



Website:
ejournal.umm.ac.id/index.php/jrak

***Correspondence:**
sariatmini@ub.ac.id

DOI: [10.22219/jrak.v15i2.40555](https://doi.org/10.22219/jrak.v15i2.40555)

Citation:
Resita, R. R., Sudarma, M., Atmini, S. (2025). Understanding the Impact of PSAK 115 and Financial Distress on Dividend Policy: Evidence of Audit Quality as a Moderator. Jurnal Reviu Akuntansi Dan Keuangan, 15(2), 319-335.

Article Process
Submitted:
February 28, 2025

Reviewed:
March 2, 2025

Revised:
May 25, 2025

Accepted:
May 27, 2025

Published:
July 3, 2025

Office:
Department of Accounting
University of Muhammadiyah Malang
GKB 2 Floor 3,
Jalan Raya Tlogomas 246,
Malang, East Java,
Indonesia

P-ISSN: 2615-2223
E-ISSN: 2088-0685

Article Type: Research Paper

UNDERSTANDING THE IMPACT OF PSAK 115 AND FINANCIAL DISTRESS ON DIVIDEND POLICY: EVIDENCE OF AUDIT QUALITY AS A MODERATOR

Rahma Rizka Resita¹, Made Sudarma², Sari Atmini^{3*}

Affiliation:

Faculty of Economics and Business, University of Brawijaya, Malang, Indonesia.

ABSTRACT

Purpose: This study aims to examine the effect of PSAK 115 implementation and financial distress on dividend policy. As well as testing the role of audit quality in moderating the effect of the implementation of PSAK 115 and financial difficulties on dividend policy.

Methodology/approach: This study uses purposive sampling technique, with a total of 103 different companies selected during the period 2016-2023. The data used is secondary data obtained from the company's financial statements. The data analysis techniques used in this study are panel data regression and Moderated Regression Analysis (MRA).

Results: The results of the regression analysis show that dividend payments can be significantly affected by the implementation of PSAK 115 and financial difficulties. The results also show that audit quality strengthens the relationship between the implementation of PSAK 115 on dividend payments, however audit quality is unable to strengthen the relationship between financial distress and dividends.

Practical implications: The results of this study provide empirical evidence on the implications of type 1 agency theory and signaling theory, especially from industries that on average experience a decline in dividend payout ratios due to current trends and new developments that have an impact on dividend payment policies.

Originality/value: This study uses audit quality as a moderating variable which in previous studies has been widely used as an independent variable. This study also



© 2025 Rahma Rizka Resita, Made Sudarma, Sari Atmini

Jurnal Reviu Akuntansi dan Keuangan is licensed under a [Creative Commons Attribution-NonCommercial-ShareAlike 4.0 International License](https://creativecommons.org/licenses/by-nc-sa/4.0/)

uses the dividend payout ratio to explain the impact of agency costs on the implementation of PSAK 115 and financial distress.

Keywords: Audit Quality; Dividend Policy; Financial Distress; PSAK 115.

ABSTRAK

Tujuan penelitian: Penelitian ini bertujuan menguji pengaruh implementasi PSAK 115 dan kesulitan keuangan terhadap kebijakan dividen. Serta menguji peran kualitas audit dalam memoderasi pengaruh penerapan PSAK 115 dan kesulitan keuangan terhadap kebijakan dividen.

Metode/pendekatan: Penelitian ini menggunakan teknik purposive sampling, dengan total 103 perusahaan berbeda yang terpilih selama periode 2016–2023. Data yang digunakan merupakan data sekunder yang diperoleh dari laporan keuangan perusahaan. Teknik analisis data yang digunakan dalam penelitian ini adalah regresi data panel dan *Moderated Regression Analysis* (MRA).

Hasil: Hasil analisis regresi menunjukkan pembayaran dividen dapat dipengaruhi secara signifikan oleh implementasi PSAK 115 dan kesulitan keuangan. Hasil penelitian juga menunjukkan bahwa kualitas audit memperkuat hubungan implementasi PSAK 115 terhadap pembayaran dividen, namun kualitas audit tidak mampu memperkuat hubungan kesulitan keuangan terhadap dividen.

Implikasi praktik: Hasil penelitian ini memberikan bukti empiris atas implikasi pada teori agensi tipe 1 dan teori sinyal khususnya dari industri yang secara rata-rata mengalami penurunan *dividend payout ratio* atas tren terkini dan perkembangan baru yang berdampak pada kebijakan pembayaran dividen

Orisinalitas/kebaharuan: Penelitian ini menggunakan kualitas audit sebagai variabel moderasi yang dalam penelitian sebelumnya banyak digunakan sebagai variabel independen. Penelitian ini juga menggunakan *dividend payout ratio* untuk menjelaskan dampak biaya agensi atas implementasi PSAK 115 dan kesulitan keuangan.

Kata kunci: Kebijakan Dividen; Kesulitan Keuangan; Kualitas Audit; PSAK 115.

INTRODUCTION

321

Dividends represent the distribution of a company's earnings to its shareholders, allocated in proportion to the number of shares held. These distributions may be presented either as a percentage of the share's nominal value or as a fixed monetary amount per share ([Hasanah, 2022](#); [Deviyanti & Riyanto, 2021](#); [Pinto & Rastogi, 2019](#)). Dividend policy is one of the crucial financial decisions for companies, because it not only reflects the current financial condition, but also provides important signals to investors regarding the company's future prospects. Dividend payments can reflect earnings management practices as well as being part of the resource allocation strategy in various sectors of the company's operations ([Soewarno et al. 2024](#)).

Dividend policy can be influenced of several factors, including profitability, company growth, leverage, earnings stability, and business risk. Dividends may also be distributed in the form of a fixed monetary amount per share ([Pinto and Rastogi, 2019](#)). One factor that also affects dividends is the existence of information asymmetry between managers and shareholders with respect to the allocation of Free Cash Flow (FCF). The management will have the possibility of using the FCF allocation for its own interests, which has an impact on shareholder concerns, causing shareholders to demand higher dividend distributions. The focus of this study is to examine these shareholder concerns, which are reflected through dividend payments as measured using the Dividend Payout Ratio (DPR), on the effect of the implementation of the new Statement of Financial Accounting Standards (PSAK), namely PSAK 115 (Contract Revenue from Customers) which is effective as of 1 January 2020 and financial distress as measured using the Altman Z-Score method ([Amyulianthy et al., 2022](#)).

