The Effect of Profitability, Liquidity, Investment Opportunity Set, and Company Size on Dividend Policy

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Abstract:
This research aims to determine the simultaneous and partial effect of profitability, liquidity, investment opportunity set and firm size on firm size in Manufacturing Companies on the Indonesia Stock Exchange in 2015-2019. The research method used is quantitative analysis method. The data collection method in this research is the documentation method. The population in this research are manufacturing companies listed on the Indonesia Stock Exchange in 2015-2019. Purposive sampling method was used in taking research samples. The variables of this research consist of four independent variables, namely X1, Profitability as a proxy for Return On Assets (ROA); X2, Liquidity proxied by Current Ratio (CR; X3, Investment Opportunity Set (IOS) proxied by Market to Book Value of Equity (MBVE) and X4, Company Size (size) as proxied by Ln Net Total Assets Dividend Policy Variable which is proxied by the Dividend Payout Ratio (DPR) as the dependent variable Y. The conclusion in this research is that simultaneously ROA (X1), CR (X2), IOS (X3) and Size (X4) have a significant effect on DPR (Y). only one independent variable, namely CR has a positive and significant effect on DPR, while the ROA, IOS, Size variables have no significant effect on DPR (Y). The coefficient of determination (R2) is 18.5%, which means ROA, CR, IOS, and Size is able to explain the DPR variable by 18.5%, while the remaining 81.5% is explained by other variables other than the variables of this research.

Keywords:
Profitability; Liquidity; IOS; Firm Size; Dividend Policy

JEL: E20, E29

INTRODUCTION

Companies are generally founded with two goals, namely long-term goals and short-term goals. The company's short-term goal is to earn a profit, and the company's long-term goal is to increase the prosperity of the shareholders. One way to increase the prosperity of shareholders is to determine an optimal dividend policy, which is a policy that maintains a balance between increasing shareholder wealth and growing company value.

Optimal Dividend Policy can be achieved by implementing a good financial function. The Dividend Policy reflects the level of public trust in the company's reputation. Dividend policy is considered important for investors, because a high dividend policy has an impact on the high prosperity of shareholders so that the demand for shares increases and vice versa. Dividend policy in the company is reflected in the Dividend Payout Ratio (DPR) which is the percentage of profit distributed in the form of cash dividends. The size of the Dividend Payout Ratio (DPR) will affect the investment decisions of shareholders and on the other hand affect the company's financial condition. If the financial performance is good, the company will be able to determine the amount of the Dividend Payout Ratio in accordance with the expectations of shareholders without ignoring the company's interests to stay healthy and grow (Rizka Dwi, 2018). Investors tend to like companies that have a high DPR level because they are considered able to provide better profits with a better level of certainty.

Many factors can influence dividend policy, both internal and external factors. Factors that influence dividend policy include profitability, liquidity, opportunity investment cost (IOS) and firm size.

Profitability is the level of profit or net profit that has been obtained during the company's operational period. The company will distribute dividends if the company earns a net profit. In this research, profitability (X1) is proxied by the ratio of Return on Assets (ROA).

Liquidity is the company's ability to pay off short-term obligations on time (Handono Mardiyanto, 2009). Good liquidity in a company reflects the existence of liquid payment instruments to pay off various company obligations. Good liquidity allows companies to distribute dividends to their shareholders. In other words, the greater the amount of cash and other liquid payment instruments in a company, the greater the company's ability to pay dividends.

According to Myers (1997) investment Opportunity Set (IOS) is an investment decision in the form of a combination of assets owned (assets in place) and future investment choices with a positive Net Present Value (NPV) which will affect the value of the company. iOS is an opportunity for companies to grow. IOS is used as a basis for determining the classification of future growth. For companies that have a high set of investment opportunities that are constantly expanding their business strategy, they will need more funds. High growth companies need more funds because there are many investment opportunities. If the funding policy adopted is a low leverage policy, the company usually also has to pay low dividends so that the company can refrain from issuing new shares that require issuance costs.

