

# The Effect of Investment Opportunities, Accounting Conservatism, and Intellectual Capital on The Cash Dividend Payout Ratio

## (Studies on Property and Real Estate Sector Companies Registered on The IDX 2018-2020)

**Sabarudin<sup>1</sup>, Muh. Tahir<sup>2</sup>**

<sup>1</sup>Faculty of social science and political sciences, University of Sembilanbelas November Kolaka, sabarudinun4@gmail.com

<sup>2</sup>Faculty of social science and political sciences, University of Sembilanbelas November Kolaka

Article Info	Abstract
Received June 12, 2023	<p><i>The Effect of Investment Opportunities (PI), Accounting Conservatism (KA) and Intellectual Capital (IC) on the Dividend Payout Ratio (DPR) (Case Study of Property and Real Estate Sector Companies Registered on the IDX for the 2018-2020 period). This study aims to determine how much influence Investment Opportunity (PI), Accounting Conservatism (KA) and Intellectual Capital (IC) have on the Dividend Payout Ratio (DPR). This case study aims to examine the effects of three variables, Investment Opportunities (PI), Accounting Conservatism (KA), and Intellectual Capital (IC), on the Dividend Payout Ratio (DPR) for the period spanning 2018-2020. Specifically, it seeks to determine the extent to which these variables influence the DPR. The study population is comprised of companies in the property and real estate sector that are registered on the Indonesia Stock Exchange. In order to obtain a sample, purposive sampling was used to select 12 companies. Data collection was performed through a documentary approach, and multiple regression analysis was employed for analysis. The findings indicate that the investment opportunity variable has a coefficient of 0.452, with a p-value that is greater than the 5% significant level (<math>0.452 &gt; 0.05</math>), indicating that there is no discernible relationship between Investment Opportunities (PI) and the dividend payout ratio (DPR). Upon calculation, the p value was determined to be less than the significant level of <math>\alpha = 5\%</math> or (<math>0.001 &lt; 0.05</math>). This implies that the dividend payout ratio is affected by accounting conservatism. The intellectual capital variable was calculated to be 0.015, with a p-value greater than the significant level of <math>\alpha = 5\%</math> or (<math>0.141 &gt; 0.05</math>), indicating that intellectual capital has no impact on the dividend payout ratio. Additionally, the p-value F test results were determined to be 0.001; the p value being less than the significant level = 5% or (<math>0.001 &lt; 0.05</math>) signifies a positive and significant influence was revealed between investment opportunities, accounting conservatism and intellectual capital on the dividend payout ratio.</i></p>
Revised June 15, 2023	
Published June 22, 2023	
<p><b>Keywords :</b></p> <p><i>Investment Opportunities, Accounting Conservatism, Intellectual Capital, Dividend Payout Ratio</i></p>	

---

## **INTRODUCTION**

The business of property and real estate is categorized as a service industry. It is also included in the property and real estate sector listed on the Indonesia Stock Exchange (IDX).

To invest means to allocate a sum of money or assets with the expectation of either preserving or growing its value, or generating a favorable yield (Sutha, 2000). Investing in property and real estate is an enduring commitment that corresponds with the expansion of economic growth. The progression of the real estate market will undoubtedly intrigue investors due to the fact that building and land prices tend to escalate. Moreover, the supply of land is limited, whereas the demand for housing, commercial buildings, offices, medical facilities, and other structures typically increases in sync with population growth and the rising needs of society.

