*Proceeding Book of **The 6th ICMEM 2021**, 11-13 August 2021, Bandung, Indonesia*
***ISBN**: 978-623-92201-2-9*

I. Impact of COVID-19 Pandemic on Dividend Policy: Case of Indonesia

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Abstract - **The COVID-19 pandemic has dramatically impacted many companies in Indonesia. During the hard economy times, companies experienced declines in revenue, but still need to maintain shareholder's trust by paying dividends regularly. Corporate governance plays an important role in determining the dividend policy, in order to ensure there is no managers expropriation and protecting the investors rights. For this research, the aim is to analyze the impact of corporate governance to dividend policy during pandemic and in general, as the firm behavior is quite interesting to be researched whether company with good corporate governance still maintain the regular dividend payment although they need immediate source of funds. The hypothesis for this research is firm with high corporate governance practices will continue to pay high dividends to the shareholders although the company cashflows maybe in trouble. With time series being concerned of FY 2016-2020, the writer used panel regression method with generalized least squares (GLS). The overall evidence showed that companies having better corporate governance score tend to pay higher dividends. Other determinants that impact dividend policy is profitability, leverage, growth and firm size have the expected impacts on dividend policy.**

Keywords – **dividend policy, corporate governance, COVID-19, pandemic**

II. INTRODUCTION

During the last month of December in 2020, the virus which affected Wuhan, Hubei Province, China in the first place, has caused ultimate shock to the whole world. Governments all around the world have already taken immediate actions to respond to the COVID-19 pandemic, as an example by restricting mobilizations of the citizens to reduce the spread of the COVID-19. The uncertainty created from the spread of the virus has created a sudden, temporary and shortfall in revenue for companies in many sectors [1]. The pandemic has resulted in global, social and economic disruption that leads to Indonesian recession. Due to the corona virus restrictions, Indonesia faced their first recession after 22 years which impacted the whole country's economy.

As the pandemic is considered a global crisis and national crisis, each Indonesian firm is facing significant challenges in which they should respond with immediate actions to survive. During the hard economy times, companies experienced decrease in revenues but on the other hand companies still need to maintain their financial position in order to survive in the market. When the emergency situation strikes, cash is the most important source of funds that act as the "king" in times of crisis [2].

Faced with the extreme conditions that there are sharp reductions in cash flows, many companies are forced to focus on preserving the short-term capital to ensure the company's survival [3]. However, for public listed firms, one of the obligations is to maintain the trust of shareholders. By building shareholders' trust, thus in the long term the company will gain stronger financial position and increase investment opportunity. In order to maintain the shareholder trust, companies should pay dividends regularly. A firm ability to pay even a small amount of dividends despite the hard economic times of the pandemic was interpreted by investors as a sign of great financial strength of the company [4].

Because of this, corporate dividend payout policy has become one of the major issues for public firms in Indonesia especially during the pandemic, whether they should consider maintaining the trust of their shareholders or the continuity of the company. One of the major determinants of dividend policy is corporate governance [6]. Corporate governance is very important in business practices as company with strong and effective corporate governance will enable the companies to operate more effectively, increase the accountability of all members within the company, which will eventually lead to a great performance and sustainable business overall [9]. With corporate governance, this enables the top-level management to run the company effectively while still maintaining the shareholder's welfare [5]

There have been various views about the impact of corporate governance towards dividend policy. There are two theories that may explain the phenomena, outcome theory and substitute theory [7]. The outcome model supports that increase in corporate governance may influence the company to pay more dividends. Outcome models believe corporate resources are distributed to the shareholders because they can pressure the company [8]. On the other hand, substitute model supports that companies with low corporate governance score tend to pay more dividends. This act like a signal for investors that the company has good prospects in the future, despite the low corporate governance score [6].

Corporate governance is an instrument that enables the top management of the firm to run the company effectively and efficiently keeping in view of the shareholders welfare [5]. In Indonesia, regulations about corporate governance is already established, based on the OJK CG Manual Report 2014. There are several important determinants of corporate governance, such as number of independent board members, number of meeting frequency and existence of audit committee.