The size of the company has an effect on the ease with which the company enters the capital market. Companies that have a large size will more easily enter the capital market. Meanwhile, new and small companies will experience many difficulties to have access to the capital market so that the ability to obtain capital and obtain loans is also limited. Therefore, small companies tend to hold their profits to finance their operations, and this means that the dividends that will be received by shareholders will be smaller (Handayani and Hadinugroho, 2009).

Many previous studies on the factors that influence dividend policy have been carried out with very mixed results, so further research is needed.

LITERATURE REVIEW

Previous Research

Zulaecha, HE, & Miftah, D. (2019) with the title Effect of Profitability, Investment Opportunity Set (IOS), Liquidity and Dividend Policy (Research on Consumer Goods Sector Companies on the Indonesia Stock Exchange) resulted in the conclusion that Profitability (ROA) has a positive influence and significant to dividend policy with a significance value of t 0.005 < =0.05. While the Investment Opportunity Set variable has a significance value of t 0.335 > =0.05, liquidity (CR) has a significance value of t 0.736 > =0.05, so that these two independent variables have a positive and insignificant effect on dividend policy.

The research entitled The Effect of Investment Opportunity Set and Profitability on Dividend Policy by Hidayat, WA, Danial, RDM, & Jhoansyah, D. (2019) concluded that the Investment Opportunity Set has a positive and insignificant effect on dividend policy in insurance companies listed on the Stock Exchange. The conclusion is based on the results of the t-test as follows: t count 0.256 < t table 1.701, with a significance level of t 0.800 > 0.05. Meanwhile, profitability is concluded to have a negative and insignificant effect on dividend policy in insurance companies listed on the Indonesia Stock Exchange. The conclusion is based on the results of the t-test where the significance level of t is 0.386 > 0.05. Idawati, I. A. A., & Sudiartha, G. M. (2014) conducted a research entitled The Effect of Profitability, Liquidity, Firm Size on Dividend Policy for Manufacturing Companies on the IDX concluded that all independent variables (profitability, liquidity, firm size) simultaneously affect dividend policy. The conclusion is based on the results of the F value test, where F count 5.563 > F table 2.71. The partial test can be concluded that the profitability and liquidity variables have a positive and significant effect on dividend policy. This is based on the results of the t-test, where the profitability variable t_{count} is 3.283 > t_{table} 1.987 with a significance of t 0.001 < α

0.05. Liquidity variable t arithmetic value 2.686 > t_{table} 1.987 with a significance value of t 0.009 < α 0.05. Different results are shown by the firm size variable, ie firm size has a positive and insignificant effect on dividend policy with the t count value of 1.249 < t_{table} 1.987 and a significance value of t 0.215 > α 0.05.

Sari, E. S. (2014) with the research title "The influence of company size, liquidity, profitability, company growth, and institutional ownership on the dividend payout ratio (DPR) policy". The results of the t-test and F-test of this research indicate that firm size, liquidity, profitability, firm growth, and institutional ownership either simultaneously or partially have no significant effect on the Dividend Payout Ratio (DPR).

Profitability

Profitability is the ability of a company to generate profits (profit) at a certain level of sales, assets, and share capital, in this sense it can be interpreted that profitability is the ability of a company to earn a profit within a certain period. Long-term investors will be very interested in this profitability analysis; for example, shareholders will see the profits that will actually be received in the form of dividends (Thoin, 2019); (Husnan, 2000).

Profitability metrics use the following ratios:Gross Profit Margin (GPM) merupakan presentase laba kotor yang dibandingkan dengan penjualan

Gross profit margin = $\frac{\text{selling} - \text{hpp}}{selling}$

a. Net Profit Margin (NPM) is the percentage comparison between profit after tax and sales. If the gross profit margin for a period does not change while the net profit margin has decreased, it means that the cost increase is relatively greater than the increase in sales

   Net profit margin = $\frac{profit\ after\ tax}{selling}$

b. Return on Investment (ROI) shows the company's ability to generate profits from the assets used.

   Return on asset = $\frac{profit\ after\ tax}{total\ assets}$

c. Return on Equity(ROE) measures the company's ability to earn profits available to the company's shareholders

   Return on equity = $\frac{profit\ after\ tax}{total\ own\ capital}$

Liquidity

Liquidity is the company's ability to pay off short-term obligations (debt) on time, including paying off the portion of long-term debt that matures in the year (Hardono Mardiyanto 2009). Company management usually wants to maintain a certain level of liquidity to provide financial protection and flexibility against uncertainty.

