Original Article

The Effect of Dividend Policy, Liquidity, Profitability and Company Size on Debt Policy through Financial Performance in Palm Oil Plantation Listed Companies

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Abstract: The contribution of the plantation subsector to the national economy is increasing and can strengthen economic development. This study aimed to determine the effect of dividend policy, liquidity, profitability, and company size on debt policy with financial performance as an intervening variable in oil palm plantation companies listed on the Indonesia Stock Exchange in 2017-2021. This study uses an experimental approach through a quantitative technique. The total population was 27 companies. The number of samples was 75 observations. Data sources on secondary data by collecting panel data were carried out on the Eviews application with descriptive statistical tests, panel data analysis, panel data regression estimation, hypothesis testing, and path analysis. The research results showed that the dividend policy, liquidity, and profitability significantly affected debt policy. Besides that, firm size has no significant effect on debt policy. Financial performance as an intervening variable had a significant effect on debt policy. Dividend policy, liquidity, and profitability significantly affected financial performance as intervening variables. Also, firm size had no significant effect through financial performance as an intervening variable. Dividend policy, liquidity, and profitability significantly affected debt policy through financial performance as intervening variables. Meanwhile, firm size significantly affected debt policy through financial performance as an intervening variable.

Keywords: Dividend Policy; Liquidity; Profitability; Company Size; Debt Policy; Financial Performance.

1. Introduction

An oil palm plantation company is a company that is engaged in important industrial plants that produce good oil cooking oil, industrial oil, and fuel oil (Khatun et al., 2017; Santosa, 2008; Tan et al., 2009). Plantation companies generate huge profits, so a lot of forest and old plantations that were closed became coconut plantation companies' palms. Palm oil is the main commodity of the plantation sector in Indonesia and has a high export value (Ramadhani & Santoso, 2019). In addition, oil palm plants are one of Indonesia's mainstay commodities and the largest contributor to the country's foreign exchange. The ownership of the company by the management can result from situations in which management acts in their self-interest, such as deciding to do corporate funding by doing a debt increase policy.

Therefore, the debt policy is sensitive to disagreements between managers and shareholders, the conflict called agency disputes (Kim & Sorensen, 1986). Debt policy is an important decision that is very influential on the condition of a company. The debt policy will determine the company's value if the management of a company can manage debt with good and true and able to maintain the existence of the company. Debt policy is the main decision-making for the company. That fee issued by the manager results in increased costs for the company, lowering profits and dividends. But in determining a debt policy, the company is influenced by several factors, including dividend policy, liquidity, profitability, and company size (Jensen & Smith, 2000).

In addition to dividend policy, liquidity, profitability, and company size can affect debt policy, as can other factors, namely financial performance. Performance finance talks about how companies manage their finances efficiently in their use (Riny, 2018). In this study, financial performance is an intervening variable using Net Profit Margin (NPM), because the company's performance is influential and can be used to know a company that develops or vice versa. As an intervening variable, net Profit Margin (NPM) is needed in financial performance because Net Profit Margin (NPM) is a financial ratio that measures net income to net sales. The company's sustainability is very dependent on the net sales it has obtained in a certain period (Adrianingtyas & Sucipto, 2019). Debt policy is a policy taken by management to obtain financing for the company so that it can be used to finance its operational activities (Nurfitriana & Fachrurrozie, 2018). Debt policy is proxied in the Debt to Equity Ratio (DER) formula, which reflects the ratio between total debt and equity. The lower the Debt to Equity Ratio (DER) value, the lower the level of debt owned by the company (Kusuma et al., 2019). If the value of the Debt to Equity Ratio is higher, this means that the greater the company's obligations that must be borne by the company and the greater the portion of the use of debt in financing investment assets. The greater the debt, the more it will affect the net income available to shareholders, including the dividends to be distributed, and the higher the company's financial risk because the company must pay debts first before distributing dividends. The debt policy development transition (DER) shape in the Company PT. Astra Agro Lestari Tbk (AALI), PT. Dharma Satya Nusantara Tbk (DSNG), and PT. London Sumatra Indonesia Tbk (LSIP) from 2017-2021, as follows:

Table 1. Development of Debt Policy (DER) in Plantation Companies Palm Oil Tbk Listed on the Indonesia Stock Exchange in 2017-2021