Prior research on the implementation of PSAK 115 and financial distress remains limited, primarily focusing on its impact on financial ratios and company performance. The adoption of PSAK 72 (now PSAK 115) has been shown to positively influence several financial indicators, including the current ratio, debt-to-asset ratio, net profit margin, and price-to-earnings ratio. Research examining the impact of both PSAK 115 implementation and financial distress on managerial decision-making and shareholder responses, particularly as reflected in dividend payments, remains scarce. Therefore, it is essential to investigate the influence of PSAK 115 adoption and financial difficulties on dividend policy ([Amyulianthy et al., 2022](#)).

Financial distress has a close relationship with dividend policy because the company's financial condition directly affects management's ability and decision to distribute dividends to shareholders. When the company is under pressure of decreasing cash flow, unstable income, or increasing debt burden, management tends to withhold dividend payments to maintain liquidity and allocate available funds for the continuity of company operations ([Rawal & Gopalkrishnan, 2024](#)). Financial difficulties can provide encouragement for management to be more selective and careful in setting dividend policies, so that the decisions taken tend to reflect realistic and sustainable financial conditions, and maintain the stability of the company's operations amid financial pressures ([Azeem et al. 2023](#)).

Research of [Alfiana & Ardhani, \(2024\)](#) revealed that financial difficulties have an influence on dividend policy, although not significant, and tend to have a negative impact on dividend distribution decisions. Financial difficulties on dividend policy confirm the importance of financial conditions and capital structure in the formulation of dividend policy, especially in sectors that are very sensitive to liquidity pressures on companies ([Sidhu et al. 2023](#)).

Previous studies have shown inconsistent findings regarding the impact of IFRS implementation and financial distress on agency theory, as evidenced by the works of [Sinatra et al., \(2022\)](#); [Christiawan et al., \(2022\)](#); [Ayem and Ongirwalu, \(2020\)](#); [Nafis & Sebrina, \(2023\)](#); [Rawal & Gopalkrishnan, \(2024\)](#); [Azeem et al. \(2023\)](#); [Alfiana & Ardhani, \(2024\)](#); [Sidhu et al. \(2023\)](#). In light of these inconsistencies, the present study seeks to re-examine the effect of IFRS implementation and financial distress on agency theory, as reflected through dividend payment tendencies, by incorporating moderating variables into the analysis.

This study focuses on the discussion of agency conflicts between shareholders and managers, commonly referred to as Type I agency problems, which arise due to the separation of ownership and control typically found in large corporations. Decisions regarding the allocation of free cash flow (FCF) reflect the concerns of shareholders and creditors over potential managerial opportunism and the misuse of excess funds for personal gain ([Deviyanti & Riyanto, 2021](#); [Wang, 2017](#); [Tamrin et al., 2017](#)). High dividend payouts are believed to align managerial actions with shareholder interests, thereby mitigating agency costs ([Hansen & Crutchley, 1989](#)). The implementation of PSAK 115 which regulates the accounting treatment of fair value-based financial instruments is very important in improving the transparency and quality of financial information ([Amyulianthy et al., 2022](#)). More accurate and relevant information can help shareholders assess the company's financial condition and assess the company's ability to pay dividends. On the other hand, when companies face financial difficulties, the risk of agency conflicts tends to increase because management has the potential to hide their true financial condition or make irrational dividend decisions ([Aljughaiman et al. 2023](#)). Therefore, both the implementation of PSAK 115 and the condition of financial distress are closely related to dividend policy, and can affect how much agency costs can be reduced in the relationship between owners and managers of the company.

This research refers to the research of [Lee & Choi, \(2024\)](#) which investigates the effect of the new revenue recognition standard (IFRS 15) on the comparability of financial statements in Korea. However, several distinctions differentiate this research from that of [Lee & Choi, \(2024\)](#) the first lies in the addition of independent variables, namely financial difficulties. The second difference lies in measuring the impact of IFRS 15 implementation in research of [Lee & Choi, \(2024\)](#) using discretionary accruals (DA) with the modified Jones model, while in this study it is measured using the Dividend Payout Ratio (DPR). The third difference lies in the research year [Lee & Choi, \(2024\)](#) used 2015 to 2020 as the observation year, while this study uses 2016 to 2023. The last difference is in the research population of [Lee & Choi, \(2024\)](#) which uses companies in the Korean stock market, while in this study using companies listed on the Indonesia Stock Exchange.

This research can be a reference for the study of the implementation of new accounting standards, especially the implementation of PSAK 115, and the impact of financial difficulties in increasing investor confidence which is reflected in dividend policy. As well as in this study testing the role of audit quality as a moderating variable. According to [Pokhariyal, \(2019\)](#) there is the involvement of other variables that can strengthen or weaken the relationship between variables. Therefore, researchers suspect that audit quality can affect the relationship between PSAK 115 implementation and financial difficulties on dividend policy. Based on signal theory, companies use financial information, including accounting policies and dividend policies, as signals to investors to show good prospects and company performance. In this context, the implementation of PSAK 115 that increases the transparency and relevance of financial statements can be a positive signal to

investors. The presence of high audit quality as a form of validation of the reliability of the information submitted. Independent and qualified auditors can strengthen the signals provided by companies through financial statements and dividend policies, thereby increasing investor confidence. Thus, audit quality not only strengthens the effectiveness of the implementation of accounting standards, but also ensures that the signals sent by companies through dividends truly reflect healthy financial conditions.

This study seeks to expand the literature related to the implementation of PSAK 115, financial difficulties and dividend policy by overcoming the inconsistency of previous research results by adding audit quality moderation variables. This study also adds novelty in the form of research models, measurements, population and location that can test the consistency of previous research results, whether with different research models, measurements, populations, and locations the results will be consistent with previous research. This study uses companies listed on the Indonesia Stock Exchange for the period 2016-2023 by excluding companies in the financial sector due to the different nature of their business activities.

