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The Effect of Earnings Management on Dividend Policy: Concentrated Ownership and Audit Committee Expertise as Moderating Variables

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ABSTRACT: Dividend policy is one of the important decisions of a firm where this dividend policy is an important consideration for shareholders as an indicator of the firms success in managing the capital invested by investors. This study aims to provide empirical evidence of how earnings management affects dividend policy, then whether concentrated ownership and audit committee expertise can affect the relationship between earnings management and dividend policy. The research sample is a manufacturing company with a period of 2018-2022. The sample selection used a purposive sampling approach so that the total observations amounted to 128 observations. The results showed that earnings management has a remarkable effect on dividend coverage, concentrated ownership and audit committee expertise can affect the relationship between earnings management and dividend policy in an effective way. The effect proves that managers have the discretion to choose accounting methods to file better earnings as a way to signal the success of the firms management and on the other hand earnings control benefits focused ownership so that earnings management and concentrated ownership are complementary. This observation contributes to signal theory and firm theory in explaining the earnings control movement and focused ownership as moderating variables in explaining the relationship between earnings management and dividend coverage. The real implication of this research is that it can be used as a consideration for firms in making decisions regarding the proportion of dividends distributed, and can be a review tool for investors in investing.

Keywords: Earnings Management, Concentrated Ownership, Audit Committee Expertise, Dividend Policy

INTRODUCTION

A corporation needs to make four critical decisions, according to (Kaźmierska & Jóźwiak, 2015): (1) investment decisions, (2) funding decisions, (3) equity-based compensation/remuneration decisions, and (4) dividend decisions. These are the most critical choices the company has to make.

A business's dividend decision is critical (Baker et al., 2018). When determining dividends, the corporation must consider various aspects to ensure that the policies put in place in this area do not have a detrimental effect on shareholders or the business overall. The manufacturing industry is one type of firm that usually distributes dividends to its shareholders. Manufacturing is one of the highly valued sectors and controls the Indonesia Stock Exchange (IDX) (Sari & Masdupi, 2019).

The two theoretical contributions—agency theory and signaling theory—that explain the connection between dividend policy and earnings management will be the main subjects of this investigation. Agency theory primarily addresses issues related to the division of ownership and management responsibilities as well as the disparities in managers' and shareholders' priorities. (Jensen & Meckling, 1976) Consequently, management wants to reduce agency disputes by providing assurances on the avoidance or postponement of dividend payments and revealing lower earnings figures. (Smith, D.D., Pennathur, A.K. and Marciniak, 2017)

Dividend policy is one weapon in the agency theory arsenal for reducing agency conflicts between shareholders and management. The manager's job, as per agency theory, is to allocate dividends to maximize the transfer of benefits to shareholders. However, agency theory indicates that stockholders and management have different interests. The tendency of management to try to reduce the reported profit figure and prevent or postpone dividend distribution leads to more agency conflicts. A procedure for addressing agency issues that result in agency costs must be in place to reduce agency disputes and stop managers from avoiding or postponing dividend distribution.

According to signal theory, a dividend policy demonstrates the standard of operational management that managers have implemented. The signal is a dependable and positive indication that the company provides to investors and the capital market, which will perceive companies that pay cash dividends as reputable enterprises, (Booth, L. and Zhou, 2017). The positive relationship between dividend payout and earnings management is further supported by (Javaid et al., 2023) which suggests that companies manipulate earnings to signal to the market that they can maintain a smooth dividend distribution.

Several factors that influence dividend policy have been tested in the past using dividend proxies, such as institutional ownership (Farooq et al., 2022) (C. Arko et al., 2014), foreign ownership (Farooq et al., 2022) (C. Arko et al., 2014), managerial ownership (Farooq et al., 2022) (C. Arko et al., 2014), earnings management (Gill et al., 2014) (Srikanth & Durga Prasad, 2015) (Ben Amar et al., 2018) (Javaid et al., 2023), liquidity (Farooq et al., 2022), profitability (Al-Kayed, 2017) (Farooq et al., 2022), growth opportunities (Al-Kayed, 2017) (Farooq et al., 2022), leverage (Al-Kayed, 2017), and audit committee (Buertey et al., 2023). and these studies' findings have yet to produce proof consistently.