Corporate governance has profound impact toward dividend policy payment during this pandemic period, as it can prevent managers expropriation and providing investors protection [10]. Furthermore, when company has implemented corporate governance practices, they will have a sustainable business overall despite the challenges faced and still maintain a great performance in the long run. With the implementation of corporate governance, companies can still balance the shareholders interest as well as owner interest to fulfill the ultimate aim of the company, to maximize shareholders value [5]. Hence, corporate governance enables the top boards members of the firm to run the firm productively and efficiently taking care of the shareholders welfare. Furthermore, corporate governance may influence the firm financial policies and decisions.

With the implementation of corporate governance inside the company, it is able to mitigate agency conflicts inside the firm. The selected country for this research is Indonesia, as in the previous research in various developed countries such consistent results whereas companies implement the outcome theory in dividend policy [13,14]. However, in developing countries, majority of the companies implement substitute theory in order to attract potential investors [6,8,9].

Nevertheless, previous research in Indonesia found that Indonesian companies adopt substitute theory of dividend policy. The reason that the companies adopt this model as they want to attract potential investors and retain company's reputation despite the low corporate governance scores [6]. But, in India, it is discovered that the companies also implement outcome theories [5], similar with developed countries such as USA and Poland. Prior to the mixed results towards some of the previous literature, it is very interesting that the researcher wants to analyze whether Indonesia apply substitute or outcome models during pandemic situation.

However, it is still unclear whether the corporate governance have positive impact or negative impact towards dividend policy during this pandemic situation. With the variable corporate governance, the writer expects to find interesting results from public companies in Indonesia especially during the pandemic situation. Although the previous studies has discovered that firms have significantly different actions towards the pandemic, either maintain or increase the level of dividend payment during the crisis period, it is still arguable that there is heterogeneous impact of the COVID-19 pandemic to corporate dividend payout policy amongst Indonesian listed companies.

The study provides evidence that public companies paid a dividend declined after the pandemic of COVID 19 happened, most likely due to the financial crisis. However, this study expects that companies with good corporate governance practices will continue to pay high dividends to their shareholders although their company cash flows may be in trouble. This to ensure that the companies still has a good reputation in shareholders' minds. On the other hand, firms who have bad corporate governance are less likely to maintain their dividend policy during the pandemic as they focus more to use the funds for internal needs.

To sum up, this aim of this research is to investigate whether COVID-19 pandemic affect dividend payout policy in Indonesian listed companies. The second aim is to examine corporate governance relationship to dividend payout policy in the last 5 years including during the pandemic, whether support the hypothesis or reject it and lastly also analyze the determinants that impacts dividend policy in the last 5 years including during the pandemic. The time frame for this research will be from 2016-2020, to gather data pre pandemic and during pandemic. The hypothesis for this research is corporate governance have positive relationship towards dividend policy.

III. METHODOLOGY

This paper used data from the firms listed in the KOMPAS 100 Index, during the August 2020 - January 2021 period. There is a total of 100 companies listed on the index. From 100 companies, there are only 72 companies that used for this study, as the rest may have data availability limitation. In the end there are a total 72 companies in time span of 5 years period, resulting in 360 observations that will be examined. The data of these companies is collected from various websites such as WSJ.com. RTI Business, Refinitiv and the company's annual report.

Dependent variable for this research is dividend policy. There are six variables that used to measure dividend policy, including dividend payout ratio (DPR), dividend to total assets (DTA), dividend yield (DY), dividend to net income (DTN), dividend to sales (DTS) and dividend to market value of equity (DTMV). The data of each company is obtained individually from external websites or through the annual report itself.

Independent variable, which is corporate governance is measured as index, following the study of [8] and [9]. The maximum score of the corporate governance is 7 and minimum of 0. When the overall score is greater, it implies that the company has better corporate governance. The individual index that construct the corporate governance score is meeting frequency, independent board members, CEO duality, board size, and existence of audit, remuneration and compensation committee.

Based on OJK CG Manual Report 2014, a company should at least held 21 meetings each year, have 30% independent board members and have audit committee. The board size should not be larger than the median to ensure decision making effectiveness, and there is separation of CEO and chairman in a company. Remuneration and nomination

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committee should also exist in order to support the effective implementation of duties and responsibilities in a company. When a company fulfill all of the index requirement, it will get a score of 1, otherwise 0.