Liquidity issues are very important for the company to pay attention to so that the company can pay off its short-term obligations and so that the company can ensure that the company's daily operations can run smoothly. Low liquidity can hinder the company's opportunity to get a discount or hinder the company's opportunity to get a profit. Low liquidity also results in the company's daily operations being not smooth, not being able to pay wages for workers, unable to buy the raw materials needed, etc. This problem can lead to forced sales of investments and other assets, and the most severe possibility leads to insolvency and bankruptcy (Subramanyam, 2010).

Given that cash dividends are cash outflows, if the company's liquidity position is good, the company's ability to pay dividends will be large and vice versa.

Investment Opportunity Set (IOS)

According to Myers (1997) IOS is an investment decision in the form of a combination of assets owned (assets in place) and future investment choices with a positive Net Present Value (NPV) that will affect the value of the company. IOS is an opportunity for companies to grow. IOS is used as a basis for determining the classification of future growth. IOS shows the magnitude of the investment opportunity or opportunity for a company, and is very dependent on the

company's expenditure for future interests; IOS is the value of the company to invest in the future.

For companies that have a high set of investment opportunities, continue to expand their business strategies, they will increasingly need funds to invest. Companies that have a high investment opportunity set have high growth opportunities that will affect changes in profit levels. Companies that have high IOS tend to give low dividends because the management thinks that it is better to reinvest the funds to add their capital to retained earnings for the sake of the company's sustainability.

Company Size

Company size is the size of the company, one of the benchmarks is the size of the total assets. Companies that have a large size will find it easier to enter the capital market while new and small companies will experience many difficulties to have access to the capital market so that the ability to obtain capital and obtain loans is also limited. Therefore, small companies tend to hold their profits to finance their operations, and this means that the dividends that will be received by shareholders will be smaller (Handayani and Hadinugroho, 2009).

Dividend policy

Dividend policy according to Agus Sartono (2011) is a decision whether the profits earned by the company will be distributed to shareholders as dividends or will be held for investment financing in the future. Internal policies of each company. Will determine the size of the dividends distributed to shareholders. The existence of a high dividend distribution reflects positive expectations of the company's prospects in the future. The high dividends received by investors have an impact on increasing the welfare of shareholders, so that the value of the company increases.

Investors put high trust in companies that can distribute high dividends; this gives a positive signal to investors that the company's financial performance is getting better in the future. Investors are more interested in the certainty obtained from the rate of return on their investment and minimize the risk of uncertainty regarding the company's bankruptcy. In general, the dividend policy adopted by the company is one of these policies, namely:

a. Constant Dividend Pay Out Ratio
b. Stable Per Share Dividend

Relationship between Variables and Dividend Policy

a. Profitability Relationship With Dividend Policy
   Profitability is the company's ability to earn a profit. Profitability ratios can provide an overview to the company to find out how much profit it gets. Companies with high profits are able to pay higher dividends and vice versa. (Brigham, 2001)
b. Liquidity Relationship With Dividend Policy
   Liquidity is the ability of a company to pay off short-term obligations. Liquidity is one of the important factors taken into consideration before the company determines the amount of dividends to be paid. Given that cash dividends are cash outflows, if the company's liquidity position is good, then the company's ability to pay dividends will be large and vice versa.
c. Relationship between Investment Opportunity Set (IOS) and Dividend Policy
   For companies that have a high set of investment opportunities, continue to expand their business strategies, they will increasingly need funds to invest and they tend to provide low dividends. When the amount of dividends is low, the funds available for reinvestment increase
d. The Relationship of Company Size (Size) With Dividend Policy
   Companies that have a large size are more likely to enter the capital market and thus have the opportunity to pay large dividends to shareholders.

Framework of Thinking

In the following, the research framework is presented in Figure 1 below.