Several subsequent research tested the impact of profits management on dividend coverage by the usage of impartial commissioners as a moderating variable. (Javaid et al., 2023) and the test results prove that unbiased commissioners drastically modify between income management and dividend policy. (Kenneth A. Borokhovich & Kelly R. Brunarski & Yvette Harman & James B. Kehr, 2005) testing institutional possession and majority possession concluded that the common stock price response to dividend surprises became drastically lower in firms with predominantly out of doors boards and proved a wonderful dating with majority possession.

The research by (Ben Salah & Jarboui, 2022), which aims to investigate the impact of audit committee abilities and concentrated ownership in explaining the effect of profits management on dividend policy, is the basis for this study. Ownership concentration is the term used to describe a controlling interest that oversees the operations and resources of the company. To profit from concentrated ownership, management may feel pressured to boost dividend payments to majority shareholders, while minority shareholders' interests could be subverted by dominating shareholders. Nonetheless, managers can use their discretion to indicate to other players in the capital markets that they are capable of fulfilling their responsibilities, which include dispersing wealth in the company, as they are the ones who know it the best.

This study uses the audit committee expertise variable – economic or accounting enjoy – to alter the affiliation between income control and dividend policy. This observe additionally modifications the extent of audit committee understanding, as growing the percentage of skilled administrators is visible as an important corporate governance tool that can lessen the need for better dividends. To limit the affiliation between possession concentration, audit committee enjoy and profits control, this examine targets to decide the impact of those factors on dividend policy. This study examines a sample of producing groups listed at the Indonesia stock trade from 2018 to 2022.

Agency theory

Agency theory emphasizes the interaction between investors and management since, unlike shareholders, the former has complete knowledge of the company and wins investors' trust in its direction. This discrepancy in information could lead to arguments between the parties (Nainggolan & Karunia, 2022). Moreover, (Prabulana et al., 2021) state that corporate management usually aims to maximize profit at the expense of other parties, particularly shareholders. In this way, agency theory pushes managers to employ tactics for managing earnings to prioritize interests in increasing firm profits by legally using limited dividends. This supports the assertion (Tjiang et al., 2018) that managers provide false information and statistics due to competing interests and incomplete knowledge, which reduces investor interest in making investments.

Signaling theory

According to (Suranta et al., 2023), signaling theory explains how companies try to provide investors with signals about how management views the company's future. Dividend payments are a positive sign from the company that things are going well (Bhattacharya, 1979a). Businesses declare their dividend payments to demonstrate to prospective investors that they are a reputable company. According to (Srikanth & Durga Prasad, 2015), while dividend payments usually show good profit reporting, they typically result in the realization of cash flow accruals to sustain cash dividends. To study earnings management, this study uses the concept of discretionary accruals. As illustrated by signaling theory, this concept is used by managers to control profits, allowing them to influence cumulative revenues and use them to achieve target revenues.

Dividend Policy

In line with (Sutrisno, 2003) (Hutami, 2012), Dividend policy is a coverage associated with dividend payments by using the corporation, within the shape of determining the amount of dividends to be disbursed and the amount of retained earnings for the continuity of corporation sports. whilst related to business enterprise concept, dividends are one of the organization charges provided by using control to traders. (Jensen & Meckling, 1976) delivered the organisation principle where corporations pay dividends to reduce business enterprise expenses and transaction prices associated with newly issued equity. Their observe concluded that higher dividend payout better dividend payout reduces company conflicts between managers and shareholders. within the catering theory, dividend payout is motivated by traders' demand for the dividend. Managers will cater to buyers' demand to pay dividends, inside the desire that inside the coming duration the corporation's percentage fee will rise. consequently, to peer whether or not or now not there is a power of dividend catering at the tendency to pay dividends, dividend top class is used as a proxy that can give an explanation for this have an impact on (Suranta, Eddy, 2010).