Control variables for this research is *profitability*, measured by ROA, *leverage*, measured by total long-term debt divided by total assets, *growth*, measured by market value of equity divided by book value of equity, and lastly *firm size* by calculating the ln of total assets. To add, there is also pandemic control variable which is a binary variable, scoring 1 for year after the pandemic (2020) and 0 for year 2016-2019.

As the data collected is time series data from FY 2016-2020, panel regression will be used. There are total 6 models for each panel using different dependent variables. Model 1 use dividend payout ratio, model 2 use dividend to total assets, model 3 use dividend yield, model 4 use dividend to net income, model 5 use dividend to total sales and lastly model 6 use dividend to market value of equity.

The author will also conduct description stastistics, correlation analysis to eliminate the multi-collinear phenomena. Classical assumption tests will also be done to check the normality, multicollinearity, and heterocedasticity. In order to avoid all defects, the author will use robust clustered method and GLS (*Generalized Least Square)* method. As the data is time series and cross sectional, the method is used based on the previous research of [8] that uses similar method of generalized least squares to overcome and mitigate the errors. The GLS method and robust clustered method is also recommended for linear panel models, in order to treat heteroscedasticity and autocorrelation problems [12]. The researcher also used various tests to determine the appropriate statistical models of Fixed Effect Model (FEM), Random Effect Model (REM), or Common Effect Model (CEM) for each model, which is Chow Test, Hausman Test and Lagrange Multiplier test.

IV. RESULTS

During pandemic situation, majority of the company held less frequent meetings due to the social distancing measurement which make all of the company board members harder to meet face to face. Only half out of all companies exceed the meeting requirements by OJK, which is total of 21 meetings a year. Majority of the companies also already have more than 30% independent board members, but has not yet have a separation between the CEO and the chairman. Also, few companies still have too big board size which may lead to ineffective decision making in the company. Thus, during 2020 the overall corporate governance score of all samples decrease in comparison with the previous year, as seen from the Figure 1.

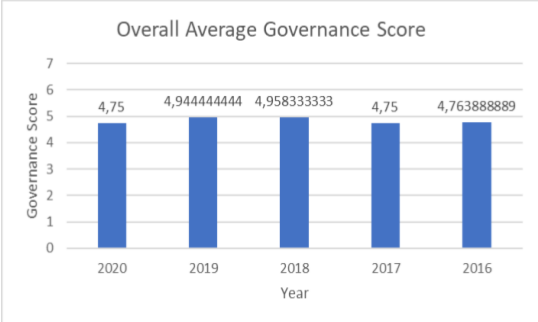

Figure 1 : Overall Average Governance Score

Also, to answer the first research question, the writer also has collected data of each year dividend payments. As expected, majority of the company pay lower dividend during pandemic, as they have other important urgency that need immediate funds. The dividend payout during pandemic decrease during this COVID-19. As seen from the graph, the overall dividend payout ratio out of 72 companies decreased during 2020. Other dependent variable including DY, DTA, DTMV, DTN and DTS also showed similar results.

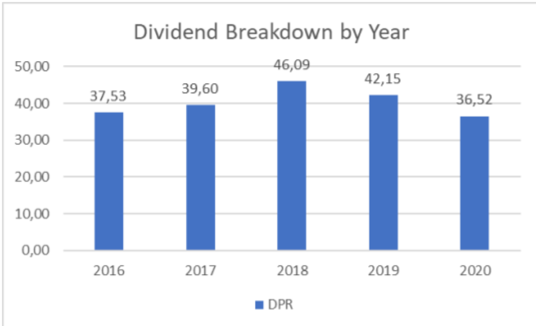

Figure 2 : Dividend Payout Ratio

This may be caused due to reduce consumer purchase intention that leads to decline in sales for the company. The company may also be exposed to higher amount of debt as the retained earnings in the company is used to finance all the constraints. However, some of the company also increase their dividend payout during pandemic in order to signal good intentions to the investors. On the other side, there are also other companies that decrease their dividend payment as they have another urgent matter in the company and faced other significant challenges.