Company	Year	Total Liabilities	Total Equity	DER (%)
AALI	2017	6.407.132.000.000	18.712.477.000.000	34,23
	2018	7.382.445.000.000	19.474.522.000.000	37,90
	2019	7.995.597.000.000	18.978.527.000.000	42,12
	2020	8.533.437.000.000	19.247.794.000.000	44,33
	2021	9.228.733.000.000	21.171.173.000.000	43,59
DSNG	2017	5.138.073.000.000	3.314.042.000.000	155,03
	2018	8.079.930.000.000	3.658.962.000.000	220,82
	2019	7.889.229.000.000	3.731.592.000.000	211,41
	2020	7.920.634.000.000	7.025.463.000.000	112,74
	2021	6.686.697.000.000	6.230.749.000.000	107,31
LSIP	2017	1.622.254.000.000	8.230.441.000.000	19,71
	2018	1.705.175.000.000	8.332.119.000.000	20,46
	2019	1.726.822.000.000	8.498.500.000.000	20,31
	2020	1.636.456.000.000	9.286.332.000.000	17,62
	2021	1.678.676.000.000	10.172.506.000.000	16,50

Table 1 shows that the debt policy (DER) at PT. Astra Agro Lestari Tbk (AALI) for the 2017 debt policy value (DER) of 34.23%. The debt policy value (DER) in 2018 was 37.90%. The debt policy value (DER) in 2019 was 42.12%. The debt policy value (DER) for 2020 is 44.33%. And the debt policy value (DER) for 2021 is 43.59%. The highest debt policy value (DER) occurred in 2020 at 44.33%. Meanwhile, the lowest debt policy (DER) value occurred in 2017 at 34.23%. Also, the debt policy (DER) at PT. Dharma Satya Nusantara Tbk (DSNG) for the 2017 debt policy value (DER) of 155.03%. The debt policy value (DER) in 2018 was 220.82%. The debt policy value (DER) in 2019 was 221.41%. The debt policy value (DER) for 2020 is 112.74%. And the debt policy value (DER) for 2021 is 107.31%. The highest debt policy value (DER) occurred in 2018 at 220.82%. Meanwhile, the lowest debt policy value (DER) occurred in 2021 at 107.31%. Moreover, the debt policy (DER) at PT. London Sumatra Indonesia Tbk (LSIP) for the 2017 debt policy value (DER) was 19.71%. The debt policy value (DER) in 2018 was 20.46%. The debt policy value (DER) in 2019 was 20.31%. The debt policy value (DER) for 2020 was 17.62%. And the debt policy value (DER) for 2021 was 16.50%. The highest value of debt policy (DER) occurred in 2018 at 20.46%. Meanwhile, the lowest debt policy value (DER) occurred in 2021 at 16.50%. Thus, we can conclude that the debt policy of oil palm plantation companies uses debt

rather than capital, this can also interfere with company performance. The proportion of debt up to a low level will have a positive impact, but after the proportion of debt reaches a high level, it will have a negative impact, this implies that when the proportion of company debt is greater, the burden and risk of the company will be higher.

2. Literature Review

2.1. Agency Theory

Agency theory explains the relationship between principal shareholders and company management (Moloi & Marwala, 2020). Shareholders are not directly involved in the company's operational activities (S. E. Kaplan, 2001). In other words, the principal provides facilities and funds for the company's operations. The management carries out the company's operational activities (Bandiyono & Nurseto, 2023).

2.2. Debt Policy

Debt policy is a very important decision for every company because this policy was taken by company management to obtain financing for companies to finance operational activities (Kim & Sorensen, 1986). Business risk also determines decisions about debt policies that the company will take. Business risk is related to uncertainty in the income earned by the company (Ikhsan & Suprasto, 2008).

2.3. Dividend Policy

Dividend policy is inseparable from corporate funding decisions (Baker & Weigand, 2015). Dividend policy is a decision whether the profit earned by the company at the end of the year will be divided among the shareholders in the form of dividends or will be withheld to increase capital for financing investment in the future (Harjito, 2014)

2.4. Liquidity

Liquidity is the company's ability to meet its internal daily operational needs (Amihud & Mendelson, 2008; Tibor & Veronika, 2011). Business liquidity is the company's ability to fulfil its immediate financial obligations. Liquidity can be demonstrated, among others, by comparing items' current assets with current liabilities in a certain period is called the current ratio (Aryawati et al., 2023).

2.5. Profitability

Profitability is the company's ability to generate profits. The profit obtained from its capital. Profitability, one of the references in measuring the profit, becomes important to know whether the company has run its business efficiently (Kaplan & Cooper, 1998). The efficiency of a business can be known after comparing profits obtained with the assets or capital that generates the profit. The end that a company wants to achieve is the most important thing, which is to get maximum profits (Antonia & Arfianto, 2015).

