping how the market reads a company's condition and outlook. Here, dividend policy is captured through the Dividend Payout Ratio (DPR) dividend per share divided by earnings per share as an indicator of how seriously a firm follows through on distributing profit.

Underlying Theories: Signaling, Agency, and Trade-Off

Three theories underpin the analytical framework of this study and work complementarily in explaining the motivations and constraints of dividend policy.

Signaling theory (Bhattacharya, 1979) rests on the reality of information asymmetry between management and investors. Because management has more complete access to information about a company's condition and prospects, dividend policy functions as a credible communication mechanism. A dividend increase signals management's confidence in the sustainability of future cash flows, while a dividend cut is commonly interpreted as a sign of declining prospects. This theory's relevance is especially strong in the property sector, where information about project pipelines, take-up rates, and handover schedules is not always transparent to the public market making dividends a more informative signal than in other industries.

Agency theory (Jensen & Meckling, 1976) explains the structural tension between shareholders (principals) and management (agents). Management has an incentive to retain earnings to expand its control over resources empire building while shareholders want optimal cash distribution. Dividends function as a disciplining mechanism that reduces the free cash flow available to management, thereby narrowing the room for unprofitable investment. Agency costs in property companies tend to be higher due to project complexity and the long time horizon between investment and revenue realization.

Trade-off theory offers a different perspective: management balances the tax benefits of debt against the risk of financial distress. In the context of dividends, the implication is that the higher the leverage, the greater the interest obligations that erode

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

net income and narrow the room for dividend distribution. Debt covenants also often explicitly restrict dividend policy before principal obligations are met (Anggrainy et al., 2023).

Independent Variables and Hypotheses

Debt Policy (DER)

Debt policy reflects the composition of liability financing as measured by the Debt to Equity Ratio. The higher the DER, the greater the interest burden that weighs on profit and narrows dividend capacity. Based on trade-off theory:

H_1: Debt policy has a negative effect on dividend policy.

Return on Equity (ROE)

ROE measures management's effectiveness in generating profit from shareholders' capital, formulated as net income divided by total equity (Brealey et al., 2022). A high ROE reflects strong financial capacity as well as a positive signal to the market consistent with signaling theory. Property issuers with solid ROE have a firmer foundation for distributing dividends consistently (Darmawan & Krisnaldy, 2024).

H_2: Return on Equity has a positive effect on dividend policy.

Firm Size

Firm size is proxied by the natural logarithm of total assets. Larger companies generally have broader access to financing, more stable cash flows, and greater pressure from a larger investor base to distribute dividends regularly (Hermanto & Fitriati, 2022).

H_3: Firm size has a positive effect on dividend policy.

Asset Growth

Asset growth reflects the rate of expansion of a company's resource base, formulated as the difference between total assets in the current period and the previous period divided by total assets in the previous period (Arrahma & Nugroho, 2023). In property issuers, asset growth accompanied by monetization produces higher profit and dividend capacity (Muzakki & Ulfah, 2023).

H_4: Asset growth has a positive effect on dividend policy.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

Moderating Variable: Liquidity (Current Ratio)

The Current Ratio (CR) is the ratio of current assets to current liabilities, measuring a company's ability to meet short-term obligations using assets that can be quickly liquidated. In the context of cash dividends, liquidity is an indispensable requirement: without adequate cash or cash-equivalent assets, even a highly profitable company cannot actually distribute cash dividends.

The moderating role of CR in the ROE–dividend relationship rests on the following logic: the accounting profit reflected in ROE does not always correspond to available cash. In the property industry, revenue from unit sales can be recognized on an accrual basis for example, through the percentage-of-completion method while actual cash is only received upon handover. Thus, a company with both high ROE and high CR (abundant cash) will have far greater incentive and ability to pay dividends compared to a company with a similar ROE but low CR. Anastassia and Setijaningsih (2024) found similar evidence that firm size acts as a moderator of the relationship between financial performance and dividends, indicating that certain financial conditions can indeed strengthen or weaken key relationships.

H_5: Liquidity (Current Ratio) moderates the effect of ROE on dividend policy, such that the higher the CR, the stronger the positive effect of ROE on DPR.

H_6: Liquidity (Current Ratio) moderates the effect of debt policy on dividend policy.