Furthermore, from descriptive statistics the researcher gain various insight. Table 1 represents the descriptive statistics for all variables used in this research. GOV is calculated from the accumulated governance index. The governance index includes independent board members, board size, meeting frequency, no CEO Duality, existence of audit committee, remuneration committee, and nomination committee. For each index available in the company, the company will get an additional score of 1. The maximum score for the GOV variables is 7 and the minimum is 2. Looking from the mean, majority of the company have governance score above average.

ISBN*: 978-623-92201-2-9*

The dividend payout ratio is ranging from minus score up to 200 which means that the company pay 200 higher than the earnings in the particular year. This could be a liquidation of assets or comes from the previous year retained earnings. For dividend to total assets, the range is from 0 to 0,44. Dividend to net income range is from 2,65 up to 7,89, as some of the company may experience net loss in the income statement. Profitability ranged from -35,56 up to 46,17 meaning some firm experienced loss during particular years. The writer team use log total assets for the size, thus the range is from 28,23 up to 34,95.

TABLE 1 DESCRIPTIVE STATISTICS

Variable	Obs	Mean	Std. Dev	Min	Max
GOV	360	4,833	1,066	2	7
DPR	360	40,377	31,337	-0,64	203,96
DY	360	2,870	3,236	0	24,5
DTA	359	0,040	0,068	0	0,4444
DTN	359	0,469	0,680	-2,65	7,8986
DTMV	359	0,085	0,179	0	1,7373
DTS	359	0,061	0,090	0	0,8432
PROF	360	8,176	8,268	-35,6	46,174
LEV	360	0,142	0,144	0	0,7961
GROWTH	360	3,624	7,620	0	85,181
SIZE	360	30,916	1,467	28,24	34,952

Table 1 : Descriptive Statistics

Before conducting regression, the writer run the correlation analysis to show pairwise correlation between every variable. All the dependent variables (DPR, DY, DTA, DTN, DTMV and DTS) will beta separated in the regression based on the Equation (1) until Equation (6). From correlation analysis, it is shown that *profitability* and *growth* has high correlations. Thus, in some of the regression results, we will separate the use between those 2 variables and see whether the results are significant or not.

All of the models tested are also tested with classical assumption tests, including normality, multicollinearity and heteroscedasticity tests. Some of the data doesn't pass the normality test, using the Shapiro Wilk test. However, based on previous literature the un-normal distributed data may not influence the data credibility as the size sample was big enough and assuming not distributing normally. The writer used VIF (Variance Inflation Factor) to test the multicollinearity between the variables. All the models passed the test, as have the VIF value below 10. Further, for the heteroscedasticity test some of the models doesn't pass the minimum requirement of 0.05, however as the writer used GLS and robust clustered method, all of the model's heteroscedasticity problems are solved. Thus, it can be concluded that all the models passed the classical assumption tests.

To analyze the relationship between corporate governance and dividend policy, the writer used regression method. The first regression model is using the overall sample without any special treatment. The coefficient of corporate governance showing positive relationship, which indicates for every increase of 1 percent in the corporate governance score, will result in increase of 0,004001 - 0,0108 in the dividend to total assets and dividend to market value of equity. Both of the significant models support the outcome theory, if there is an increase in the governance score, the dividend paid to shareholders will also increase eventually.

When dividing the sample into pre crisis and during crisis, the *GOV* variable have showed no significant results in year 2020. In comparison with the results in the year 2016-2019 panel, the corporate governance showed positive relationship to dividend policy. This means for each increase in governance scores will result in increase of 0,007578 and 0,012083 in the dividend to total assets and dividend to market value of equity, respectively. Thus, it can be concluded that pandemic has no significant impact if the sample limited to 2020 only due to data availability limitation.

When the independent variable is changed into dummy, the results is not consistent, as in first model shows positive relationship between the corporate governance and dividend to total assets, indicating an increase of governance scores will result in 0,013335 increase in dividend to total assets. On the other hand, Model 5 exposed negative relationship between corporate governance and dividend to sales, indicating when company has better corporate governance, will result in lower dividend to sales by 0,01208, and vice versa.