Dividend policy can serve as an indirect signaling mechanism used by management to convey information to investors. To mitigate agency costs, shareholders may demand higher dividend payouts, thereby limiting the potential for managerial opportunism or self-serving behavior ([Benkraiem et al., 2022](#)). In response, managers may increase dividend distributions as a means of reducing equity agency costs, which arise from the misalignment of interests between company management and minority shareholders. Consequently, in order to minimize agency costs, management may choose to allocate free cash flow (FCF) through dividend payments ([Ahmed et al., 2024](#)).

The mandatory adoption of IFRS-based financial reporting standards has been associated with a decrease in dividend policy in a number of studies, due to increased transparency and monitoring capabilities by shareholders. Based on type 1 agency theory, which explains the conflict of interest between managers (agents) and shareholders (principals), dividends are often used as a mechanism to reduce information asymmetry and ensure that management does not misuse company resources. However, as financial reports become more reliable and informative, the need for high dividends as a monitoring tool tends to decrease, as shareholders can monitor management performance more effectively through available financial information ([Bessler et al., 2023](#)).

In line with the implementation of IFRS principles in Indonesia, the Financial Accounting Standards Board (DSAK) has released PSAK 72 on Revenue from Contracts with Customers, which is effective from 1 January 2020 and then undergoes a numbering change to PSAK 115 on 1 January 2024. This PSAK prioritizes a principle-based approach to revenue recognition, resulting in information that is more accurate and reflects the company's economic performance more accurately ([Barniv et al. \(2022\)](#)). This standard contributes to improving the accuracy of revenue estimates and the timeliness of revenue recognition. Thus reducing agency conflicts between management and shareholders, because more informative financial reports can reduce the level of information asymmetry ([Puspamurti & Firmansyah, 2020](#)). Therefore, shareholders no longer rely on high dividends as a means of indirect control over management, but simply rely on the transparency of financial statements in evaluating company performance. Based on the explanation of theory and previous research. Then the proposed hypothesis is:

H1: The implementation of PSAK 115 has a negative effect on dividend payments.

In addition to the implementation of PSAK 115, which increases the transparency and accuracy of financial statements, another factor that can reduce agency costs is the company's financial condition. Based on type 1 agency theory, when the company is in poor financial condition, management faces limited resources to distribute free cash flow (FCF) as dividends. In this situation, shareholders are generally more accepting if internal funds are used to improve the company's financial position, rather than demanding high dividends ([Azeem et al. 2023](#)).

Research [Pratiwi & Christian, \(2021\)](#) shows that financial difficulties have a significant impact on the company's financial performance, characterised by a decrease in revenue and profit. When there is financial stress, the company's cash flow decreases due to reduced economic activity, so the space for managers to misuse company funds is also increasingly limited. In other words, the level of agency conflict over FCF is lower because limited funds limit managers' opportunities to act opportunistically ([Alfiana & Ardhani, \(2024\)](#)).

In the context of financial distress, investors tend to lower their demands for dividend payments as agency risk decreases. This leads to the opposite, that corporate financial distress is associated with a decrease in dividend payments, not solely due to a lack of funds, but also due to a reduced need to use dividends as a monitoring mechanism for management ([Sidhu et al. 2023](#)). Based on the theoretical basis and previous empirical findings. Then the proposed hypothesis is:

H2: Financial distress has a negative affects the propensity to on dividend payments.

In the business world, KAP Big 4 is considered to have a high reputation and provide good audit quality ([Adriana & Perdana, 2019](#)). Big 4 KAP are considered to conduct higher quality audits than nonBig 4 KAP because they have more resources. The results of the audit report from KAP Big 4 are able to increase investor confidence in a financial report in making decisions ([Hakiki & Mappanyukki, 2022](#); [Huda et al., 2021](#)). The increase in financial comparability after the implementation of IFRS 15 is more pronounced for clients of industry specialist auditors and companies operating in less competitive industries ([Lee & Choi, 2024](#)). So that the higher the audit quality, it can increase investor confidence which causes the tendency for dividend payments to decrease due to lower agency costs.

Based on signal theory, it explains that management will try to send convincing signals to the market to differentiate itself from companies that have lower performance or less transparent information. Highly reputable KAP audits are one way companies convey these signals ([Utami et al., 2018](#)). When the financial statements have been audited by a credible auditor and produce a reliable opinion, the level of investor confidence in the company's information increases. As a consequence, companies no longer have to rely on high dividend payments as a signal of stability and performance prospects to investors. In other words, a high-quality audit can be an effective alternative signal, so that companies tend to reduce the level of dividend payments because the signal has been reflected in the audit quality received by the market ([Prayogi, 2023](#)). The results of the audit report from KAP Big 4 are able to increase investor confidence in a financial report in making decisions ([Belinda & Lahaya, 2022](#)). The increase in financial comparability after the implementation of IFRS 15 is more pronounced for clients of industry specialist auditors and companies operating in less competitive industries ([Lee & Choi, 2024](#)). Based on the theoretical basis and previous empirical findings. Then the proposed hypothesis is:

H3: Audit quality strengthens the relationship between PSAK 115 implementation and dividend payments.

In conditions of financial distress, the company's economic activity tends to decline, which has an impact on limited cash inflows. naturally limits the manager's room for manoeuvre to use free cash flow (FCF) opportunistically, thus potentially reducing agency costs on FCF. in a situation of high financial stress, principals (shareholders) still have concerns that managers (agents) can misuse available funds for personal gain, especially when asymmetric information is still high and company conditions are difficult to monitor directly (Azeem *et al.* 2023).

Signalling theory becomes very relevant in this context, because parties who have more information, namely management, can convey signals to the market in order to reduce uncertainty and information asymmetry between agents and principals. One form of credible and reliable signal is the selection of high-quality auditors, such as the Big 4 Public Accounting Firm or auditors who specialise in certain industries. The involvement of highly reputable auditors provides independent assurance of the fairness and reliability of financial statements, thus indicating that the information submitted to the public truly reflects the company's actual financial condition (Bakri, 2021).

Auditors with good quality are able to see the effectiveness and efficiency of the policies or methods used by the company. Auditor quality is able to weaken management opportunities to use cash flow for management's own interests so that the higher the audit quality, the less opportunity to use FCF for management interests which causes the tendency for dividend payments to decrease due to lower agency costs (Ashma' & Laksmi, 2023). Based on the theoretical basis and previous empirical findings. Then the proposed hypothesis is:

H4: Audit quality strengthens the relationship of financial distress to dividend payments.