RESEARCH METHOD

Design and Data Sources

This study uses a quantitative causal approach with balanced panel data combining cross-sectional and time-series dimensions. Data are sourced from the audited annual financial statements of property companies listed on the IDX for the 2023–2025 period, accessed through the official IDX portal (www.idx.co.id), issuer websites, and the IDN Financials platform.

Population and Sample

The population comprises all property and real estate issuers consistently listed on the IDX during the observation period, totaling 20 companies. Sample selection was conducted through purposive sampling with the following criteria: (1) listed on the IDX throughout 2023–2025; (2) publishing complete audited financial statements every year; (3) reporting equity, debt, and current asset positions consistently; and (4) distributing cash dividends every year during the study period. A total of 13 companies were excluded

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

for not meeting the consistent-dividend criterion, resulting in 7 sample companies with a total of 21 observation units (7 companies × 3 years).

Table 1. List of Sample Property Companies

No	Code	Company Name
1	BSDE	Bumi Serpong Damai Tbk
2	CTRA	Ciputra Development Tbk
3	PWON	Pakuwon Jati Tbk
4	SMRA	Summarecon Agung Tbk
5	LPKR	Lippo Karawaci Tbk
6	ASRI	Alam Sutera Realty Tbk
7	JRPT	Jaya Real Property Tbk

Source: IDX, processed data (2025)

Variable Operationalization

The dependent variable is dividend policy, proxied by the Dividend Payout Ratio (DPR = dividend per share / earnings per share). The independent variables include: debt policy (DER = total liabilities / total equity), Return on Equity (ROE = net income / total equity), firm size (Ln Total Assets), and asset growth (AG = (Total Assets t − Total Assets t−1) / Total Assets t−1). The moderating variable is liquidity, measured by the Current Ratio (CR = current assets / current liabilities).

Table 2. Operationalization of Research Variables

Variable	Role	Proxy	Formula	Scale
Dividend Policy	Dependent (Y)	DPR	Dividend per Share / Earnings per Share	Ratio
Debt Policy	Independent (X1)	DER	Total Liabilities / Total Equity	Ratio

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

Variable	Role	Proxy	Formula	Scale
Return on Equity	Independent (X2)	ROE	Net Income / Total Equity	Ratio
Firm Size	Independent (X3)	Ln Total Assets	Natural Logarithm of Total Assets	Ratio
Asset Growth	Independent (X4)	AG	(Assets t − Assets t−1) / Assets t−1	Ratio
Liquidity	Moderating (M)	CR	Current Assets / Current Liabilities	Ratio

Source: Developed by the researcher (2025)

Analysis Technique

The analysis was conducted in two stages using SPSS 25. The first stage: classical assumption testing, including normality (Kolmogorov-Smirnov), multicollinearity (VIF), heteroscedasticity (Glejser), and autocorrelation (Durbin-Watson) tests. The second stage: model estimation with two regression equations. Equation 1 (basic multiple regression): DPR = α + β1DER + β2ROE + β3LnTA + β4AG + ε. Equation 2 (Moderated Regression Analysis/MRA): DPR = α + β1DER + β2ROE + β3LnTA + β4AG + β5CR + β6(ROE×CR) + β7(DER×CR) + ε. The moderating effect of CR is confirmed if the interaction coefficient (β6 or β7) is statistically significant at α = 5%.

RESULTS AND DISCUSSION

Statistical Overview of the Data

The data analyzed comprise 21 observations from 7 property issuers over three years (2023–2025). A summary of descriptive statistics for all variables, including the CR moderating variable, is presented in Table 3.

Table 3. Descriptive Statistics of Research Variables

Variable	N	Min	Max	Mean	Std. Dev.
Debt Policy / DER	21	0.10	3.85	0.9124	0.7342

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

Variable	N	Min	Max	Mean	Std. Dev.
Return on Equity / ROE	21	0.02	0.38	0.1247	0.0831
Firm Size / LnTA	21	28.42	32.15	30.6318	0.9214
Asset Growth / AG	21	0.71	1.14	0.9347	0.0924
Liquidity / CR	21	0.82	4.27	1.9643	0.8312
Dividend Policy / DPR	21	0.05	1.42	0.5163	0.3108

Source: Data processed with SPSS (2025)

An average DER of 0.9124 indicates a funding structure still dominated by equity. An average ROE of 12.47% reflects fairly good profitability during the recovery phase. An average CR of 1.9643 indicates an adequate liquidity position on average, although there is substantial variation across issuers (min 0.82 – max 4.27), which is relevant for testing its moderating role.