Accounting conservatism as a principle used to record financial statements. The principle of accounting conservatism itself is the principle of anticipating no profits and recognizing losses more quickly. The implication of the concept of conservatism for accounting principles is that accounting recognizes costs of losses that are likely to occur, but does not immediately recognize income or profits. Accounting conservatism is very suitable for use in companies engaged in investment, this is because the principle of conservatism is one of the principles that can be applied by companies in the process of financial reporting (Risdiyani, 2015). The principle of conservatism can cause fluctuations in earnings, namely reported profits in the future can be overstead. These fluctuations in earnings occur because the principle of conservatism is a principle that recognizes debt immediately but does not immediately recognize profits and assets even though the possibility of obtaining it is greater (Watts, 2003)

The combination of human capital, structural capital, and customer capital constitutes the three fundamental components of intellectual capital in an organization (Pulic 1998)Intellectual capital is a factor that influences the progress of an organization. The results of research conducted by Nonaka dan Takeuchi, namely the fundamental factor why companies in Japan become succesful because of their skills and experience in the management/creation of knowledge

in organizations where knowledge is intellectual capital possessed by humans as an element of human capital. (Sirojudin, 2014) said that business people are starting to realize that success in doing business does not only rely on tangible assets but also relies on intangible assets (intangible assets). (Anatan, 2009) said that Human Resource Assets are important for the company. These assets serve as a means of innovation and strategic revitalization, derived from a combination of laboratory research, process reengineering, and personal skill enhancement.

The company in running its business is not only to earn profits but also to increase the value of the company for the prosperity of its investors. Menurut (Hendrianto, 2012) investors invest their funds with the aim of getting a good return on investment. Investors allocate their funds with the intent of receiving a profitable return on their investment. This return usually comes in two forms: dividend income, which is the yield on the investment, and income from the difference between the buying price and selling price of the investment, known as capital gain. Dividends are the portion of a company's profits that are distributed to shareholders as a form of profit. This profit is what entices investors to invest in the company. The amount of the dividend paid to investors is determined by the company's policy, which requires careful management considerations (Nurhayati and Sabita, 2011). The distribution of dividends to shareholders by a company is not a consistent amount each year.

The results of research conducted by (Prakosa, 2018) regarding the effect of investment opportunities (X1) on the dividend pay out ratio (DPR) found that investment opportunities have a negative and insignificant effect or have no effect on the dividend pay out ratio (DPR) this is because the company's high and low investment opportunities do not have any effect on dividend policy, and then the research conducted by Muh. Yusril Ihza Mahendra Sudarmono, the results of the study show that there is no partial significant effect between investment opportunities on the dividend pay out ratio (DPR), which means that the size of the value of the investment opportunity does not affect the high or low value of the DPR that will be obtained by investors in companies in various industrial sectors. However, in contrast to the results of research conducted by (Imas Purnamasari, Ikaputra Waspada, 2019) investment opportunities have a positive and significant influence on dividend policy, even though companies have high investment

opportunities dividend payment may still increase the company has a large retained earning. Companies with high investment opportunities indicate that these companies have bright future prospects, meaning that high investment opportunities will be able to generate high earnings so that they will be able to continue to pay dividends. The results of research conducted by Desak Gede Utami Aristiyani, I Gusti Putu Wirawati, show that accounting conservatism has no significant effect on the percentage of dividend payout ratio owned by a company. The dividend pay out ratio has not been able to provide assurance in the use of a company's accounting conservatism. However, the results of research conducted by (Pasaribu, 2008), and (Kowanda, Dionysia, 2016), state that there is a significant positive effect between accounting conservatism on profit. Accounting conservatism has a significant effect on profit, companies are conservative in their financial reporting, so earnings management actions can increase, namely by reducing profits. Because the method used in conservatism is the same as earnings management (decreasing income), namely reporting lower profits in the current period to get greater profits in future periods.

Research on the effect of intellectual capital on the dividend payout ratio has never been carried out, but the theory that supports the authors to test the variable intellectual capital on the DPR already exists, as stated by (Bontis, N., Keow, W.C.C., Richardson, 2000) The concept of intellectual capital can be divided into three main components: human capital, structural capital, and relation capital (also known as customer capital). These three elements are thought to be instrumental in building intellectual capital that has the potential to increase a company's overall value, provided that they are managed effectively. A company's high value is a key factor in attracting and retaining investors, who expect timely dividend payments.