Based on the previous explanation, the model of this study will be known as follows:

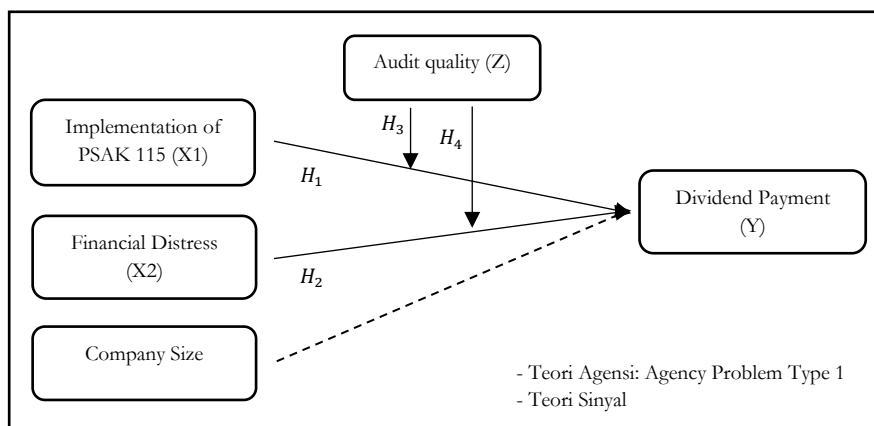


Figure 1.
Hypothesis
Development
Framework

METHOD

The population in this study are companies listed on the Indonesia Stock Exchange from 2016 to 2023, excluding companies in the financial sector due to the different nature of their business activities. This study uses purposive sampling technique with criteria:

- a) Companies that are listed consecutively on the Indonesia Stock Exchange (IDX) for the period 2016 to 2023.

- b) The company presents financial reports consistently from 2016 to 2023.
- c) Companies from industries that on average experience a decrease in Dividend Payout Ratio (DPR).
- d) The company has implemented PSAK 115 as of 1 January 2020.

The reason these companies were chosen is because they are considered capable of providing consistent and relevant data to observe the impact of the implementation of PSAK 115 before and after on dividend policy. In addition, the financial sector was excluded because the business and regulatory characteristics of the industry differ significantly. The focus on industries that experienced a decline in the average Dividend Payout Ratio also allows researchers to test the relationship between the implementation of PSAK 115 and dividend policy more precisely.

Dividend Payment

Dividend payments are the amount of cash paid out to shareholders during a given accounting period ([Pinto & Rastogi, 2019](#)). The formulation to calculate dividend payment is asfollow:

$$\text{Dividend Payout Ratio (DPR)} = \frac{\text{Dividend per share (DPS)}}{\text{Earning per share (EPS)}}$$

Implementation of PSAK 115

The implementation of PSAK 115 is using a dummy variable score 0, for the years 2016-2019 before the implementation of PSAK and a dummy variable score 1, for the years 2020-2023 after the implementation of PSAK ([Ritel & Pertamina, 2024](#)).

Financial Distress

Financial distress conditions when current assets and current debt do not match, or the cash flow of a company is insufficient to pay off existing obligations ([Aljughaiman et al. 2023](#)). The formulation to calculate financial distress is asfollow:

- a. $\text{Current Assets} = \frac{\text{Working Capital}}{\text{Total Assets}}$
- b. $\text{Leverage Internal} = \frac{\text{Retained Earnings}}{\text{Total Assets}}$
- c. $\text{ROA} = \frac{\text{Earnings Before Interest and Taxes}}{\text{Total Assets}}$
- d. $\text{Market leverage} = \frac{\text{Stock Market Value}}{\text{Total Debt}}$
- e. $\text{Asset Turnover} = \frac{\text{Sales}}{\text{Total Assets}}$

Audit Quality

Audit quality is the ability of an accountant to find and report the occurrence of fraud that occurs in client companies. for measurement using a dummy variable score 0, for KAP nonBig 4 and a dummy variable score 1, for KAP Big 4 ([Almarayeh et al. 2020](#)).

Company Size

Company size is the size of a company which is assessed by total assets, sales, total profit, tax burden and others ([Ibrahim & Abdon, 2020](#)). The formulation to calculate company size is asfollow:

$$\text{Company Size} = \text{LN} (\text{total assets})$$

The Eviews 13 program was used for data analysis, which employed two methods: panel data regression and moderation regression analysis. Panel data regression was used to examine the effect of independent variables on the dependent. In addition, moderation regression analysis was used to determine the effect of additional independent variables on the relationship between the independent and dependent variables. So the research model is as follows:

$$\text{DPR}_{it} = \beta_0 + \beta_1\text{PSAK}_{it} + \beta_2\text{FD}_{it} + \beta_3\text{AQ}_{it} + \beta_4\text{PSAK}_{it} \times \text{AQ}_{it} + \beta_5\text{FD}_{it} \times \text{AQ}_{it} + \beta_6\text{SIZE}_{it} + \beta_7\text{Industry} + \epsilon$$

DPR is dividend payments, PSAK is PSAK 115 implementation, FD is financial distress, AQ is audit quality, SIZE is company size, Industry, β is beta, and ϵ is error.

RESULT AND DISCUSSION

This study uses secondary data from 796 companies listed on the Indonesia Stock Exchange for the period 2016-2023. In the sample criteria, companies that did not present financial reports consistently in the 2016-2023 period were 397 companies. Companies from industries that on average did not experience a decrease in DPR in the 2016-2023 period were 294 companies. Companies that have not implemented PSAK 72 on 1 January 2020 are 2 companies. So that the final result of the sample studied was 103 companies with an observation period of eight years.

An overview of this research data using descriptive statistical analysis. Furthermore, the results of data processing are presented in Table 1, where it can be seen that PSAK 115, financial difficulties as the independent variable, and dividend payments as the dependent variable, as well as audit quality as the moderating variable have a standard deviation that is higher than the mean value. this indicates a large spread of data variables which can be considered as unreliable data for PSAK 115, financial difficulties, dividend payments and audit quality. In addition, this also indicates that there are some outlier data or data that are too extreme in PSAK 115, financial difficulties, dividend payments and audit quality. Meanwhile, company size as a control variable has a standard deviation that is lower than the mean value, indicating that the spread of data on this variable is small or not too large.