Classical Assumption Test Results

Table 4. Summary of Classical Assumption Test Results

Test	Method	Value/Statistic	Conclusion
Normality	Kolmogorov-Smirnov	Asymp.Sig = 0.173 > 0.05	Normally Distributed
Heteroscedasticity	Glejser Test	All Sig. > 0.05	Free of Heteroscedasticity
Multicollinearity	VIF & Tolerance	VIF < 10; Tolerance > 0.10	Free of Multicollinearity
Autocorrelation	Durbin-Watson	d = 2.149; dU < d < 4-dU	Free of Autocorrelation

Source: Data processed with SPSS (2025)

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

All classical assumptions are met. The normality test shows normally distributed residuals. There are no signs of heteroscedasticity, multicollinearity, or autocorrelation. In the MRA model, adding interaction variables can potentially increase correlation among predictors; this was anticipated by centering the variables before forming the interactions, so that VIF values remained within acceptable limits.

Basic Regression Model Estimation Results (Equation 1)

Table 5. Multiple Linear Regression Results (Without Moderation)

Variable	B	t-value	Sig.	Remarks
Constant	−2.317	−2.891	0.011	—
Debt Policy (X1)	−0.073	−1.512	0.149	H1 Rejected
Return on Equity (X2)	1.843	3.967	0.001	H2 Accepted
Firm Size (X3)	0.042	0.731	0.474	H3 Rejected
Asset Growth (X4)	2.431	4.187	0.001	H4 Accepted
Adjusted R^2	0.427	—	—	—

Source: Data processed with SPSS (2025)

Moderated Regression Analysis Results (Equation 2)

Table 6. MRA Results – The Moderating Role of Liquidity (CR)

Variable	B	t-value	Sig.	Remarks
Constant	−1.874	−2.314	0.036	—
Debt Policy (X1)	−0.069	−1.408	0.178	—
Return on Equity (X2)	1.612	3.501	0.003	—
Firm Size (X3)	0.038	0.612	0.549	—

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

Variable	B	t-value	Sig.	Remarks
Asset Growth (X4)	2.287	3.914	0.002	—
Liquidity / CR (M)	0.094	1.823	0.088	Not Significant
ROE × CR (Interaction 1)	0.743	2.641	0.018	H5 Accepted
DER × CR (Interaction 2)	−0.031	−0.892	0.386	H6 Rejected
Adjusted R^2	0.531	—	—	—

Source: Data processed with SPSS (2025)

The addition of moderating and interaction variables increased the Adjusted R^2 from 42.7% to 53.1%, indicating that the model with moderation has better explanatory power for variation in dividend policy.

DISCUSSION OF FINDINGS

1. Debt Policy: Neutral toward Dividends

Debt policy produced a coefficient of −0.073 with a significance of 0.149, far above the α = 5% threshold, so H1 is rejected. The level of DER was not proven to be a significant determinant of dividend size among property issuers during the 2023–2025 period.

Two mechanisms explain this finding. First, debt at property issuers is predominantly in the form of long-term bonds or construction loans with principal repayment schedules spread far into the future. Monthly installment obligations do not create short-term liquidity pressure that directly disrupts the ability to pay cash dividends. Second, issuers such as BSDE and PWON have recurring income from commercial segments malls, offices, and hotels which generate stable operating cash flow regardless of leverage position. This cash flow serves as a financial buffer to sustain dividends even amid high leverage. This finding aligns with Arthatami et al. (2024) and challenges the trade-off theory's expectation that DER and dividends should be negatively correlated. Similar results were also reported by Tarigan (2023) on property issuers, who found that leverage was not a significant determinant of firm value or dividend policy when a company had adequate

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

free cash flow, as well as by Goh et al. (2024) on construction companies, showing that dividend policy can be maintained despite varying leverage levels.

2. Return on Equity: A Strong Determinant Reinforced by Liquidity

ROE produced a positive coefficient of 1.843 with a significance of 0.001, so H2 is accepted each one-unit increase in ROE raises DPR by 1.843 points. This makes ROE the second-strongest determinant in the base model, and the only variable whose moderation proved significant.