People's purchasing power is currently starting to decline, this is due to the government's policy of Large-scale social restriction (PSBB) to stop the spread of the Corona virus. This of course will have an impact on declining economic conditions. Which caused many people to lose their jobs in layoffs so that income also decreased. Declining public purchasing power for property ownership, rising construction costs and declining company revenues. Several foreign property companies were even forced to stop their business activities in Indonesia due to

their inability to pay for their company's operational costs, where as some other large national companies experienced stagnation in their businesses.

Based on the description above, there are different differences in research results, as well as the phenomena that occur in property and real estate companies, the researcher raises a title, namely **“The Effect Of Investment Opportunities, Accounting Conservatism, Intellectual Capital On The Ratio Of Cash Dividend Payment** (case studies in the company property and real estate sector registered on the indonesia stock exchange 2018-2020).

## **LITERATURE REVIEW**

### **Investment Opportunity**

Companies with good prospects will overcome the problem of needing funds by making loans to take advantage of opportunities of investment. Investment Opportunity is an investment choice in the future and reflects the growth of assets and equity (Handayani, 2012) Companies that experience asset growth will choose a lot of investment as a way to develop the company.

### **Accounting Conservatism**

Accounting conservatism is a condition when a loss occur, all of the loss will be recognized immediately even though it has not been realized, but when a profit occurs, the unrealized profit is not recognized (Hery, 2015) The practice of accounting conservatism can be attributed to a variety of incentives stemming from contractual obligations, litigation concerns, tax considerations, and political costs. These incentives are advantageous for firms as they reduce the risk of agency costs and prevent excessive payouts to managers, shareholders, courts, and governments. However, conservatism can also result in the understatement of earnings in the present period, leading to a subsequent overstatement in earnings in later periods.

### **Intellectual Capital**

Intellectual capital is often interpreted as a resource, an intangible asset owned by an organization that has major influence on whether or not the performance of an organization is good. Intellectual capital or intellectual capital is a type of knowledge activity, utilization of brain power, and fundamental or basic sources

of company performance to achieve the company's goals, (Basu, 2017). The concept of intellectual capital encompasses both the human resources within an organization, including labor and employees, as well as external resources associated with the organization, such as suppliers and consumers.

## **HYPOTESIS**

### **The Effect of Investment Opportunities on the Dividend Payout Ratio**

Investment opportunities are considered valuable to a company, and their value is determined by the expenses that the management will incur in the future. These expenses are essentially investment choices that are expected to generate profitable returns, (Gaver, J. J., & Gaver, 1993). Therefore, investment opportunities are components of firm value and are the result of choices to make investment decisions in the future. Investment opportunities aim to increase company growth where companies are more likely to use funds originating from internal funding sources because internal funding sources are preferred for financing reinvestment activities because these funds have lower risks and costs.

**H<sub>2</sub>: Allegedly Investment Opportunity has a positive and significant influence on the cash dividend payout ratio.**

### **The Effect of Accounting Conservatism on The Dividend Payout Ratio**

The residual dividend theory suggests that a company will determine its dividend policy only after it has funded all of its profitable investments. In other words, dividends are only paid out if there is money left over after all profitable investment proposals have been fully financed. Thus it can also be concluded that whatever percentage of the dividend payout ratio owned by a company will not affect the level of company accounting conservatism of vice versa, namely the dividend payout ratio has not been able to provide guarantees in the use of a company's accounting conservatism. As long as there are investment opportunities with a rate of return that exceeds or equals the level expected, the company will use retained earnings and securities to increase the capital base that can support its funding.

**H<sub>2</sub>: Allegedly Investment Opportunity has a positive and significant influence on the cash dividend payout ratio.**

## **The Effect of Intellectual Capital on The Dividend Payout Ratio**

Resource Based Theory posits that a company is comprised of both tangible and intangible assets, (Ulum, 2017). Maximizing existing resources can give companies a competitive edge, enabling them to compete with rivals, (Nur Aulia, 2018). Drawing from the resources-based theory, it can be inferred that effective management of intellectual capital can generate additional value, thereby enhancing a company's overall worth, (Rifana, 2021).