A normality test needs to be performed on regression to ensure that the residual values in the regression model are normally distributed. Furthermore, the skewness-kurtosis test is

used as a normality test in this study. Based on the results of the normality test, the probability value is more than 0.05, indicating that the data used is normal.

The correlation between independent variables in the panel data regression model is estimated using multicollinearity estimation. In this study, the average of the independent variables was used to perform multicollinearity analysis. If the covariance is less than 0.80, then multicollinearity is considered not to occur. Conversely, if the covariance is greater than 0.80, then multicollinearity among the independent variables is considered to occur.

Heteroscedasticity test needs to be done to determine whether there is inequality of variance in the residuals of the panel data regression model. In addition, the probability value of the Breusch-Pagan Lagrange Multiplier test is used to determine whether heteroscedasticity occurs or not in the regression model.

Tabel 1.
Descriptive Statistics

Variable	N	Minimum	Maximum	Average	Std. Dev
Dividend Payment	103	0.000000	538003.2	684.3793	187.4196
PSAK 115	103	0.000000	1.000000	0.500000	0.500304
Financial Distress	103	-310.4190	52.24200	0.328606	21.56099
Audit Quality	103	0.000000	1.000000	0.332524	0.471404
Company Size	103	22.83700	32.75400	28.50763	1.763199

Tabel 2.
The Results of the Normality Test

Source: Data processed by Eviews 13

Unstandardized_residual	Limit	Description
0.057	0.05	Normal

Source: Data processed by Eviews 13

Tabel 3.
The Results of the Multicollinearity Test

Variable	PSAK 115	Financial Distress	Audit Quality	Company Size
PSAK 115	1.000000	0.013178	-0.015456	0.014580
Financial Distress	0.013178	1.000000	-0.056964	-0.113377
Audit Quality	-0.015456	-0.056964	1.000000	0.328130
Company Size	0.014580	-0.113377	0.328130	1.000000

Source: Data processed by Eviews 13

Tabel 4.
The Results of the Heteroscedasticity Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PSAK 115	0.075767	0.043773	1.730912	0.0839
Financial Distress	0.002800	0.004902	0.571044	0.5681
Audit Quality	-0.096036	0.107754	-0.891258	0.3731
Company Size	0.056236	0.061103	0.920342	0.3577
C	-0.807860	1.738059	-0.464806	0.6422

Source: Data processed by Eviews 13

Based on the results of the heteroscedasticity test conducted using the Glejser test, the PSAK 115, financial distress and dividend payments variables do not show heteroscedasticity as indicated by the prob value. In addition, because the coefficient values of PSAK 115, financial distress and dividend payments are greater than 0.05, H0 is accepted, this indicates that the panel data regression model does not occur heteroscedasticity.

Table 5 shows that the coefficient of determination R2 is 0.560989. Thus, PSAK 115, financial distress and audit quality as variables can be explained by dividend payments by 56%, while the remaining 44% can be explained by other variables not examined in this study.

Tabel 5.
The Results of the R2 Coefficient of Determination Test

Adjusted R2 Square
0.560989

Source: Data processed by Eviews 13

Variable	Coefficient	t-Statistic	Prob.	Explanation
H1	-0.397566	-4.439498	0.0000	Accepted
H2	-0.027074	-2.699421	0.0071	Accepted
H3	0.011865	2.116926	0.0346	Accepted
H4	0.011619	1.119020	0.2635	Rejected

Tabel 6.
Result Summary

Source: Data processed by Eviews 13

Based on the table above, H1 and H2 have statistical probability values <0.05 with negative coefficients. Therefore, it can be concluded that PSAK 115 and financial distress have a negative influence on dividend payments. H3 audit quality can strengthen the effect of the relationship between PSAK 115 and dividend payments, while H4 has a statistical probability value > 0.05. Therefore, audit quality cannot strengthen or weaken the effect of the relationship between financial distress and dividend payments.

Effect of PSAK 115 Implementation on Dividend Payment

Based on the results of this study, PSAK 115 has a negative effect on dividend payments. PSAK 115, which adopts IFRS principles, encourages improved financial reporting quality through more accurate earnings estimates and more timely revenue recognition. This increased transparency has direct implications for reducing information asymmetry between managers and shareholders, which is at the core of type 1 agency problems (Jensen & Meckling, 1976). In the context of this agency theory, dividends are often used by shareholders as an indirect monitoring mechanism for managers. As financial information becomes more reliable and credible thanks to the adoption of PSAK 115, the need for shareholders to demand high dividends as a control tool weakens, as trust in management increases.

The implementation of PSAK 115 can be interpreted as a good signal from the company to the market regarding its commitment to transparent, quality and integrity financial reporting practices. This improvement in the quality of financial statements strengthens investor confidence in the company's performance and governance, thereby reducing external pressure to distribute free cash flow in the form of dividends. In other words, companies no longer need to use high dividend policy as a tool to reduce investor concerns about potential conflicts of interest.

Dividends serve as a tool to reduce agency costs by suppressing the potential opportunistic behavior of managers, increasing dividends can be a management strategy to mitigate the mismatch of interests between shareholders and managers. Thus, when reporting quality increases thanks to PSAK 115, the pressure to use dividends as a means of mitigating agency conflicts tends to decrease. The results of this study are in line with previous studies conducted of Lee & Choi, (2024); Helmi *et al.*, (2023); and Bessler *et al.*, (2023) show that the adoption of IFRS, including PSAK 115, significantly increases transparency, reduces earnings management practices, and strengthens the accuracy and comparability of financial

statements. Therefore, the stronger the implementation of PSAK 115, the lower the tendency of companies to pay large dividends, because agency problems can be minimized through credible financial reporting.

The Effect of Financial Difficulties on Dividend Payments

From the results of this study, financial distress has a negative effect on dividend payments. financial distress conditions can affect the company's dividend policy. In the framework of type 1 agency theory [Jensen & Meckling, \(1976\)](#) conflicts of interest between managers and shareholders arise due to information imbalances and different objectives. When the company is in financial distress, management tends to be more cautious in using cash, because the main priority shifts towards fulfilling short-term obligations and efforts to save the company's operations. In this situation, managers prefer to retain profits rather than distribute them as dividends, on the grounds of maintaining the liquidity of the company. Shareholders, although they may want dividends as a form of return on investment, tend to understand the decision because the risk of bankruptcy outweighs the short-term benefits of dividends.