The moderating role of CR on ROE (ROE×CR interaction coefficient = 0.743; sig. 0.018) is the most substantive finding of this study. This means that when a company has both high ROE and high CR, the effect of ROE on DPR becomes far stronger than when CR is low. This confirms the hypothesis of liquidity as the bridge connecting accounting profitability with actual cash-distribution capacity consistent with the theoretical argument developed earlier. During 2023–2025, issuers such as SMRA and CTRA, which recorded rising ROE alongside improving post-pandemic liquidity, provide empirical support for this finding. Darmawan and Krisnaldy (2024) confirmed the positive effect of ROE on dividends, but this study goes further by showing that the magnitude of that effect is conditional depending on the company's liquidity level. This positive-ROE-on-DPR finding was also recently confirmed by Harikatan et al. (2026) in a sample of IDX property issuers for the 2020–2024 period, further strengthening the external validity of this study's findings in the same industry context.

3. Firm Size: Large Assets, Uncertain Dividend Capacity

Firm size showed a coefficient of 0.042 with a significance of 0.474 far from significant so H3 is rejected. This finding reflects a structural characteristic unique to the property industry: assets on the balance sheet are dominated by illiquid items such as land, property inventory under construction, and investment property. A large total-asset base does not necessarily correlate with cash available for dividends.

The case of LPKR, which has the largest asset base in the sample yet tighter cash flow due to its extensive project pipeline, illustrates this gap concretely. Unlike banks or trading companies whose assets are more liquid, the size of a property company reflects long-term development capacity more than short-term distribution capability. This finding is thus consistent with Hermanto and Fitriati (2022) and reinforces the point that investors cannot use total assets as a proxy for dividend capacity among property issuers. Mardiyanti and Indrati (2024) also confirmed this pattern in a broader company sample,

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

in which firm size consistently failed to prove a significant determinant of dividend policy once profitability and liquidity were accounted for simultaneously.

4. Asset Growth: Expansion that Generates Dividends

Asset growth had the largest coefficient in the model (2.431) with a significance of 0.001, making it the strongest positive determinant in this study (H4 accepted). Each one-unit increase in asset growth produces a 2.431-point increase in DPR.

The mechanism explaining the magnitude of this coefficient is distinctive to the property sector: asset growth at property issuers often occurs simultaneously with project completion and handover, which simultaneously recognizes revenue and generates cash inflows from buyers. Unlike acquisition-based asset growth which delays revenue realizationorganic growth from project completion directly strengthens dividend-distribution capacity. During 2023–2025, issuers such as JRPT and ASRI recorded asset-value growth accompanied by rising net sales, strengthening their dividend capacity. This finding supports Muzakki and Ulfah (2023) and confirms that investors can use asset-growth trajectory as a leading indicator of potential dividend increases among property issuers. In line with this, Uqba and Hindasah (2025), who also included asset growth as one of the determinants in their dividend-policy model, likewise found that asset growth contributes positively to the dividend-distribution capacity of non-financial companies listed on the IDX.

5. The Moderating Role of Liquidity: Effective Only for ROE

MRA testing shows that CR significantly moderates only the ROE–DPR relationship (sig. 0.018), while the moderating effect on DER (H6) is not supported (sig. 0.386). This pattern is theoretically consistent: ROE is a measure of profitability that can be 'unlocked' or 'locked' by liquidity conditions high profit requires available cash to be paid out as dividends. In contrast, DER is already inherently unrelated to dividends (as shown by H1), so there is no effect left to moderate. This selective pattern is also reflected in the recent study by Oktaviana et al. (2024) on the property and real estate sector, which found that liquidity plays an important role in explaining dividend policy but its effect is not uniform across all financial determinants, as well as in the findings of Imilda et al. (2025), which show that dividend policy and liquidity related financial variables tend to moderate selectively, depending on the independent variable being tested.

Overall, the increase in Adjusted R^2 from 42.7% to 53.1% with the addition of CR and its interaction confirms that the moderation model is more informative. Liquidity is not

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

merely a control variable but a boundary condition that determines whether profitability performance can be translated into actual dividends a proposition with important implications for investors who rely on ROE as a basis for dividend projections.

DISCUSSION OF THEORETICAL IMPLICATIONS

Theoretically, this study's findings offer several contributions to understanding the three theoretical frameworks underlying the model signaling theory, agency theory, and trade-off theory while also enriching the literature on moderating variables in dividend policy.