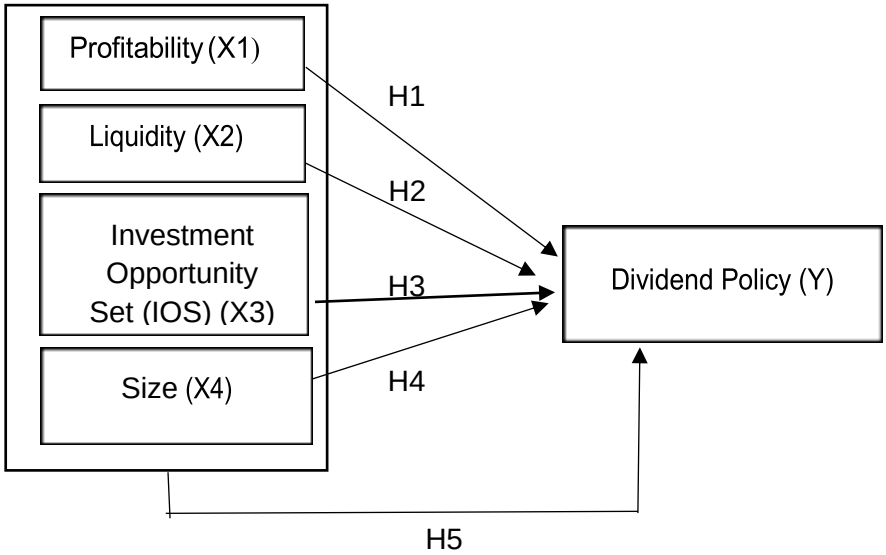

Figure 1. Framework for Thinking

Hypotheses

H1: Profitability (X1) has a partial positive effect on dividend policy in manufacturing companies listed on the Indonesia Stock Exchange in 2015-2019

H2: Liquidity (X2) has a partially significant positive effect on dividend policy in manufacturing companies listed on the Indonesia Stock Exchange in 2015-2019

H3: Investment Opportunity Set (X3) has a partially positive significant effect on dividend policy in manufacturing companies listed on the Indonesia Stock Exchange in 2015-2019

H4: Company size (X4) has a significant positive effect partially on dividend policy in manufacturing companies listed on the Indonesia Stock Exchange in 2015-2019

H5: Profitability, liquidity, investment opportunity set, and company size simultaneously affect dividend policy in manufacturing companies listed on the Indonesia Stock Exchange in 2015-2019

RESEARCH METHOD

Types of Research, Data Sources, Population and Sample

This research is a type of quantitative research. According to Ferdinand (2014) quantitative research is research that describes the relationship between the independent variable and the dependent variable.

The research data was obtained from the official website of the Indonesia Stock Exchange, namely www.idx.co.id and from the official websites of the manufacturing companies studied.

This research uses a population of all manufacturing companies listed on the Indonesia Stock Exchange during 2015 to 2019 and the sampling method is carried out by purposive sampling, which is a sampling technique with certain considerations. There are 11 companies that meet the requirements as a sample and use 5 years of research data so that the observation data becomes 55 data. Considerations in sampling in this research are as follows:

a. The components contained in the financial statements are very broad in scope, so that researchers only choose components related to Dividend Policy, namely profitability, liquidity. Investment Opportunity Set and Size (company size)
b. The company has complete financial statements relating to the variables studied.
c. Manufacturing companies did not suffer losses and distributed dividends during the research year, namely 2015 to 2019.

Research Variables and Operational Definitions of Variables

Dependent Variable (Y)

Dividend policy is a determinant of the wealth of an investor and this dividend policy is not constant. Dividend policy in this research is measured using the dividend payout ratio (DPR) with the formula:

$$DPR = \frac{deviden\ per\ share}{earning\ per\ share} \times 100\%$$

Independent Variable (X)