2.6. Company Size

Company size is the company's size seen from the size of equity value, sales value, or asset value (Setiadharma & Machali, 2017). The size of the company is stated as a determinant of financial structure. Based on this definition, It can be seen that the size of the company is a determining scale the size of the company that can be seen from the value of equity, sales value, the number of employees, and the value of total assets, which are the context variables measure the demands of organizational services or products (Riyanto, 1993).

2.7. Financial Performance

Financial performance illustrates the achievement of implementation, programs, or policies in realizing an organization's goals, mission, and vision (Steiss, 2019). The concept of financial performance is a series of financial activities in a certain period reported in the report, including income statements and balance sheets. Financial performance appraisal is one way the management can do to meet its obligations to funders and achieve goals set by the company (Agrosamdhyo, 2022).
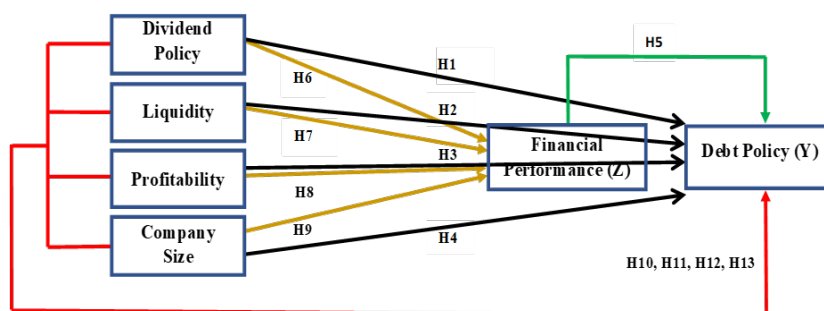
Figure 1. Research Framework

3. Materials and Methods

This study uses an experimental approach. This method is carried out to investigate whether there is a causal relationship and how big the causal relationship is by giving certain treatments to several experimental groups as well as providing control treatment as a comparison (Nazir, 2005). The research approach used was quantitative. Quantitative research methods are one type of research whose specifications are systematic, planned, and structured to make the research design (Sugiyono, 2013). This research was on Oil Palm Plantation Companies listed on the Indonesia Stock Exchange in 2017-2021 through the website www.idx.co.id. and the research time starts in August 2022. The type of data in this study was to use secondary data with panel data that has the characteristics of several objects and in several periods. Sources of data in this study were obtained from books, journals, the internet, references to previous research relevant to this research, and information on the official website of the Indonesia Stock Exchange, namely www.idx.co.id in the form of financial statements of Oil Palm Companies for the year 2017- 2021 which has been published.

A research population is a group of people, objects, or things that are the source of sampling, a group that meets certain conditions related to the research problem (Sugiyono, 2018). The population in this study were Oil Palm Plantation Companies listed on the Indonesia Stock Exchange, as many as 27 companies. At the same time, the sample in this study used a probability sampling technique, which became a sample of 15 companies and 75 samples of observations on Oil Palm Plantation Companies listed on the Indonesia Stock Exchange. Data collection for this study is in the form of annual reports and notes on the financial statements of Oil Palm Plantation Companies listed on the Indonesia Stock Exchange, especially in annual reports such as Dividend Policy, Liquidity, Profitability, Company Size, Debt Policy, and Financial Performance in 2017-2021. The research variable is an attribute or characteristic of a person or object with variations determined by the researcher to be studied and interesting conclusions from that variable (Abubakar, 2021). Variables in research are as follows:

Table 2. Definition of Operational variables

Variable	Definition	Scale
Dividend Policy (X1)	Dividend policy is a decision whether the profits earned by the company will be distributed to shareholders as dividends or will be retained in the form of retained earnings to finance investment in the future (Harjito, 2014)	Ratio
Liquidity (X2)	Liquidity is the company ability to meet its financial obligations that must be met in the short term (Wild et al., 2015)	Ratio
Profitability (X3)	Profitability is the company's ability to earn profits concerning sales, total assets, and own capital (Syadeli, 2013).	Ratio
Company Size (X4)	Company size can be expressed by the total assets owned by the company (Nurhayati, 2016)	Ratio

Debt Policy (Y)	Debt policy reflects the ratio between total long-term debt to equity (Indahningrum & Handayani, 2009)	Ratio
Financial Performance (Z)	Financial performance is a description of the company's financial condition in a certain period regarding aspects of raising funds and channeling funds (Jumingan, 2006).	Ratio

The data analysis tool used to manage the data in this study was the Eviews application program. The data analysis methods were the descriptive statistical test, panel data analysis, panel data regression estimation, hypothesis test, and path analysis.