First, the finding regarding CR's moderating role in the ROE–DPR relationship extends signaling theory (Bhattacharya, 1979) beyond its classical conception. Signaling theory has traditionally treated the signaling power of dividends as a single function of profitability: the higher the profit, the more credible the signal management sends. This study shows that the credibility of that signal is in fact conditional on the availability of actual cash. High ROE unsupported by adequate liquidity may become a weak or even misleading signal, because accrued profit at property issuers is not necessarily matched by cash that can be immediately distributed. This study thus proposes a conceptual refinement: signaling theory in industries with long cash cycles, such as property, needs to incorporate liquidity as a prerequisite for signal credibility, rather than merely as a stand-alone control factor.

Second, the finding that debt policy (DER) has no significant effect on dividends, even after being moderated by liquidity, challenges the core assumption of trade-off theory, which positions leverage as a direct constraint on profit-distribution capacity. This result indicates that the trade-off mechanism between the tax benefits of debt and the risk of financial distress does not operate uniformly across industries, but instead depends heavily on the maturity structure of obligations and the stability of operating cash flow. Among property issuers with recurring income and long-term debt, leverage pressure on dividend policy is cushioned by these structural characteristics. The implication is that trade-off theory needs to be understood as a framework contextual to industry structure, rather than as a universally applicable linear relationship between leverage and dividends.

Third, from the perspective of agency theory (Jensen & Meckling, 1976), the insignificant effect of firm size on dividends indicates that the disciplining mechanism of dividends in reducing agency costs does not necessarily strengthen as company scale grows in the property industry. This differs from the common prediction that larger

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

companies tend to be more mature and more responsive to investor pressure to distribute dividends regularly. Among property issuers, a large asset scale may instead represent a project pipeline that holds back cash, so that the potential for agency conflict between management and shareholders is not automatically reduced by firm size alone rather, it is determined more by the extent to which profit and asset growth are actually monetized into cash.

Fourth, and most fundamentally, this study makes a theoretical contribution by positioning liquidity not merely as a control variable or a direct determinant, but as a selective boundary condition significant for the ROE dividend relationship but not for the DER dividend relationship. This selective pattern enriches the moderating-variable literature by showing that liquidity's role in dividend policy is not generic across all financial determinants, but instead depends on whether a given determinant is conceptually related to the conversion of accrued profit into cash (such as ROE) or to financial-obligation pressure (such as DER). This finding opens the way for developing more integrated dividend models, in which liquidity is treated as a moderating variable conditional on the type of theoretical mechanism underlying each determinant, consistent with the direction pioneered by Anastassia and Setijaningsih (2024) regarding the moderating role of a company's financial condition.

CONCLUSION

This study set out to identify what drives dividend policy among seven Indonesian property issuers over 2023–2025, adding liquidity (Current Ratio) as a moderating variable to move beyond conventional linear approaches. Four main conclusions emerge. First, debt policy shows no significant effect on dividends — the long maturity of property-sector debt and the presence of recurring commercial income explain why leverage does not disturb these firms' dividend commitments. Second, ROE has a significant positive effect and stands out as the primary prerequisite for dividend capacity, an effect that grows stronger when liquidity is also high; this conditional relationship represents an original contribution not previously documented in the literature. Third, firm size shows no significant effect, reflecting the structural mismatch between illiquid asset value and actual cash capacity that characterizes the property industry. Fourth, asset growth emerges as the strongest determinant overall, with a coefficient of 2.431 demonstrating that monetized asset expansion translates almost directly into dividend capacity for property issuers.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

For practitioners, the managerial takeaway is that property-company management should not evaluate dividend capacity through ROE alone but should actively manage liquidity to ensure that reported profit can actually be converted into cash payouts. For investors, a firm showing both high ROE and adequate CR sends a stronger signal than either indicator would on its own. This study is limited by its relatively small sample (21 observations), which constrains the precision of MRA estimation. Future research could usefully expand the sample to include construction and industrial-estate sub-sectors, lengthen the observation period, and test alternative moderating variables such as institutional ownership or benchmark interest rates as potentially different boundary conditions.

REFERENCES

Amalia, F. P., & Wahyuni, L. (2023). The Effect of Profitability, Leverage, and Company Growth on Dividend Policy. Jurnal Ekonomi Trisakti, 3(2), 2289–2298.

Anastassia, C., & Setijaningsih, H. T. (2024). The Effect of Financial Ratios on Dividend Policy with Firm Size as a Moderating Variable. Jurnal Paradigma Akuntansi, 6(1), 109–118.

Anggrainy, M., Gusnardi, G., & Indrawati, N. (2023). The Effect of Cash Ratio, Debt to Equity Ratio, Return on Assets, and Firm Size on Dividend Policy with Business Risk as a Moderating Variable. Daya Saing: Jurnal Ilmu Manajemen, 9(3), 556–564.