1) Profitability (X_1)
   Profitability is proxied by Return On Assets (ROA) which is shown by the comparison between Net Operating Income and total assets. According to R. Agus Sartono (2011), it is formulated as follows:
   $$ROA = \frac{Net\ profit}{Total\ assets} \times 100\%$$
2) Likuidity (X_2)
   Liquidity can be proxied by the Current Ratio (CR) with the formula:
   $$CR = \frac{Current\ asset}{Current\ liabilities} \times 100\%$$
3)
4) Investment Opportunity Set (X_3)
   The investment opportunity (Investment Opportunity Set) is proxied by the Market to Book Value of Equity, formulated as follows:
   $$MVE / BE = \frac{\text{Number of shares outstanding x closing price of shares}}{Total\ Equity}$$
5) Firm Size (X_4)
   Company scale is a measure used to reflect the size of the company based on the company's total assets. The measuring tool used is SIZE, with the formula:
   SIZE = Ln Net Total Aktiva

DATA ANALYSIS AND DISCUSSION

Classical Assumption Test Results

a. Normality Test based on Kolmogorov Smirnov Test

A data is said to be normally distributed if the probability value (P) of the one-sample Kolmogorov Smirnov – Z test > 0.05. (Ghozali, 2011)

Based on the results of the normality test in table 1, it can be seen that the significance / p-value of 0.057 which means it is greater than 0.05, it can be concluded that the data is normally distributed.

Table 1. Result of Normality Test

	Unstandardized Residual
N	55
Normal Parameters[a,b] Mean	0,0000000
Std. Deviation	25,76584781
Most Extreme Differences Absolute	0,117
Positive	0,117
Negative	-0,084
Test Statistic	0,117
Asymp. Sig. (2-tailed)	0,057[c]

Data source: processed SPSS output, 2019

b. Multicollinearity Test

The results of the research were concluded to be free from multicollinearity if the results of the multicollinearity test had a tolerance of 0.1 or had a VIF value of 10 (Ghozali, 2011).
Based on the results of the multicollinearity test in table 2 below, it can be seen that the value of tolerance of Profitability (ROA) is 0.183 Liquidity (CR) is 0.810 Investment Opportunity Set (IOS) is 0.186 and Company Size (size) is 0.786 while the VIF value of each variable, namely Profitability (ROA) of 5.453 Liquidity (CR) of 1.235 Investment Opportunity Set (IOS) of 5.374 and Company Size (size) of 1.303. Based on the results obtained above, each variable has a tolerance value. more than 0.10 and VIF value less than 10 then there is no multicollinearity between independent variables so that the regression model is feasible to use.

Table 2. result of Multicollieniarity test

Variabele	Tolerance	VIF	Description
Profitability IROA)	0,183	5,453	There is no multicollinearity
Likuidity (CR)	0,810	1,235	There is no multicollinearity
Investment Opportunity Set (IOS)	0,186	5,374	There is no multicollinearity
Firm Size (Size)	0,768	1,303	There is no multicollinearity

Data source: processed SPSS output, 2019

c. Autocorrelation Test

In this autocorrelation test, it is conducted to find out whether there is a relationship or correlation between the confounding error in period t and the confounding error in period t-1 (the previous one) in the linear regression test model. The test in this test is using the Durbin-Watson (DW) test (Ghozali, 2011).

Table 3
Result of Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin- Watson
1	0,496a	0,246	0,185	26,77665	2,104

Data source: processed SPSS output, 2019

Based on the results of the autocorrelation in table 3 above, the DW value is 2.104 with the independent variables k = 4 and n = 55, then in the Durbin Watson table the du value (upper limit) is 1.7240 and less than 2.276 which is the result of 4 - du is 4 - 1.7240 = 2.276. The Durbin-Watson (DW) value from the results of the autocorrelation test above is 2.104 then dU < d < 4 – dU or 1.7240 < 2.104 < 2.276 then there is no positive or negative autocorrelation, it can be concluded that there is no autocorrelation symptom in the regression model .

d. Heteroscedasticity Test

The heteroscedasticity test is intended to determine whether there is an inequality of variance from the residuals in one observation to another observation in the regression model (Ghozali, 2011). A good regression model should not have any indication of heteroscedasticity.
The presence or absence of heteroscedasticity symptoms in this research by looking at the pattern of scatterplots resulting from the SPSS output is presented in Figure 2 below.