4. Results

4.1. Descriptive Statistics

Table 3. Result of Descriptive Statistics Analysis

	DER	NPM	DPR	CR	ROA	LN (ASSET TOTAL)
Mean	32.79149	-7.149333	28.05680	144.0136	0.701600	29.79480
Median	112.1300	3.240000	17.47000	103.3100	2.470000	30.02000
Maximum	485.3200	29.34000	392.5100	1183.030	12.54000	31.32000
Minimum	-4595.940	-224.7200	-330.1500	14.06000	-53.07000	27.59000
Std. Dev.	567.7578	38.56901	78.30678	171.3264	9.135280	1.038738
Skewness	-7.447504	-3.512225	1.275824	3.752474	-3.323058	-0.611260
Kurtosis	60.68553	17.52697	17.21055	20.42427	18.60179	2.320411
Sum	2459.362	-536.2000	2104.260	10801.02	52.62000	2234.610
Sum Sq. Dev.	23853821	110080.1	453764.4	2172103.	6175.547	79.84427

Table 3 captures that the number of samples in this study was 75 observations with the mean value as the average value, the maximum value as the highest value, the minimum value as the lowest value, and the standard deviation value as the value of the sum of the square roots of the difference in data values with the average divided by the amount of data. This study shows that DER (Y) had a mean value of 32.79%, a maximum value of 485.32% in 2021, and a minimum value of -4,595.94%. The standard deviation value was 567.75%. NPM (Z) had a mean value of as much as -7.14%, a maximum value of 29.34% in 2021, and a minimum value of -224.72% in 2019. The standard deviation value was 38.56%. DPR (X1) had a mean value of 28.05%, a maximum value of 392.51% in 2018, and a minimum value of -330.15% in 2020. The standard deviation value was 78.30%. CR (X2) had a mean value of as many as 144.01%, a maximum of 1,183.03% in 2021, and a minimum of 14.06% in 2017. The standard deviation value was 171.32%. ROA (X3) had a mean value of 0.70%, a maximum value of 12.54% in 2021, a minimum value of 12.54% in 2021, and a minimum value of 53.07% in 2019. The standard deviation value was 9.13%. LN (X4) had a mean value of 29.79%, a maximum value of 31.32% in 2021, and a minimum value was 27.59% in 2017. The standard deviation value was 1.03%.

4.2. Panel Data Regression Estimations

4.2.1. Chow Test

The Chow test was used to be able to choose a better approach between the Common Effect Model (CEM) approach and the Fixed Effect Model (FEM) approach. The result as seen in Table 4 below:

Table 4. Result of Chow Test

Redundant Fixed Effects Tests
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	3.295536	(14,56)	0.001

Cross-section Chi-square	45.07262	14	0.000

Note: Variable X (DPR, CR, ROA, Ln) On Variable Y (DER)

Table 4 captures the results of the Chow test for variables X (DPR, CR, ROA, Ln) on variable Y (DER) had a probability value of 0.00<0.05. It means that it has been shown from variable X (DPR, CR, ROA, Ln) on variable Y (DER) by selecting the Fixed Effect Model (FEM) approach model.

Table 5. Result of Chow Test

Redundant Fixed Effects Tests

Test cross-section fixed effects

Effects Test	**Statistic**	**d.f.**	**Prob.**
Cross-section F	1.400902	(14,56)	0.1836
Cross-section Chi-square	22.52037	14	0.0485

Note: Variable X (DPR, CR, ROA, Ln) Through Variable Z (NPM)

Table 5 displays the results of the Chow test for variables X (DPR, CR, ROA, Ln) through variable Z (NPM) had a probability value of 0.04<0.05. The results of Table 3.6 mean that it has shown that the variables X (DPR, CR, ROA, Ln) through variable Z (NPM) had chosen the Fixed Effect Model (FEM) approach.

Table 6. Result of Chow Test

Redundant Fixed Effects Tests

Test cross-section fixed effects

Effects Test	**Statistic**	**d.f.**	**Prob.**
Cross-section F	3.445758	(14,55)	0.001
Cross-section Chi-square	47.22969	14	0.000

Note: Variable X (DPR, CR, ROA, Ln) On Variable Y (DER) Through Variable Z (NPM)

Table 6 indicates that the results of the chow test for variable X (DPR, CR, ROA, Ln) on variable Y (DER) through variable Z (NPM) had a probability value of 0.00<0.05. It means that it has shown that the variable X (DPR, CR, ROA, Ln) on variable Y (DER) through variable Z (NPM) by choosing the Fixed Effect Model (FEM) approach.