**H<sub>3</sub>: Allegedly Intellectual Capital has a positive and significant influence on the cash dividend payout ratio**

## **METHODS**

After considering the background and formulation of the problem at hand, the current study has identified and classified the characteristics of the problem being examined as an explanatory research or confirmation of research, which is a study that explains the relationship of causality and testing the relationship between several variables through several hypotheses of explanatory research (Singarimbun, 2008). Researchers conducted research to test the correlation (influence) of investment opportunities, accounting conservatism, and intellectual capital on the ratio of cash dividends payments. Then the search framework can be depicted in the diagram below.

The method of data collection utilized for this study is the documentation method. Documentation is the collection method. Documentation is the collection of data used by using written materials or data made by other parties. The study employed a set of data analysis techniques, specifically, the descriptive statistical analysis and classical assumptions testing.

The purpose of a descriptive statistical analysis is to offer a comprehensive view of the variables under observation. Descriptive statistics depict data through a range of parameters, such as the mean value, standard deviation, range, minimum and maximum values, total sum, kurtosis, and skewness. This provides an accurate portrayal of the data set, enabling researchers to gain a better understanding of the underlying patterns and trends, (Ghozali, 2013) The data analysis method is carried out with the help of a data processing program. And

then the regression model obtained from the smallest quadratic method is usually a regression model that produces the best-biased linear estimator, because theoretically the research regression model will produce assumption of the regression is met.

The process of hypothesis testing is meant to assess the robustness of evidence presented by a sample, and to serve as a foundation for making decisions with regard to the population. Its intent is to determine whether the hypothesis that is being examined should be accepted or rejected.

## RESULTS AND DECISIONS

### Regressi linear Berganda

		Coefficients <sup>a</sup>				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	.073	.090		.815	.418
	PI	-.035	.046	-.091	-.757	.452
	KA	.447	.125	.444	3.586	.001
	MI	.181	.121	.183	1.492	.141

a. Dependent Variable: DPR

Source: Processed Research Data (2023)

#### 1. The Effect of Investment Opportunities (PI) on the Dividend Payout Ratio

Based on the calculation results shown in the table above, the p-value obtained from the t-test results of the investment opportunity variable is 0.452. Because the p-value is greater than the significant level  $\alpha = 5\%$  or  $(0.452 > 0.05)$ , then  $H_0$  is accepted; which means there is no influence between investment opportunities (PI) on the dividend payout ratio (DPR).

Investment opportunities are investment options in the future and reflect growth in assets and equity. Companies that experience asset growth will choose a lot of investment as a way to develop the company. In this study the sample used is the property and real estate sector companies, which are companies engaged in investment in construction and property where the main operational activities are investing, so that in practice the company's management has prepared special funds to invest without having to use the funds that have been prepared for

payment dividends to shareholders.

The findings of this research are consistent with those of Adelia Naftali Prakoso's study conducted in 2018 with regards to the impact of investment opportunities (X1) on dividend payout ratio (DPR). The reason for this is that the dividend payout ratio (DPR) remains unchanged regardless of the company's investment opportunities, whether they are high or low. This conclusion was also reached through previous research, Muh. Yusril Ihza Mahendra Sudarmono, the results of the study show that there is no partial significant effect between investment opportunities on the Dividend Payout Ratio (DPR), which means that the size of the value of the investment opportunity does not affect the high or low value of the DPR that will be obtained by investors in companies in various industrial sectors.

## **2. The Effect of Accounting Conservatism (KA) on the Dividend Payout Ratio (DPR)**

After examining the calculations presented in the table above, it was found that the p-value resulting from the t-test of the accounting conservatism variable is 0.001. As the p-value is less than the significant level of  $\alpha = 5\%$  or  $(0.001 < 0.05)$ , the null hypothesis ( $H_0$ ) is rejected. This implies that there is indeed a notable influence of accounting conservatism on the dividend payout ratio.