Using sector fixed effects, more models showed positive and significant results. As shown in the first model, when the corporate governance score of the company increase, it will lead to rise in dividend pay-out ratio of 3,58843. Similar, Model 2 and 6 also proved positive relationship between the corporate governance and dividend policy, with coefficient of 0,00774 and 0,01276 for dividend to total assets and dividend to market value of equity, respectively when the corporate governance score grows. Lastly, for Model 3 an increase of 0,299298 in the dividend yield is the result of increase in corporate governance score of the company. Moreover, in Model 2, and 6 the PANDEMIC control variable is also significant with positive results, thus it implies that due to the pandemic situation and good corporate governance, this will lead to an increase in the dividend to total assets, dividend to sales and dividend to market value of equity by 0,02269 and 0,01276, respectively. The numbers are obtained from the sum of GOV and PANDEMIC coefficients.

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Using industry fixed effects, *GOV* is significant at 5% and 10% level on Model 2 and 6, indicating positive relationship between corporate governance and dividend policy. Model 2 indicates that for every increase of governance score will result in additional rise of dividend to total assets ratio of 0,00451. Moreover, Model 5 uncover for every increase of 0,007498 in the dividend to sales, is caused by the increase of governance score in the company. Thus, all of the significant models support the outcome theory. Given the above explanations, the hypothesis that claims there is a positive relationship between corporate governance and dividend policy in Indonesia is supported.

Further, the writer also separates the sample into most affected and least affected industries. Most affected industries during pandemic includes basic materials, consumer discretionary, energy, industrials, and real estate. On the other hand, least affected industries include consumer staples, financials, health care, technology, telecommunications and utilities. The most affected industries have more severe impact that has affected the overall business.

In most affected industries, *GOV* has positive and significant impact in Model 2 and 6 with 5% level. From this result, it can be implied that when there is an increase in governance score in each company, the company will pay higher amounts of dividends to its shareholders. For each increase of governance score in the company, will result in 0,00609 increase in dividend to total assets and 0,00944 in dividend to market value of equity. In least affected industries, Out of 6 models, only 1 model that show significant results from the independent variables. From Model 2 it can be implied that *GOV* variable has positive and significant impact to dividend policy with 90% confidence level. Thus, this means most affected industries have more impact on dividend policy caused by corporate governance score.

Using sample of 2020 only dividing by most affected and least affected industries, for most affected industries there are no significant models. The insignificant results may be caused due to sample limitation or there is no direct relationship between corporate governance and dividend policy in the most affected industries, as they focus on the company's survival rather than their shareholders interest. This can also cause by the too homogeneous sample as the sample is limited to KOMPAS 100 only. Therefore, the variability in the results are unable to be explained in the regression results.

Nevertheless, in the least affected industries, *GOV* is positive and significant in Model 2, with 10% confidence level. Thus, this implies that for every increase in the corporate governance score, will result in increase of 0,01369 of dividend to total assets. Thus, the model supports the outcome theory. Least affected industries would be more likely to consider corporate governance as they have no concern regarding the profitability of the firm in the pandemic situation. All in all, the hypothesis that corporate governance positively has significant relationship with dividend policy is supported with 2020 data in least affected industries.

For control variables, majority of the results is the same. *PROF* is positive and significant towards dividend policy. Thus, it implies that for every increase in the ROA, will result in the increase of dividend payout ratio, dividend to total assets, dividend yield, dividend to net income dividend to total sales, and dividend to market value of equity. For *LEV* it showed negative and significant results. Thus, for every increase of total debt in the company, will result in decrease of dividend policy as the company's priority is to pay back debt first. *GROWTH* also proven positive and significant results, which means that the firm with faster growth rate will result in dividend payment rise. *SIZE* have shown mixed results throughout the entire calculation. Some of the models showed positive results, implying that company with larger size will eventually pay higher dividend to its shareholders. On the other hand, there are also models that support negative relationship between size and dividend policy.