The rent extraction hypothesis would be supported if the market perceived a dividend increase from a controlling-owner corporation as a sign that the controlling shareholders were unwilling to exploit minority shareholders. The rent extraction theory states that market reactions to dividend reductions will be adverse, while news of dividend increases will result in favorable responses. However, the rent extraction hypothesis interprets a growth or decline in dividends in companies with concentrated ownership or under the management of a single shareholder. (Midiastuty et al., n.d.)

Earnings Management

The motives riding profits management can be rooted within the flexibility supplied through accounting standards. (Abuaddous et al., 2014). Contextually, this pliability can permit managers to govern pronounced effects (Riahi-Belkaoui, 2004); (Nigrini, 2005). In reality, managers can exercise earnings control by means of offering a extra favorable economic repute of the enterprise's performance through discretionary accruals (Aini Aman et al., 2006). earnings management may be said to be an accounting sport in case you see that this engineering is an try to conceal and exchange data with the aid of gambling with the scale of the numbers of the components of the financial statements carried out whilst recording and compiling facts. this will have an impact on stakeholders, due to the fact they can't gain statistics that ought to be completed (Agustia & Suryani, 2018).

According to (Scott, 2003), one of the five types of earnings management is to ask for a bath when unavoidable adverse events arise. As a result, future profits will be significant even in the face of hardship. Next are income maximization and smoothing, which report a steady trend of profit growth rather than a sharp increase or decrease in profits; income depreciation, which is applied when a business achieves high profitability to avoid attention from politicians; and income maximization. Finally, Allocating Revenue and Expenses Establishing guidelines for transaction timing, such as early income recognition, is necessary in the recognition process.

The Effect of Earnings Management on Dividend Policy

We are able to focus at the contributions of corporation idea and signaling concept as theories that specify the connection among dividend policy and profits control. corporation concept offers with issues associated with the separation of ownership and control functions, as well as the variations between the priorities of managers and shareholders (Jensen & Meckling, 1976). Signaling concept states that dividends are used as a tool to signal desirable commercial enterprise nice to the market (Bhattacharya, 1979) (JOHN & WILLIAMS, 1985) (Ross, 1977). That manner managers select to govern earnings, data or data so that it does now not fit the real reality which goals to advantage the business enterprise. in which profits management practices are concept to affect dividend policy.

The developing hobby in the effect of income control on corporate dividend policy has caused many research investigating this relationship. some latest studies (Haider et al., 2012) (Chansarn & Chansarn, 2016) (Ben Amar et al., 2018) (Tjiang et al., 2018) (Lopes, 2020) the existence of this superb courting states that the amount of dividend distribution is motivated by using income control conduct at the part of the agency. So that in this study the researchers formulated the subsequent speculation:

H1: Earnings management has a positive effect on dividend policy

Concentrated Ownership Moderates the Relationship between Earnings Management and Dividend Policy

From the agency hypothesis, an agency connection can be created. The goal of all parties involved is to maximize their interests. According to (Zaenal Fanani & Sari, 2022), there are differences in the interests of majority and minority shareholders due to concentrated ownership of the company. For their gain, majority shareholders may abuse their authority over the company, frequently even acquiring minority stakes. If the votes of the minority differ from those of the majority, the majority owner can enforce his will. (Nguyen et al., 2021) research from 2021 indicates that controlling profitability and concentrated ownership in a company are positively correlated. More precisely, according to (Ben Amar et al., 2018), managers are urged to exercise their accounting discretion when determining the amount to distribute as dividends to shareholders. Thus, we're:

H2: Concentrated ownership moderates the relationship between earnings management and dividend policy