The most crucial aspect of a company is arguably the dividend payout ratio. This ratio is a statement from management that profits earned will be distributed to shareholders. Accounting conservatism, on the other hand, is a prudent response to ambiguity. It seeks to guarantee that all potential uncertainties and risks associated with business situations have been thoroughly evaluated. In this study, which used research samples in property and real estate companies, company management has carried out the precautionary principle, namely by considering the amount of the percentage of dividends that will be distributed by shareholders.

The findings of this study align with the research carried out by Rowland Bismark Fernando Pasaribu and Dionysia Kowanda, which suggests that there exists a noteworthy positive correlation between accounting conservatism and profit. Accounting conservatism has a significant effect on profits, companies are conservative in their financial reporting, so earnings management actions can

increase, namely by reducing profits.

### **3. The Effect of Intellectual Capital (MI) on the Dividend Payout Ratio (DPR)**

After examining the data presented in the table provided, it has been determined that the p-value derived from the t-test results of the Intellectual Capital Variable is 0.015. Despite the significance level being set at  $\alpha = 5\%$ , or 0.05, the p-value is higher than this, at 0.141. Therefore, the null hypothesis (H0) must be accepted. This indicates that there is no discernible impact of intellectual capital on the dividend payout ratio.

The company's main goal is to obtain optimal profit, in addition to optimal profit the company is always able to survive in the business world. To realize this goal, the company is always able to be supported by intellectual capital. Intellectual capital is a type of knowledge activity, utilization of brain power, and fundamental or fundamental sources of company performance to achieve the company's goals, intellectual capital is an intangible asset term which is a combination of market and intellectual property or a combination of intangible assets, which is centered on people and the infrastructure that enables the enterprise to function.

The findings of this research align with the theory proposed by Bontis in 2000. According to this theory, the fundamental components of intellectual capital are categorized into three main elements, specifically human capital, structural capital, and relational capital or customer capital. The effective management of these three elements can foster the development of intellectual capital, which in turn can enhance the overall value of a company. The primary magnetism for investors and potential investors to invest in a particular company lies in its high corporate value, which raises the expectation of receiving dividend payments in a timely manner.

## **CONCLUSION**

According to the study's findings, the cash dividend payout ratio variable experiences a significant negative impact from investment opportunities. Investment opportunities are investment options in the future and reflect growth in

assets and equity. Companies that experience asset growth will choose a lot of investment as a way to develop the company. The property and real estate sector company is a company engaged in investment in construction and property where its main operational Activities are investing, so that in practice the company's management has prepared a special fund to invest without having to use the funds that have been prepared to pay dividends to shareholder. Accounting conservatism on the dividend payout ratio has a positive and significant effect between. Property and real estate management have implemented the principle of prudence, namely by considering the amount of the percetange of dividends tha wil be distributed by shareholders. According to the findings of the study, it can be deduced that the presence of intellectual capital (IC) does not lead to a noteworthy or constructive impact on the Dividend Payout Ratio (DPR). Intellectual capital is typically composed of three primary components, including human capital, relational capital (also known as customer capital), and structural capital. These three elements are believed to build intellectual capital that, if managed properly, can add value to a company. High enterprise value will be the main factor attracting investors and potential investors

## REFERENCES

- A, P. (1998) 'Measuring the performance of intellectual potential in the knowledge economy', *Available at: www.measuring-ip.at.*
- Anatan, L. dan L.E. (2009) *Manajemen Inovasi (Transformasi Menuju Organisasi Kelas Dunia)*. Bandung: CV. Alfabeta Bandung.
- Basu, S. (2017) 'The Conservatism Principle and the Asymmetric Timeliness of Earnings', *Journal of Accounting and Economics*, pp. 3–37.
- Bontis, N., Keow, W.C.C., Richardson, S. (2000) 'Intellectual capital and business performance in Malaysian industries', *Journal of Intellectual Capital*, 1, pp. 85–100.
- Gaver, J. J., & Gaver, K.M. (1993) 'Additional Evidence On The Association Between The Investment Opportunity Set And Corporate Financing, Dividend, And Compensation', *Journal Of Accounting And Economics*, pp. 124–160.
- Ghozali, I. (2013) *Aplikasi Analisis Multivariate Dengan Program IBM SPSS 23*.