Under conditions of financial distress, the potential for type 1 agency conflicts between management and shareholders may increase due to concerns that managers will use internal funds inefficiently, financial pressures actually limit management's room for maneuver to act opportunistically due to limited cash and resources. companies facing financial difficulties tend to withhold dividend payments as a conservative measure to maintain liquidity and avoid expensive external financing. This policy reflects a shift in the supervisory mechanism over management, from dividend policy to direct supervision over the use of cash. when the company is experiencing financial distress, the inability or decision not to pay dividends is a negative signal to the market that the company is in a weak financial condition. Therefore, to avoid sending a deeper negative signal, management chooses to withhold dividends and focus more on maintaining operational sustainability. The results of this study are also in line with the findings of [Krieger et al. \(2021\)](#) and [Sidhu et al. \(2023\)](#), which state that financial difficulties significantly reduce corporate profits and cash flows due to decreased economic activity during the crisis, thereby reducing the potential for misuse of free cash flow by management.

The Moderating Role of Audit Quality in the Effect of PSAK 115 Implementation on Dividend Payments

Based on the results of this study, audit quality can moderate the effect of PSAK 115 on dividend payments by encouraging improved financial reporting quality through more accurate earnings estimates and more timely revenue recognition. This can reduce information asymmetry and mitigate agency problems. As the transparency of financial statements increases, shareholders' trust in management also increases, so the need to use dividends as an indirect monitoring tool is reduced. The implementation of PSAK 115 can also be viewed as a positive signal to the market that the company is committed to credible and transparent reporting practices. Thus, the need to implement a high dividend policy to reduce agency conflicts decreases. The adoption of IFRS, including PSAK 115, contributes to increased transparency, reduced earnings management practices, and strengthened accuracy and comparability of financial statements. Based on signal theory, a high quality audit will strengthen the positive signal from the adoption of SFAS 115 to the market, thereby further reducing investor pressure on dividend policy. Conversely, if audit quality is low, the signals conveyed through financial statements become less credible, and investors tend to continue to demand dividends as a means of monitoring management.

Big 4 Public Accounting Firms are seen as capable of providing higher quality audits, especially after the implementation of the latest IFRS, PSAK 115, encourages financial reporting with more reliable earnings estimates and revenue recognition. From a signalling theory perspective, high audit quality acts as a positive signal, indicating that the financial statements are trustworthy, thereby reducing information asymmetry and agency conflicts. Competent auditors are also considered capable of evaluating the effectiveness and efficiency of company policies ([Ashma' & Laksmi, 2023](#)). The results of this study are in line with those conducted [Benkraiem et al., \(2022\)](#); [Hasanah, \(2022\)](#); and [Huda et al. \(2021\)](#), which show that audits by Big 4 KAP or industry specialist auditors increase the comparability of financial statements and investor confidence in decision making. In addition, audit opinion and auditor specialization have also been shown to have a positive impact on market perception, as quality audits provide strong signals to external parties, reduce doubts, and prevent underestimation of company prospects.

The Moderating Role of Audit Quality in the Effect of Financial Distress on Dividend Payment

The results showed that audit quality was unable to strengthen the effect of financial difficulties on dividend policy, which indicates that auditors have not been effective in limiting management's opportunities to act opportunistically, especially when the company faces financial pressures. viewed from the perspective of signal theory, that audited financial statements should be a credible signal for investors in assessing the condition and prospects of the company. However, the results of this study indicate that audits conducted by KAP Big Four and non big for fail to provide convincing signals regarding financial stability and dividend policy, so they are unable to significantly reduce information asymmetry or increase investor confidence.

The results of this study can be caused by several conditions that affect audit effectiveness in situations of financial distress. Company financial difficulties are often triggered by external factors, sometimes macroeconomic conditions, recessions, or market fluctuations that are beyond the auditor's control ([Elsandi & Sufina, 2023](#)). In addition, auditors do not have full access to relevant internal information to fully understand the company's financial condition. Based on type 1 agency theory, information imbalances between management (agents) and shareholders (principals) can encourage opportunistic behavior by management, especially when the company is under financial pressure. under these conditions, audited financial statements should serve as a credible signal to reduce information asymmetry. However, in reality, auditors' limited access to internal information hampers their ability to provide strong signals, so shareholders increasingly rely on information from management that is potentially biased and does not fully reflect the company's financial condition objectively.

Although signal theory considers high-quality audits as an indicator of financial statement reliability, in practice such signals are not always effective, especially when companies face financial pressures. External factors and auditor limitations in accessing internal information make audits fail to reduce information asymmetry, so investor confidence and influence on dividend policy remain low. The results of this study are in line with the findings of [Ibrahim & Abdon, \(2020\)](#) which show that audit quality has no correlation with dividend payments. the results of this study are also supported by [Hakiki & Mappanyukki, \(2022\)](#) which state that higher audit quality can increase investor confidence, but actually causes the tendency of dividend payments to decrease due to lower agency costs.

CONCLUSIONS

This study aims to examine the effect of PSAK 115 implementation and financial distress on dividend payout policy, with audit quality as a moderating variable. The results showed that the implementation of PSAK 115 has a negative effect on dividend policy. Improved quality of financial reporting that is more transparent and accurate reduces the need for companies to use dividends as a supervisory tool for management. In addition, financial distress also has a negative impact on dividend payments, as companies tend to prioritise liquidity and operational continuity. Audit quality proves to be able to strengthen the effect of PSAK 115 implementation on dividend policy, but audit quality is not effective strengthening the effect of financial distress on dividend payments. This indicates the limited role of audit in providing reassuring signals when the company is under financial stress.

The application of this research is for companies, the implementation of PSAK 115 should be supported by an increase in audit quality so that investor confidence in financial reports is stronger, so that the pressure to pay large dividends can be minimized and the focus on managing the company becomes more optimal. Regulators and capital market authorities need to encourage transparent financial reporting standards and high-quality audits, especially in financial distress situations, so that the information submitted is more credible and reliable for investors. For future researchers, it is recommended to examine more deeply the role of audit quality by considering additional variables such as management transparency and the level of auditor access to internal company information, especially in conditions of financial distress. In addition, future research can explore the influence of external macroeconomic factors that affect audit effectiveness and dividend policy.