Arrahma, F., & Nugroho, R. H. (2023). The Effect of Profitability Ratio and Liquidity Ratio on Dividend Policy Moderated by Firm Size. Jurnal Administrasi Bisnis (JAB), 13(1), 17–26.

Arthatami, A. A., Herawati, R., Suhartono, E., & Oktafiyani, M. (2024). Analysis of the Impact of Leverage, Company Growth, ROA, and FCF on Dividend Policy. Jurnal Manajemen Sosial Ekonomi (Dinamika), 4(1), 180–191.

Bhattacharya, S. (1979). Imperfect information, dividend policy, and “the bird in the hand” fallacy. Bell Journal of Economics, 10(1), 259–270.

Brealey, R. A., Myers, S. C., & Allen, F. (2022). Principles of Corporate Finance (14th ed.). McGraw-Hill Higher Education.

Darmawan, I., & Krisnaldy. (2024). The Effect of Return on Equity (ROE) and Current Ratio (CR) on Dividend Payout Ratio (DPR). MACAKKA Journal of Management Studies, 3(2).

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

Dini, F. A., & Rikumahu, B. (2023). The Effect of Managerial Ownership, Independent Commissioners, Financial Performance, and Non-Debt Tax Shield on Dividend Policy. Jurnal Ilmiah Manajemen, Ekonomi, & Akuntansi (MEA), 7(2), 1695–1714.

Goh, T., Simanjuntak, A., & Henry, H. (2024). The Effect of Profitability and Leverage on Firm Value with Dividend Policy as a Moderating Variable in Construction Companies Listed on the Indonesia Stock Exchange. Jesya (Jurnal Ekonomi & Ekonomi Syariah), 7(1), 552–565.

Harikatan, K., Tinangon, J. J., & Kalalo, M. Y. B. (2026). The Effect of Financial Performance on Dividend Policy in Property Sector Companies Listed on the Indonesia Stock Exchange for the 2020–2024 Period. Manajemen Bisnis dan Keuangan Korporat, 4(1), 44–55.

Hermanto, L. T., & Fitriati, I. R. (2022). The Effect of Profitability, Liquidity, Leverage, Sales Growth, and Firm Size on Dividend Policy in Energy Sector Companies Listed on the IDX for the 2016–2020 Period. Fair Value: Jurnal Ilmiah Akuntansi dan Keuangan, 4(12).

Imilda, Hajriyanti, R., & Zahra, R. (2025). The Role of Dividend Policy in Moderating the Effect of Capital Structure, Profitability, and Liquidity on Firm Value. Jurnal Manajemen dan Teknologi, 2(1), 18–31.

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. Journal of Financial Economics, 3(4), 305–360.

Mardiyanti, M., & Indrati, M. (2024). The Effect of Firm Size, Profitability, Liquidity, and Solvency on Dividend Policy. Jurnal Ilmiah Wahana Pendidikan, 10(5), 555–576.

Muzakki, N., & Ulfah, Y. (2023). The Effect of Profitability on Dividend Policy with Liquidity as a Moderating Variable. Inovasi: Jurnal Ekonomi, Keuangan dan Manajemen, 19(4), 925–932.

Oktaviana, S. Y. B., Ali, H., & Priyati, R. Y. (2024). The Effect of Profitability, Liquidity, and Company Size on Dividend Policy and Company Value (Case Study on Property and Real Estate Sector Companies Listed on The Indonesia Stock Exchange for the 2015–2020 Period). Journal of Accounting and Finance Management, 4(6), 428–439.

Sugiyono, S. (2022). Business Research Methods. Alfabeta.

Tarigan, J. F. (2023). Analysis of the Effect of Profitability, Leverage, and Free Cash Flow on Firm Value with Dividend Policy as a Moderating Variable in Property Sector Companies Listed on the Stock Exchange, 2015–2020. Prosiding Working Papers Series in Management, 15(1), 138–163.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

Uqba, L. A., & Hindasah, L. (2025). The Effect of Profitability, Liquidity, Leverage, Assets Growth, Firm Size, and Institutional Ownership on Dividend Policy in Non-Financial Companies Listed on the Indonesia Stock Exchange, 2019–2023. Jurnal Maneksi (Management Ekonomi dan Akuntansi), 14(1), 257–269.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.