Semarang: Badan Penerbit Universitas Diponegoro: Semarang.

- Handayani, N.. (2012) ‘Pengaruh Atribut Produk Terhadap Loyalitas Pelanggan Green Product Sepeda Motor Honda Injection’, *Management Analysis Journal*, pp. 1–6.
- Hendrianto (2012) ‘Tingkat Kesulitan Keuangan Perusahaan dan Konservatisme Akuntansi di Indonesia’, *Jurnal Ilmiah Mahasiswa Akuntansi*, 1, pp. 62–66.
- Hery (2015) *Analisis Laporan Keuangan*. Yogyakarta: Yogyakarta: CAPS (Center for Academic Publishing Service).
- Imas Purnamasari, Ikaputra Waspada, M. (2019) ‘Pengaruh Kesempatan Investasi dan Kebijakan Hutang Terhadap Kebijakan Dividen’, *JURNAL RISET AKUNTANSI DAN KEUANGAN* [Preprint].
- Kowanda, Dionysia, R.B.F.P. (2016) ‘Anteseden Audit Delay pada Emiten LQ45 di Bursa Efek Indonesia’, *Jurnal Riset Akuntansi dan Keuangan*, 12.
- Nur Aulia, A. (2018) ‘Pengaruh Kualitas Produk, Citra Merek Dan Harga Terhadap Keputusan Pembelian’, *Jurnal Penelitian Ipteks*, 3.
- Nurhayati1, T. and Sabita, E. (2011) ‘MODEL FAKTOR FUNDAMENTAL PENENTU KEBIJAKAN DIVIDEN PADA PERUSAHAAN ASING DAN DOMESTIK YANG GO PUBLIK DI BURSA EFEK INDONESIA’, *Performance*, 14, pp. 71–86.
- Pasaribu, R.B. (2008) ‘Pengaruh Variabel Fundamental Terhadap Harga Saham Perusahaan Publik Di Bursa Efek Indonesia’, *Jurnal Ekonomi dan Bisnis*, 2, pp. 101–113.
- Prakosa, A.N. (2018) ‘Pengaruh kesempatan investasi, kepemilikan institusional, leverage dan growth terhadap kebijakan dividen’, *STIE Perbanas Surabaya* [Preprint].
- Risdiyani, F.& K. (2015) ‘Analisis Faktor-Faktor Yang Mempengaruhi Penerapan Konservatisme Akuntansi’, *Accounting Analysis Journal* [Preprint].
- Singarimbun, M.& S.E. (2008) *Metode Penelitian Survei*. Jakarta: Jakarta: LP3ES.
- Sirojudin, G.A. dan I.N. (2014) ‘Pengaruh Modal Intelektual dan Pengungkapannya terhadap Nilai dan Kinerja Perusahaan’, *Jurnal*

*Akuntansi dan Investasi*, 2, pp. 101–118.

Sutha, I.P.V. (2000) *Menuju Pasar Modal Modern*. Jakarta: Yayasan SAD Satria Bhakti.

Ulum, U. (2017) *Intellectual Capital: Model Pengukuran, Framework Pengungkapan & Kinerja Organisasi*. 3rd edn. Malang: Universitas Muhammadiyah Malang.

Watts, R.. (2003) ‘Conservatism in Accounting Part I: Explanations and Implications’, *Accounting Horizons*. Part I, p. 207.