4.2.2. Hausman Test

The Hausman test was used to choose a better approach between the Fixed Effect Model (FEM) and the Random Effect Model (REM) approaches. The result as seen in below Tables:

Table 7. Result of Hausman Test

Correlated Random Effects - Hausman Test

Test cross-section random effects

Test Summary	**Chi-Sq. Statistic**	**Chi-Sq. d.f.**	**Prob.**
Cross-section random	20.700356	4	0.0004

Note: Variable X (DPR, CR, ROA, Ln) On Y Variable (DER)

Table 7 shows the results of the Hausman test for variable X (DPR, CR, ROA, Ln) on variable Y (DER) had a probability value of 0.00 <0.05. It means that it has shown that the variable X (DPR, CR, ROA, Ln) on variable Y (DER) had chosen the Fixed Effect Model (FEM) approach.

Table 8. Result of the Hausman Test

Correlated Random Effects - Hausman Test

Test cross-section random effects

Test Summary	**Chi-Sq. Statistic**	**Chi-Sq. d.f.**	**Prob.**
Cross-section random	16.210669	4	0.0027

Note: Variable X (DPR, CR, ROA, Ln) Through Variable Z (NPM)

Table 8 describes that the results of the Hausman test for variables X (DPR, CR, ROA, Ln) through variable Z (NPM) had a probability value of 0.00<0.05. It means that it has shown that the variables X (DPR, CR, ROA, Ln) through variable Z (NPM) had chosen the Fixed Effect Model (FEM) approach.

Table 9. Result of Hausman Test

Correlated Random Effects - Hausman Test

Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	14.521851	5	0.0126

Note: Variable X (DPR, CR, ROA, Ln) On Variable Y (DER) Through Variable Z (NPM)

Table 9 captures the results of the Hausman test for variable X (DPR, CR, ROA, Ln) on variable Y (DER) through variable Z (NPM) had a probability value of 0.01<0.05. It means that it has shown that the variable X (DPR, CR, ROA, Ln) to variable Y (DER) through variable Z (NPM) by choosing the Fixed Effect Model (FEM) approach. From determining the estimation procedure for the Chow test and Hausman test, it has been clarified that the results of determining the relevant estimation procedure for the panel data regression equation in this study are the Fixed Effect Model (FEM), so that the classical assumption test does not have to be carried out on the data used in the study (Kuncoro, 2013). Based on (Widarjono, 2017) states that testing the classical assumptions was not carried out by the Fixed Effect Model (FEM) and Random Effect Model (REM) approaches. While testing for the approach the best model, namely the Common Effect Model (CEM), will be continued by testing the classical assumptions. The number of research observations with a total of fewer than 30 observations, it is mandatory to use the classical assumption test, while for several observations of more than 30 observations, the classical assumption test is not carried out and for the number of research observations on panel data based on repeated cross-section observations (time series), the panel data method is unsuitable for testing classical assumptions.

4.3. Hypothesis Testing

The t-test was used as a tool to find out how far the influence of the variables from the independent variables individually has a significant influence on the dependent variable with the criterion of having a significant probability value of 5%. The t-test value is as follows:

Table 10. Result of Hypothesis Testing

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	33384.42	11581.9	2.882	0.006
DPR	-0.818306	0.794645	-1.030	0.008
CR	0.760871	0.53375	1.426	0.000
ROA	-6.473356	8.815	-0.734	0.000
LN	-1122.132	389.7684	-2.879	0.466

Note: Variable X (DPR, CR, ROA, Ln) On Variable Y (DER)

Table 10 shows the results of hypothesis testing. The result indicates that DPR variable (X1) has a significant negative effect on the DER variable (Y) which can be seen from the probability value of 0.00<0.05. Also, CR variable (X2) has a significant positive effect on the DER variable (Y) which can be seen from the probability value of 0.00<0.05. This study also found that the ROA variable (X3) has a significant negative effect on the DER variable (Y) which can be seen from the probability value of 0.00<0.05. Lastly, LN variable (X4) does not significant negative effect on the DER variable (Y) which can be seen from the probability value of 0.46>0.05.