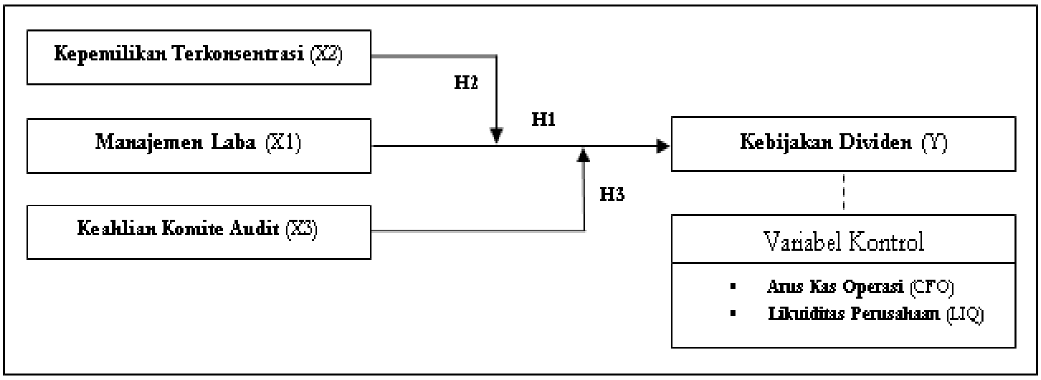
Audit Committee Expertise Moderates the Relationship between Earnings Management and Dividend Policy

(Yang & Krishnan, 2005) (Krishnan & Lee, 2009) (Baolei & Xian, 2012) (Badolato et al., 2014) (Zalata et al., 2018) (NOOR LAILA FITRIANA, Prof. Indra Wijaya Kusuma, M.B.A., 2019) looked at the influence of the knowledge of audit committee members on income management. The knowledge of audit committee members is a critical factor in determining its efficacy, the researchers determined. The empirical model's estimate effects really reveal that the knowledge of audit committee members has a detrimental influence on income control, suggesting that audit committees with accounting and financial expertise may be able to lessen control over profits. Organisations are encouraged to improve their project management and effectiveness due to the requirement for directors who possess expertise, professionalism, and competence. Controlling profits, which affects dividend payout coverage, is severely impacted by these kinds of governance structures. So that during this examine the researchers formulated the subsequent speculation:

H3: Audit committee member expertise negatively moderates the relationship between earnings management and dividend policy

Research Framework

Table 1 Framework of the research



METHOD

Research Model and Design

This study is classified as empirical research since it uses descriptive quantitative research methodology, which is a technique for confirming statistical data tests that are used to evaluate hypotheses. About the effects of audit committee experience on dividend policy in manufacturing companies listed on the Indonesia Stock Exchange (IDX) and earnings management, which acts as a moderator of concentrated ownership, this study employs a methodology to assess theories and present empirical data.

Population and Sample Selection Method

The population in this study includes all manufacturing companies listed on the Indonesia Stock Exchange (IDX) with an observation period of 2018 to 2022, where the total population is 165 companies. The sample selection of this study used purposive sampling using several criteria, namely the company: (1) making dividend payments, (2) having concentrated ownership above 50%, (3) no listing during the observation period (4) reporting using rupiah currency. So that the number of samples used in this study amounted to 46 companies.

Data Collection Methods

The facts in an effort to be used in this have a look at is secondary statistics with documentation techniques in the form of annual monetary reports of manufacturing agencies indexed on the Indonesia inventory trade (IDX) for the last 5 years (2018-2022) received from the Indonesia inventory alternate internet site www.idx.co.id and several related employer respectable web sites.

Data Processing Method

Using IBM SPSS Statistics 22, the multiple linear regression approach was employed in this investigation. Using this approach, the link between the dependent variable (the variable on which the research is focused) and other variables that act as predictors or influences on the dependent variable can be ascertained.