REFERENCES

- Adriana, C. H., & Perdana, M. K. (2019). Factors Influencing the Stock Price of Banking Companies in the Indonesia Stock Exchange. *Journal of Accounting and Strategic Finance*, 1(01), 57–68. <https://doi.org/10.33005/jasf.v1i01.26>
- Ahmed, D., Azhar, Z., & Mohammad, A. J. (2024). *Kurdish Studies The Role of Corporate Governance on Reducing Information Asymmetry: Mediating Role of International Standards for Accounting (IAS, The Role of Corporate Governance on Reducing Information Asymmetry: Mediating Role of International Stan. February*. <https://doi.org/10.58262/ks.v12i1.119>
- Alfiana, S. T., & Ardhani, L. (2024). Dispersi Kepemilikan, Pertumbuhan Penjualan, dan Kesulitan Keuangan terhadap Kebijakan Dividen yang Dimoderasi oleh Ukuran Perusahaan. *E-Bis: Ekonomi Bisnis*, 3(1), 561–572. <https://doi.org/10.37339/e-bis.v8i2.1918>
- Aljughaiman, A. A., Nguyen, T. H., Trinh, V. Q., & Du, A. (2023). The Covid-19 outbreak, corporate financial distress and earnings management. *International Review of Financial Analysis*, 88(November 2022), 102675. <https://doi.org/10.1016/j.irfa.2023.102675>
- Almarayah, aha S., AIBAR-GUZMAN, B., & Abdullatif, M. (2020). Does audit quality influence earnings management in emerging markets? Evidence from Jordan. *Revista de Contabilidad - Spanish*, 23(1), 64–74. <https://doi.org/10.6018/rcsar.365091>
- Amyulianthy, R., Rahmat, T. I., & Munira, M. (2022). Analisis Dampak Implementasi PSAK 72 Terhadap Kinerja Keuangan pada Perusahaan Manufaktur di Indonesia. *Jurnal Riset Akuntansi & Perpajakan (JRAP)*, 9(02), 159–169. <https://doi.org/10.35838/jrap.2022.009.02.13>
- Ashma, F. U., & Laksmi, A. C. (2023). Corporate Social Responsibility dan Stabilitas Keuangan terhadap Financial Fraud: Peran Moderasi dari Kualitas Audit. *Reviu*

- Ayem, S., & Ongirwalu, S. N. (2020). Pengaruh adopsi IFRS , penghindaran pajak , dan kepemilikan manajerial terhadap manajemen laba. *JLA (Jurnal Ilmiah Akuntansi)*, 5(2), 360–376. <https://doi.org/10.23887/jia.v5i2.22638>
- Azeem, M., Ahmad, N., Majid, S., Ur Rehman, J., & Nafees, B. (2023). Corporate governance, financial constraints, and dividend policy: Evidence from Pakistan. *Cogent Economics and Finance*, 11(2). <https://doi.org/10.1080/23322039.2023.2243709>
- Bakri, M. A. (2021). Moderating effect of audit quality: The case of dividend and firm value in Malaysian firms. *Cogent Business and Management*, 8(1). <https://doi.org/10.1080/23311975.2021.2004807>
- Barniv, R. R., Myring, M., & Westfall, T. (2022). Does IFRS experience improve analyst performance? *Journal of International Accounting, Auditing and Taxation*, 46, 100443. <https://doi.org/10.1016/j.intaccaudtax.2021.100443>
- Belinda, A., & Lahaya, I. A. (2022). Analisis pengaruh opini audit dan ukuran kantor akuntan publik terhadap harga saham dengan ukuran perusahaan sebagai variabel pemoderasi pada perusahaan sektor keuangan yang terdaftar di Bursa Efek Indonesia (periode 2018-2020). *Kinerja*, 19(2), 316–326. <https://doi.org/10.30872/jkin.v19i2.11168>
- Benkraiem, R., Bensaad, I., & Lakhel, F. (2022). How do International Financial Reporting Standards affect information asymmetry? The importance of the earnings quality channel. *Journal of International Accounting, Auditing and Taxation*, 46(Ea 2354), 0–36. <https://doi.org/10.1016/j.intaccaudtax.2021.100445>
- Bessler, W., Gonenc, H., & Tinoco, M. H. (2023). Information asymmetry, agency costs, and payout policies: An international analysis of IFRS adoption and the global financial crisis. *Economic Systems*, 47(4), 101129. <https://doi.org/10.1016/j.ecosys.2023.101129>
- Christiawan, Y. J., Jessica, E., & Djaja, V. N. (2022). Hubungan kompensasi CEO terhadap manajemen laba: Apakah kondisi pandemi Covid-19 ikut memengaruhi? *Journal of Business and Banking*, 11(2), 271. <https://doi.org/10.14414/jbb.v11i2.2834>
- Deviyanti, D. R., & Riyanto, M. D. (2021). Pengaruh free cash flow , collateralizable asset , dan kebijakan utang terhadap kebijakan dividen Effect of free cash flow , collateralizable assets. *JURNAL MANAJEMEN ISSN : 0285-6911*, 13(4), 804–813. <https://doi.org/10.29264/jmmn.v13i4.10773>
- Elsandi, A. A., & Sufina, L. (2023). Dampak Indikator Makroekonomi Terhadap Financial Distress Periode Sebelum Dan Pada Masa Covid-19 Di Perusahaan Non-Cycliclals Tahun 2017-2021. *Journal of Accounting, Management and Islamic Economics*, 1(1), 121–136. <https://doi.org/10.35384/jamie.v1i1.411>
- Hakiki, F., & Mappanyukki, R. (2022). The Influence Factors of Going Concern Audit Opinion Acceptance Using Firm Size as A Moderating Variable. *Journal of Social Science*, 3(6), 2176–2193. <https://doi.org/10.46799/jss.v3i6.476>
- Hansen, R. S., & Crutchley, C. E. (1989). Agency Theory of Corporate Ownership , Managerial Corporate Dividends Leverage , and Corporate Dividends. *Financial Management*, 18(4), 36–46.
- Hasanah, N. (2022). Pengaruh Keputusan Pendanaan, Pertumbuhan Perusahaan, Keputusan Investasi Dan Kebijakan Deviden Terhadap Nilai Perusahaan (Studi Empiris Pada Perusahaan Manufaktur Sub Sektor Food And Beverege Yang Terdaftar Di Bursa Efek Indonesia 2018-2021). *Jurnal Bina Akuntansi*, 10(1), 1–11. <https://doi.org/10.52859/jba.v10i1.271>