Table 11. Result of Hypothesis Testing

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	340.791	282.683	1.206	0.233
DPR	0.007	0.019	0.357	0.002
CR	0.010	0.013	0.785	0.006
ROA	3.852	0.215	17.906	0.000

Variable	Coefficient	Std. Error	t-Statistic	Prob.
LN	-11.825	9.513	-1.243	0.219

Note: Variable X (DPR, CR, ROA, Ln) Through Variable Z (NPM)

Table 11 shows the results of hypothesis testing. This study found that DPR variable (X1) has a significant positive effect through the NPM variable (Z) which can be seen from the probability value of 0.00<0.05. CR variable (X2) has a significant positive effect through the NPM variable (Z) which can be seen from the probability value of 0.00<0.05. ROA variable (X3) has a significant positive effect through the NPM variable (Z) which can be seen from the probability value of 0.00<0.05. LN variable (X4) does not significant negative effect through the NPM variable (Z) which can be seen from the probability value of 0.21>0.055.

Table 12. Result of Hypothesis Testing

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	25437.870	9733.271	2.613	0.012
DPR	-0.980	0.660	-1.485	0.043
CR	0.522	0.445	1.173	0.026
ROA	-96.305	18.967	-5.078	0.000
LN	-846.407	327.817	-2.582	0.213

Note: Variable X (DPR, CR, ROA, Ln) On Variable Y (DER) Through Variable Z (NPM)

Table 12 shows the results of hypothesis testing. This study found DPR variable (X1) has a significant negative effect on the DER variable (Y) through the NPM variable (Z) which can be seen from the probability value of 0.04<0.05. CR variable (X2) has a significant positive effect on the DER variable (Y) through the NPM variable (Z) which can be seen from the probability value of 0.02<0.05. ROA variable (X3) has a significant negative effect on the DER variable (Y) through the NPM variable (Z) which can be seen from the probability value of 0.00<0.05. LN variable (X4) had a negative no significant effect on the DER variable (Y) through the NPM variable (Z) which can be seen from the probability value of 0.21>0.05. NPM variable (Z) does not significant positive effect on the DER variable (Y) which can be seen from the probability value of 0.00<0.05.

4.3. Hypothesis Testing (Mediating Effect)

Regression path analysis with intervening variables that test to be able to see the effect of variable X (DPR, CR, ROA, Ln) on variable Y (DER) which can pass through variable Z (NPM)

Table 13. Result of Hypothesis Testing (Indirect Effect)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	340.7905	282.6829	1.205557	0.2331
DPR	0.006928	0.019395	0.357218	0.0023
CR	0.010228	0.013027	0.785085	0.0057
ROA	3.852456	0.21515	17.90587	0
LN	-11.82455	9.513196	-1.242963	0.2191
Effects Specification				
Cross-section fixed (dummy variables)				
Root MSE	9.896	R-squared	0.933	
Mean dependent var	-7.149	Adjusted R-squared	0.912	
S.D. dependent var	38.569	S.E. of regression	11.452	
Akaike info criterion	7.929	Sum squared resid	7344.234	
Schwarz criterion	8.516	Log likelihood	-278.327	
Hannan-Quinn criter.	8.163	F-statistic	43.520	
Durbin-Watson stat	1.710	Prob(F-statistic)	0.000	

Note: Variable X (DPR, CR, ROA, Ln) Through Variable Z (NPM)

Table 13 captures result of hypothesis testing (indirect effect). This study found that DPR variable (X1) has a positive value of 0.006 with a probability value of 0.00<0.05, which means that the regression test on the DPR variable

(X1) through the NPM variable (Z) had a significant positive effect. The coefficient value of the CR variable (X2) has a positive value of 0.010 with a probability value of 0.00<0.05, which means that the regression test on the CR variable (X2) through the NPM variable (Z) has a significant positive effect. The coefficient value of the ROA variable (X3) has a positive value of 3.852 with a probability value of 0.00<0.05, which means that the regression test on the ROA variable (X3) through the NPM variable (Z) has a significant positive effect. The coefficient value of the Ln variable (X4) has a negative value of -11.824 with a probability value of 0.21>0.05, which means that the regression test on the Ln variable (X4) through the NPM variable (Z) does not significant negative effect.