Operational Definition and Measurement of Variables

Tabel 2 Describe the process of operationalizing andmeasurement the study variables

Variables		Measurement	Sources
Dependent Variable	Dividend Policy	Dividend Policy (DPO) $= \frac{\text{Total Cash Dividends}}{\text{Total Sales}}$	(Hwang et al., 2013) (Jabbouri, 2016)
Independent Variable	Earnings Management *(The Modified Jones Model)*	a. TACit = Niit – CFOit b. $\frac{\text{TACit}}{\text{TAit}-1} = \beta 1 \left[\frac{1}{\text{TAit}-1}\right] + \beta 2 \left[\frac{\Delta\text{Salesit}}{\text{TAit}-1}\right] + \beta 3 \left[\frac{\text{PPEit}}{\text{TAit}-1}\right]$ c. $\text{NDAit} = \beta 1 \left[\frac{1}{\text{TAit}-1}\right] + \beta 2 \left[\frac{\Delta\text{Salesit}-\Delta\text{Recit}}{\text{TAit}-1}\right] + \beta 3 \left[\frac{\text{PPEit}}{\text{TAit}-1}\right]$ d. $\text{DACit} = \frac{\text{TACit}}{\text{TAit}-1} - \text{NDACit}$	(Sabrina et al., 2020)
Moderating Variable	Concentrated Ownership	Concentrated ownership (CON) is measured by the percentage of shares owned by the first shareholder above 50%	(Midiastuty et al., 2017)
	Audit Committee Expertise	The proportion of audit committee members who have expertise in accounting or finance	(Be´dard et al., 2004)
Control Variable	Cash Flow from Operations (CFO)	$CFO = \frac{\textit{Cash flows from operations}}{\textit{Total Assets}}$	(Ben Salah & Jarboui, 2022)
	Liquidity of firm (LIQ)	$\text{LIQ} = \frac{\textit{current assets}}{\textit{current liabilities}}$	

RESULT AND DISCUSSION

Based on purposive sampling, there are 128 observations obtained from 46 manufacturing companies during the observation period from 2018-2022.

No	Information	Amount
1	Amount of manufacturing companies registered on the Indonesia Stock Exchange (IDX) from 2018-2022	165
2	Companies that do not pay dividends	(85)
3	Companies the use foreign currency	(20)
4	Companies with concentrated ownership below 50%	(10)
5	Companies that do not have a listing during the observation period	(4)
	Amount of company samples	**46**

Descriptive Statistics

Table 3 Descriptive statistics of research variables

	N	Minimum	Maximum	Mean	Std. Deviation
DPO	128	0.00000093	0.57	0.0606	0.08631
DAC	128	-0.26	0.23	-0.0062	0.07176
CON	128	0.50	1.00	0.7184	0.15801
EXPERT	128	0.25	1.00	0.7949	0.23845
CFO	128	-0.23	0.44	0.1102	0.10334
LIQ	128	0.61	13.87	2.9373	2.45837

Source: Secondary Data Processed, 2023

Table 3 shows that the company pays dividends of 6.06 percent of total sales on average, with the highest dividend payment being 57 percent of total sales and the lowest dividend payment being 0.00009 percent of total company sales. The average dividend policy variable, as proxied by DPO of 0.0606, indicates this. The standard deviation of the dividend policy is 0.08631 and when compared with the average value of 0.0606, it shows that the standard deviation value of the dividend policy variable is greater than the average value so that this illustrates that the dividend policy of the companies sampled in this study is varied.

With an average value of -0.0062, Table 3 demonstrates that the first independent variable in this study proxied by DAC is earnings management. This indicates that, generally speaking, the organizations sampled in this study implement earnings management in a way that minimizes or decreases income. The highest value of positive earnings management shows that the businesses examined in this research use an income-maximization/income-increasing pattern for their earnings management. The standard deviation on this variable is 0.07176, compared to the average value of -0.0062, it shows that the standard deviation value of earnings management is greater than the average value, thus illustrating that the earnings management of the companies sampled in this study varies.