- Helmi, S. M., Ahmad, K., Muhammad Khairul Anam, & Soraya Nurfiza. (2023). Pengaruh Profitabilitas Dan Kualitas Audit Terhadap Manajemen Laba Dengan Ukuran Perusahaan Sebagai Variabel Moderasi. *Jurnal Akuntansi Trisakti*, 10(1), 51–68. <https://doi.org/10.25105/jat.v10i1.15496>
- Huda, C., Agriyanto, R., Lestari, H. S., & Pangayow, B. (2021). Financial distress as a moderating variable of the influence of audit opinion and public accounting firm size on voluntary auditor switching. *Journal of Islamic Accounting and Finance Research*, 3(2), 155–176. <https://doi.org/10.21580/jiafr.2021.3.2.8609>
- Ibrahim, & Abdon. (2020). Audit Quality and Firm Value of Listed Deposit Money Banks in Nigeria Stock Exchange. *International Journal of Economics and Financial Issues*, 1(4), 269–282. <https://doi.org/10.32602/jafas.2021.004>
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305–360. [https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/10.1016/0304-405X(76)90026-X)
- Krieger, K., Mauck, N., & Pruitt, S. W. (2021). The impact of the COVID-19 pandemic on dividends. *Finance Research Letters*, 42(September 2020), 101910. <https://doi.org/10.1016/j.frl.2020.101910>
- Lee, W. J., & Choi, S. U. (2024). The effect of the new revenue recognition principle (IFRS 15) on financial statement comparability: Evidence from Korea. *Journal of International Accounting, Auditing and Taxation*, 54, 100601. <https://doi.org/10.1016/j.intaccaudtax.2024.100601>
- Nafis, B., & Sebrina, N. (2023). Pengaruh Pandemi Covid-19 dan Karakteristik Perusahaan terhadap Manajemen Laba Akrua. *Jurnal Eksplorasi Akuntansi*, 5(1), 83–100. <https://doi.org/10.24036/jea.v5i1.616>
- Pinto, G., & Rastogi, S. (2019). Sectoral Analysis of Factors Influencing Dividend Policy: Case of an Emerging Financial Market. *Journal of Risk and Financial Management*, 12(3). <https://doi.org/10.3390/jrfm12030110>
- Pokhariyal, G. (2019). Importance of moderating and intervening variables on the relationship between independent and dependent variables. *International Journal of Statistics and Applied Mathematics*, 4(5), 1–4. www.mathsjournal.com
- Pratiwi, P. D., & Christian, A. R. (2021). Performa Keuangan Perusahaan Sub-Sektor terdampak Covid-19. *INOBI: Jurnal Inovasi Bisnis Dan Manajemen Indonesia*, 5(1), 128–137. <https://doi.org/10.31842/jurnalinobis.v5i1.217>
- Prayogi, Y. A. (2023). Pengaruh Profitabilitas terhadap Audit Report Lag dengan Kualitas Audit sebagai Variabel Moderasi. *AKUNESA: Jurnal Akuntansi Unesa*, 11(3), 260–268. <https://doi.org/10.26740/akunesa.v11n3.p260-268>
- Puspamurti, H., & Firmansyah, A. (2020). Penerapan PSAK 72 terkait Pendapatan dari Kontrak dengan Pelanggan pada PT Telekomunikasi Indonesia Tbk. *Indonesian Journal of Accounting and Governance*, 4(2), 73–110. <https://doi.org/10.36766/ijag.v4i2.129>
- Rawal, A., & Gopalkrishnan, S. (2024). Impact of financial distress on the dividend policy of banks in India: evidence using panel data. *Future Business Journal*, 10(1), 1–11. <https://doi.org/10.1186/s43093-024-00310-y>
- Ritel, P., & Pertambangan, D. A. N. (2024). The effect of psak 115 implementation on the financial performance of retail and mining companies. *COSTING: Journal of Economic, Business and Accounting*, 7(5). <https://doi.org/10.31539/costing.v7i5.10147>
- Sidhu, A. V., Jain, P., Singh, S. P., Kanoujiya, J., Rawal, A., Rastogi, S., & Bhimavarapu, V. M. (2023). Impact of Financial Distress on the Dividend Policy of Banks in India. *Journal of Risk and Financial Management*, 16(2). <https://doi.org/10.3390/jrfm16020107>
- Sinatra, J. A., Manik, V. A., & Firmansyah, A. (2022). Dampak Adopsi International

- Financial Reporting Standards (Ifrs) Di Indonesia: Pendekatan Manajemen Laba Dan Relevansi Nilai. *Jurnal Pajak Dan Keuangan Negara (PKN)*, 3(2), 284–293. <https://doi.org/10.31092/jpkn.v3i2.1531>
- Soewarno, N., Isnalita, & Junaidi. (2024). The Impact of The Investment Opportunity Set on Dividends: An Effect Of Sustainable Growth Rate. *JurnalReviuAkuntansi Dan Keuangan*, 14(04), 1007–1022. <https://doi.org/10.22219/jrak.v14i4.37803>
- Tamrin, M., Rahman Mus, H., Arfah, A., & Sudirman. (2017). Effect of profitability and dividend policy on corporate governance and firm value: Evidence from the Indonesian manufacturing Sectors. *IOSR Journal of Business and Management*, 19(10), 66–74. <https://doi.org/10.9790/487X-1910086674>
- Utami, W. B., Pardawati, L., & Septianingsih, I. (2018). the Effect of Audit Opinion, Public Accounting Firm’S Size, Company Size, and Company Profitability To Delay Audits in Registered Manufacturing Companies in Indonesia Stock Exchange in 2015-2017. *International Journal of Economics, Business and Accounting Research (IJEBAR)*, 2(03). <https://doi.org/10.29040/ijebar.v2i3.345>
- Wang, J. (2017). An Empirical Study on The Dividend Determinants of Indian Textile Firms. *ZENITH International Journal of Multidisciplinary Research*, 1(3), 307–328.