Table 14. Result of Hypothesis Testing (Indirect Effect)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	25437.870	9733.271	2.613	0.012
DPR	-0.980	0.660	-1.485	0.043
CR	0.522	0.445	1.173	0.026
ROA	-96.305	18.967	-5.078	0.000
LN	-846.407	327.817	-2.582	0.213
Effects Specification				
Cross-section fixed (dummy variables)				
Root MSE	333.369	R-squared		0.851
Mean dependent var	32.791	Adjusted R-squared		0.730
S.D. dependent var	567.758	S.E. of regression		389.291
Akaike info criterion	14.990	Sum squared resid		8335126.000
Schwarz criterion	15.608	Log likelihood		-542.114
Hannan-Quinn criter.	15.236	F-statistic		5.390
Durbin-Watson stat	1.836	Prob(F-statistic)		0.000

Note: Variable X (DPR, CR, ROA, Ln) On Variable Y (DER) Through Variable Z (NPM)

Table 14 shows DPR variable (X1) has a negative value of -0.979 with a probability value of 0.04<0.05, which means that the regression test on the DPR variable (X1) on the DER variable (Y) through the NPM variable (Z) had a significant negative effect. CR variable (X2) has a positive value of 0.522 with a probability value of 0.02<0.05, which means that the regression test on the CR variable (X2) on the DER variable (Y) through the NPM variable (Z) has a significant positive effect. ROA variable (X3) has a negative value of -96.304 with a probability value of 0.00<0.05, which means that the regression test on the ROA variable (X3) on the DER variable (Y) through the NPM variable (Z) has a significant negative effect. LN variable (X4) has a negative value of -846.407 with a probability value of 0.21>0.05, which means that the regression test on the LN variable (X4) on the DER variable (Y) through the NPM variable (Z) has no significant negative effect. NPM variable (Z) has a positive value of 23.318 with a probability value of 0.00<0.05, which means that the regression test on the NPM variable (Z) as an intervening variable on the DER variable (Y) has a significant positive effect.

4. Discussion

4.1. Effect of Dividend Policy on Debt Policy

This study indicates that dividend policy significantly negatively affected debt policy. It has been proven at a probability value of 0.00<0.05. It means the debt policy is higher if a company's dividend policy is higher. If a company increases dividend payments to shareholders, the funds available for dividends in retained earnings will be smaller. This is because to meet the shareholders funding, management must tend to use debt in order to provide dividends to shareholders (Rajagukguk et al., 2017)

4.2. Effect of Liquidity on Debt Policy

This study found that liquidity had a significant positive effect on debt policy. It has been proven at a probability value of 0.00<0.05. It means that the higher the level of liquidity, the lower the debt policy. Because a company can use liquid assets as a source of corporate financing, the company does not need external funding sources. Liquidity as the level of the company's ability to pay off debt. The higher the level of liquidity, the lower the amount of funding taken from debt because being able to pay obligations reduces the use of debt as funding for company operations (Nginang, 2020).

4.3. Effect of Profitability on Debt Policy

This study indicates that profitability had a significant negative effect on debt policy. It has been proven at a probability value of 0.00<0.05. This means that the higher the value on profitability, the lower the level of debt policy value. Because when the value of high profitability will make the company prefer to use funds originating from cash flow and retained earnings for operational activities compared to using funds originating from debt which will ultimately reduce the use of debt (Wardana, 2021).

4.4. Effect of Company Size on Debt Policy

This study reports that the company size had no significant negative effect on debt policy. It has been proven at a probability value of 0.46>0.05. This means that the larger the company, the larger and lower the debt policy is not followed because company size cannot be used as a measuring tool in determining the level of debt or debt policy to be pursued. Therefore, large companies do not like high debt, and small companies do not necessarily have low debt (Tatengkeng et al., 2018).

4.5. Mediating Effect of Financial Performance

4.5.1. Effect of Financial Performance as an Intervening Variable on Debt Policy

This study found that financial performance as an intervening variable had a significant positive effect on debt policy. It has been proven at a probability value of 0.00<0.05. This means that the higher the financial performance, the lower the company is in acting on debt policy. The greater the financial performance, the better the profit generated from sales. However, the lower financial performance explains that a company produces a higher cost of goods sold than the company's competitors in the company's operations.

4.5.2. Effect of Dividend Policy through Financial Performance as an Intervening Variable

This study reports that dividend policy significantly positively affected financial performance. It has been proven at a probability value of 0.00<0.05. This means that the higher the value of the dividend policy, the lower the financial performance. The higher the distribution in the dividend policy, the more profits the company will lose because profits as retained earnings consist of profits used for company operations and profits distributed by shareholders for dividend distribution. The profits obtained will impact the dividend policy that will be given. The company will survive and develop if it benefits from its operations (Anggia & Suteja, 2019).