V. DISCUSSION

From various regression results and analysis, there is significant evidence that majority of the model supports the idea of corporate governance positively impacts dividend policy. Higher corporate governance score for companies may lead to the increase of the dividend payout to its shareholders, supporting the outcome theory. During pandemic situation, despite the company needs immediate source of funds and their revenue have declined, company listed in KOMPAS 100 Index still managed to consider their shareholder trust by maintaining dividends during the pandemic situation. To ensure that the investors still continue to invest in the company in the long term, companies managed to pay high dividends in order to make their company more attractive in the market. However, this may also be influenced due to the sample selection chosen, as KOMPAS 100 includes only the best out of the best public companies in Indonesia with good performance and large market size.

The writer has done various sub sampling, such as when adding the sector fixed effects, dividing the sample into pre-pandemic and during pandemic, create dummy for the independent variables, hence the results provides more consistent measurement. All of the significant model supports the hypothesis that corporate governance positively related with dividend policy both in overall condition and pandemic condition. The industry fixed effect also provides similar results that support the outcome theory of dividends. The results of this research support the previous paper that companies with better corporate governance will also pay higher dividend payments to its shareholders

Based on the literature in agency theory, dividends are used to establish good reputation for shareholders, this also

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supported from the results company managed to still pay dividends during the pandemic situation. With the good governance scores of each company, this will result in higher dividend policy along with stronger investor protection to ensure they have received their rights. With the high amount of dividend payout to shareholders, this will establish strong shareholder rights that will prevent the internal members to use the company cashflows based on their own desire due there is strong supervision. The relationship between GCG and dividend policy is complementary, rather than subsidiary. Companies with good corporate governance will lead to better operational company performance that will further lead to higher dividend payments to its shareholders.

By implementing corporate governance, corporate governance has the objective to fulfill the shareholders interest to achieve long term success for the company [11], therefore it is important that during crisis company still maintain the dividend payment. However, the results contradicts with other research findings in Indonesia that assess corporate governance towards dividend policy, as in the research mentioned that Indonesia companies adopt substitution theory, whereas company with bad corporate governance score tend to pay higher dividends to its shareholders in order to increase the overall attractiveness of the firm for the investors [6]. Similar with the research, for study in Vietnam also support the alternative theory as weak corporate governance firm pay more dividends [8]. It can be concluded, after various sub-sampling the results of this research are aligned with several previous study of corporate governance to dividend policy, including research from [9], about corporate governance to dividend policy, pre and post crisis in Southeast Asian countries. She mentioned that after the monetary crisis, companies with better corporate governance pay higher dividends or support the outcome theory. Although the research is done in Indonesia, this research proved that company managed to use their internal funds not to only grow their business, but also to establish strong relationship with the shareholders. The large companies in the KOMPAS 100 index would have less the need for external financing in general, and the survival suggests robustness not applicable to general populations of other companies especially during the COVID-19 crisis period. The company's size and visibility make them more aware and make decisions to improve corporate governance [9]. With the implementation of corporate governance in daily practice, company will also get better exposure from the market thus market will be more likely to invest more during this pandemic situation. Interestingly, when all of companies faced significant challenges and declined in net income during pandemic, companies with good corporate governance score managed to continue pay high dividends to its shareholders. The significance of corporate governance remains when the writer added industry fixed effects, change the sample and change the regression methodology with dummy variables.

Further, there are also several determinants that may influence dividend policy. The variable of *profitability* has significant and positive relationship towards dividend payout policy, in all of the dependent variables. More profitable companies have more cash available, to be paid to its shareholders [10]. The variable of *leverage* has negative and significant relationship towards dividend policy as seen from the results. Leverage impacts dividend payout negatively as by paying debt and interest could mitigate the problem of free cash flow. The variable of *firm growth* has positive and significant relationship towards dividend policy. This is caused due to the companies with fast growth rate will spend more funds, and one of the spending is the dividend payment to its shareholders. Lastly, variable of *firm size* showed mixed results throughout the regression.

To add, the *pandemic* control variable also positive and significant results towards the dividend policy, showing that during crisis companies with good governance implementation managed to consider their shareholders interest rather than being self-centered to finance all of the company needs. Thus, this positive coefficient means that during pandemic company tend to pay higher dividends to its shareholders that lead to increase of various dividend ratios such as dividend payout ratio and dividend to total assets.