Furthermore, the table displays the average value of 0.7184 for the concentrated ownership proxied by CON. This indicates that, among the companies sampled in this study, the average concentrated ownership is 71.8%, with the lowest concentrated ownership being 0.50, indicating that some companies have the lowest concentrated ownership of 50%, and the highest value of 1.00, indicating that the company with the most significant concentrated ownership is 100%. The data from the CON variable does not vary, as indicated by the standard deviation value of 0.15801, which is less than the average. The standard deviation of ownership concentration is 0.15801 and when compared with the average value of 0.7184, it shows that the standard deviation value of the dividend policy variable is greater than the average value so that this illustrates that the dividend policy of the companies sampled in this study does not vary.

The ratio of audit committees with experience in finance or accounting to the total number of audit committees is connected to the audit committee expertise indicated by EXPERT. According to the table, the research sample's lowest observation is 0.25, meaning that 25% of audit committee members have experience in finance or accounting. With an average value of 0.7949, the audit committee made up of financial accounting specialists represents 79.49% of the total audit committee. The EXPERT of the research observations is constant, as indicated by the EXPERT variable's standard deviation of 0.23845. The standard deviation on this variable is 0.23845, compared to the average value of 0.7949, it shows that the standard deviation value of earnings management is greater than the average value, thus illustrating that the earnings management of the companies sampled in this study does not vary.

Two control variables are looked at in this study. First is operating cash flow (CFO), which ranges from a minimum of -0.23 to a maximum of 0.44. Furthermore, the study's sample of enterprises had an average operating cash flow of 11.02%, as indicated by the average figure of 0.1102. In contrast, the liquidity variable (LIQ) has a minimum of 0.61 and a maximum of 13.87. while the average value for liquidity was 2.9373 with a standard deviation of 2.45837, it shows that the liquidity of the companies sampled in the study does not vary.

Linear Regression Analysis Test

Regression Model

The purpose of this study is to demonstrate how concentrated ownership and earnings management are impacted by each other, and how audit committee experience influences the link between the two. Multiple linear regression analysis was used to evaluate each hypothesis, and the findings are shown in Table 4 below:

Table 4 Regression Model

Variables	Coefficient t (Sig)	Coefficient t (Sig)	Coefficient t (Sig)	Coefficient t (Sig)
Constants		0.049 2.007 0.047	0.055 1.891 0.061	-0.052 -2.102 0.038

DAC	0.279	0.308		
	2.664	3.633		
	0.009**	**0.000****		
CON		-0.080	-0.101	
		-2.461	-2.599	
		0.015*	**0.011***	
EXPERT				0.050
				1.858
				0.066
DACCON			0.411	
			3.060	
			0.003**	
DACEXPERT				0.267
				2.263
				0.025*
CFO	0.518	0.511	0.547	0.489
	7.149	8.687	7.632	6.864
	0.000**	**0.000****	**0.000****	**0.000****
LIQ	0.006	0.004	0.007	0.007
	2.397	1.845	2.626	2.723
	0.018*	0.068	**0.010***	**0.007****
R Square	0.340	0.415	0.380	0.346
Adjusted R Square	0.324	0.395	0.360	0.325
F	21.274	21.600	18.867	16.288
Sig.	0.000	0.000	0.000	0.000

Source: Secondary Data Processed, 2023

Table 4 above presents the results of the F Test with Sig values. 0.000 indicates that the model used is suitable for testing the hypothesis with the Sig value criteria. < 0.05.