4.5.3. Effect of Liquidity Through Financial Performance as an Intervening Variable

This study found that liquidity had a significant positive effect on financial performance. It has been proven at a probability value of 0.00<0.05. This means that the higher the value of liquidity, the lower the financial performance. Due to the increase in financial performance caused by current assets being converted into cash, enabling it to pay off its short-term debt, the company can be declared liquid. A low level of liquidity indicates that the company is experiencing a lack of capital to pay off its debts that are due soon. For a too-high liquidity level, it is not certain that the company's condition is in good condition because it has described excess current idle assets or cash reserves not being used properly (Batubara & Damayanti, 2021).

4.5.4. Effect of Profitability Through Financial Performance as an Intervening Variable

This study found that profitability had a significant positive effect on financial performance. It has been proven at a probability value of 0.00<0.05. This means that the higher the value of profitability, the higher the financial performance. Because the higher the profitability, the better the company's performance, which is due to the higher level of investment. For profitability, one of the ratios can determine the rate of return on total assets. It means it can determine the profit generated from the total assets used by the company by making it one of the most important factors in improving financial performance. Therefore, it is necessary to focus on managing assets. Suppose the net profit obtained does not match the expected results in returning the company's total assets because sales made by the company are ineffective. In that case, the company must minimize sales costs (Indahningrum & Handayani, 2009).

4.5.5. Effect of Company Size Through Financial Performance as an Intervening Variable

This study indicates that company size (Ln) had no significant negative effect on financial performance (NPM). It has been proven that the probability value is 0.21>0.05. It means that the higher size company cannot be seen through the assets owned by the company because the company's assets do not describe the availability of resources for the company's operational activities that generate profits. However, with the existence of own capital and capital from

investors that can be used as funding for the company's operational activities. The safest source of company operational activities is using their capital because, with capital using debt, there is an obligation to repay debt plus interest (Wahyuni & Erawati, 2019)

4.5.6. Effect of Dividend Policy on Debt Policy Through Financial Performance as an Intervening Variable

This study found that dividend policy significantly negatively affected debt policy through financial performance. It has been proven at a probability value of 0.04<0.05. Financial performance can be a liaison to part through the significant negative effect of dividend policy on debt policy. It means that when the shareholders want to increase the distribution of dividends, they can reduce the company's profits as retained earnings. The profits generated have an impact on the dividend policy given. When retained earnings as available funds to provide dividend policies are getting smaller, management must use debt to provide dividends to shareholders (Rajagukguk et al., 2017).

4.5.7. Effect of Liquidity on Debt Policy Through Financial Performance as an Intervening Variable

This study shows that liquidity significantly positively affected debt policy through financial performance. It has been proven at a probability value of 0.02<0.05. Financial performance can have a role as a liaison through a partially significant positive effect on liquidity on debt policy (DER). This means that when an increase in liquidity will be able to reduce financial performance that generates profits to be able to pay off the debt in the short term. Because profits are used to be able to pay short-term obligations that will soon be due, they will experience a shortage of capital. Therefore, a company must use debt to pay short-term obligations and as funding for company operations (Nginang, 2020).

4.5.8. Effect of Profitability on Debt Policy Through Financial Performance as an Intervening Variable

This study specifies that profitability significantly negatively affected debt policy through financial performance. It has been proven at a probability value of 0.00<0.05. Financial performance can have a role as a liaison to go through a partially significant negative effect on the profitability of debt policy. It means that when the increase in expected profitability returns the company's total assets because sales are carried out effectively, the company must minimize sales costs. A high increase in profitability will make the company prefer to use funds originating from retained earnings compared to using funds originating from debt (Wardana, 2021).

4.5.9. Effect of Company Size on Debt Policy Through Financial Performance as an Intervening Variable

This study found that company size had no significant negative effect on debt policy through financial performance. It has been proven that the probability value was 0.21>0.05. Financial performance cannot have a role as a liaison to go through a partially insignificant negative effect of company size on debt policy. It means that an increase in the value of the company's size cannot be seen through the assets owned by the company because the company's assets do not describe the availability of resources for operational activities that generate profits. Fluctuations cannot follow company resources generated from profits in debt policy because the company size generated from profits serves as a measuring tool in determining the level of debt policy to be obtained. A large company does not like to take a high debt policy, while a small company does not necessarily have low debt (Tatengkeng et al., 2018).

5. Conclusions

This study contributes the knowledge of the factors that can raise debt policy for Oil Palm Plantation Companies. The study results are also expected to provide advice and input to management as one of the company considerations to create the continuity of the company operations in the future.

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