Overall, the hypothesis is supported with the findings of this paper. Corporate governance is positively related with dividend policy, as well as other determinants have the expected relationship with dividend policy. The table below summarized the overall findings of this research.

TABLE 2 : SUMMARY TABLE

Variables	**Expected Relationship**	**Results**
Independent Variables		
GOV	+	+
Control Variables		
PROF	+	+
LEV	-	-
GROWTH	+	+
SIZE	+	Mixed
PANDEMIC	+	+

VI. CONCLUSION

The research examines the relationship between corporate governance and dividend policy in Indonesia during pandemic situation. In total, this research employs 72 companies out of 100 companies listed in KOMPAS 100

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Index. The overall sample is taken from the FY 2016 – 2020. This research utilizes various dependent variable to measure dividend policy including *DPR*, *DTA*, *DY*, *DTN*, *DTS*, and *DTMV* to analyze the relationship to corporate governance and the control variables. Along with that, the writer also done several sub-sampling in order to generate consistent results.

During this COVID-19 pandemic, majority of the companies are faced with significant challenges, thus result in lower dividend payments in majority of the companies. As companies experiences sharp reductions in the cash flows, many companies forced on the short-term capital to ensure the company survival. However, shareholders also play an important role in the future of the company, thus maintaining dividends payments act as a signal for shareholders that the company is going to have a good future prospect.

By adopting panel data multiple regression analysis the writer find that corporate governance positively relate on dividend policy. To further strengthen the results, the writer also has done various sub sampling such as by dividing the sample of pre-crisis and during crisis, dividing the sample with governance score above median and below median, adding sector fixed effects and industry fixed effects, and lastly dividing into most affected industries and least affected industries. Hence, this study provides some evidence for the hypothesis claiming that corporate governance positively impacts dividend policy in Indonesia, in normal as well as pandemic situation. Out of all regressions, majority of the results support the positive relationship between the dependent and independent variables.

Based on the findings, corporate governance still positively relates on the dividend policy during the pandemic. Dividends are used to establish good reputation for shareholders along with providing stronger investor protection to ensure they have received their rights. With the high amount of dividend payout to shareholders, this will establish strong shareholder rights that will prevent the internal members to use the company cashflows based on their own desire. The research proved that company managed to use the internal funds to establish strong relationship with the shareholders. Although all of companies faced significant challenges and declined in net income during pandemic, companies with good corporate governance score managed to continue pay high dividends to its shareholders.

Aside from corporate governance, dividend policy also influenced by other variables such as profitability, leverage, growth and size. Companies with higher probability would also pay higher dividends to its shareholders, as they have more net income to be distributed. Leverage, on the other hand has negative relationship which implies that when the debt of the company increases, the company will eventually decrease their dividend payments as they need to finance the debt. Company with faster growth rate will increase their dividend pay-out as they spend a lot of money, including by paying dividends to its investors. In this study, size variable showed mixed results toward dividend policy, as some of the model proves positive relationship and the other support negative relationship. To add, pandemic also impact dividend policy positively as seen on from the results.

Finding evidence that corporate governance has significant and positive impacts towards dividend policy, this is suggested for the future investors to take into consideration several factors that may influence dividend policy, such as the good corporate governance variable. Aside from that, it may also be useful if the investors consider the profitability of the firm, how much debt the company have, the company's growth and how big the size of the company. By understanding the determinants of dividend policy, hopefully investors can be wiser to choose on which companies to be invested during pandemic.

This research is constrained to a number of observations due to a limited number of samples taken for this research, only from the companies in KOMPAS 100 index. Therefore, future research can be extended by exploring all of the companies listed in Bursa Efek Indonesia (BEI) and also provide calculations for the years after the pandemic, not only pre-pandemic and during the pandemic only. Furthermore, additional measurements of corporate governance such as using various index such as CGI (*Corporate Governance Index*) and TDI (*Transparency Disclosure Index*) are also feasible since it may lead to a more thorough analysis, providing other perspectives regarding the issues or strengthen the results.

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