First Hypothesis Testing and Discussion

The primary speculation testing is aimed at proving that profits control has an impact on dividend policy. based totally on the take a look at consequences in desk four, it provides the impact of income management which has a coefficient value of 0.308 with Sig. 0.000 (0.000 < 0.050). This shows that earnings management has a wonderful and huge effect on dividend policy. This helps enterprise principle which states that the prevalence of facts asymmetry troubles reasons managers to have the discretion or discretion to apply accounting methods that boom earnings figures in which earnings figures emerge as the idea for supervisor reimbursement. As said via (La Porta et al., 2000) that dividend payout policy can be explained in two fashions, considered one of which is final results. for this reason, according with signal principle, managers will distribute dividends as a shape of outcome to signal to traders the fulfillment of managers in coping with the agency. So it could be concluded that the primary hypothesis in this examine is accepted. The outcomes of this examine assist studies (Lopes, 2020) in which there is a positive impact of income management on dividend policy in personal businesses, (Tjiang et al., 2018) proved that profits management and profitability have a good sized and positive effect on dividend coverage. and studies (Chansarn & Chansarn, 2016) shows that earnings control has a effective impact on the dividend yield of companies indexed on MAI.

Second Hypothesis Testing and Discussion

The second hypothesis trying out is aimed at checking out focused possession to moderate the relationship among earnings management and dividend policy. based on the test consequences, it indicates that the moderating variable of focused ownership and earnings control (DACCON) has a coefficient price of zero.411 with Sig. 0.003 (0.000 <0.050). positive and large regression. With the direction of the positive and considerable regression coefficient, it can be concluded that the second hypothesis on this look at is usual. The results of this have a look at aid research (Ben Salah & Jarboui, 2022) (Rossi et al., 2018) (Gopalan & Jayaraman, 2012), as said via (La Porta et al., 2000) Dividend coverage in the substitution model explains dividend bills made to insiders with the aim of keeping market popularity and signaling about the situation of the enterprise at the same time as dividend bills defined via outcome fashions are the pressure exerted from shareholders on managers to keep away from cash go with the flow issues. accordingly, this look at explains the consequences version defined by (La Porta et al., 2000) wherein earnings control and focused ownership play a complementary position because profits control and concentrated ownership have a nice impact on dividend coverage in order that income management carried out with the aid of managers with the aim of supplying alerts about the agency's circumstance is profitable for focused shareholders.

Third Hypothesis Testing and Discussion

The very last speculation test appears on the audit committee's capability to mediate disputes between dividend policy and earnings control. The check's results display that the audit committee's revel in can have an effect on how dividend coverage and profits control interact. With a vast superb route (Sig. 0.025, 0.000 <0.050), its coefficient fee is 0.267. The 0.33 test is disqualified since the effects cross towards the suggested hypothesis. The direction of the advantageous regression coefficient suggests that managers' profits control is past the attain of an audit committee with out a background in finance or accounting. however, it might be greater powerful in decreasing activities related to profits control and improving managers' tactics to it. As said via (Ben Salah & Jarboui, 2022)

CONCLUSION

The purpose of this study is to offer extra empirical information concerning how dividend policy is impacted via profits management. the existing observe investigates the moderating results of focused ownership and audit committee revel in at the hyperlink among dividend policy and profits control. The effects of the speculation check imply that (1) profits control has a positive and extensive effect on dividend policy, (2) concentrated ownership moderates the relationship among profits control and dividend policy in a positive, and (3) course audit committee understanding moderates the relationship in a effective direction. these results reveal that audit committee understanding isn't a useful corporate governance tool because it's far unrealistic sufficient to steer managers not to engage in profits control. different audit committee attributes, along with the range of audit committees, the committee's time period, independence, and frequency of meetings, can be hired in next research. (Ben Salah & Jarboui, 2022) and consist of additional factors of company governance, such as impartial commissioners. The take a look at's findings display that businesses pay dividends in an attempt to venture a fantastic photograph to buyers. but, managers are free to alter the stated profit figures to help concentrated ownership. additionally, the have a look at's findings assist agency theory and sign theory. This research can provide real implications where companies can utilize it as a consideration in determining decisions regarding the proportion of dividends to be distributed and as a review tool for investors in investing.

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