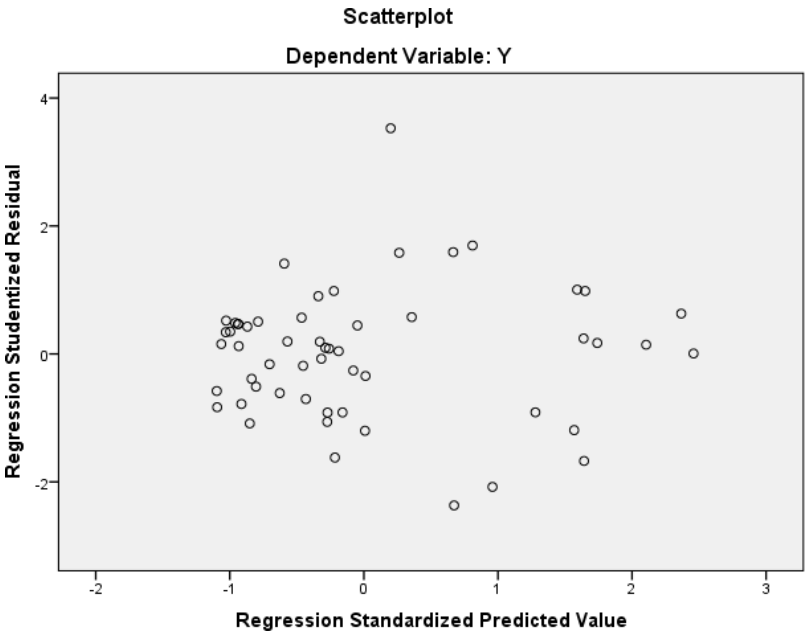

Figure 2. Heteroscedasticity Test Results

Figure 2 on the results of the heteroscedasticity test above shows the scattering points below and above or around the number 0, the points do not collect only above or below, the spread of the dots does not form a wavy pattern that widens then narrows and widens again, the distribution of data points is not patterned so that it can be concluded that there are no symptoms of heteroscedasticity. So the regression model used in this research is feasible to use.

Hypothesis Testing Results

The results of the hypothesis test are summarized in table 4 below:

Table 4
Summary of Hypothesis Test Results

Variable	b	T_{count}	Sig	Conclusion
Konstans	59,744			
Profitabilitas (ROA)	0,012	0,018	0,986	Not significant
Likuiditas (CR)	4,685	2,440	0,018	Significant Influence
Investment Opportunity Set (IOS)	2,345	1,533	0,132	Not significant
Ukuran Perusahaan (Size)	-0,976	-0,406	0,686	Not significant
F_{count}		4,073	0,006	Significant Influence
R^2		0,185		

Data source: processed SPSS output, 2019

a. Multiple Linear Regression Analysis

Regression equations that can be compiled based on the results of multiple linear regression analysis in table 4 above are as follows:

Y = 59,744 + 0,012 ROA + 4,685 CR + 2,345 IOS – 0,976 SIZE + e

1) The constant value of 59.744 can be interpreted if all independent variables are zero then the dividend policy is worth 59.744
2) The regression coefficient value of the profitability variable (ROA) is positive 0.012. This result can be interpreted that if the profitability variable (ROA) increases by 1 unit, the Dividend Policy will increase by 0.012 assuming all other independent variables are constant.

3) The value of the regression coefficient of the liquidity variable (CR) is positive at 4.685. This result can be interpreted that if liquidity (CR) increases by one unit, then Dividend Policy will increase by 4,685 assuming all other independent variables are constant.
4) The regression coefficient value of the Investment Opportunity Set (IOS) variable is 2,345. This result can be interpreted that if the Investment Opportunity Set (IOS) increases by 1 unit, then the Dividend Policy will increase by 2,345 assuming all independent variables are constant.
5) The regression coefficient value of the firm size variable (Size) is negative 0.976. This result can be interpreted that if the size of the company (Size) increases by 1 unit, then the dividend policy decreases by 0.976 assuming all independent variables are constant.

b. F Test (Simultaneous Test)

The F test was conducted to determine the simultaneous effect on the variables of Profitability (ROA), Liquidity (CR), Investment Opportunity Set (IOS) and Company Size (Size) on Dividend Policy (DPR).

Based on the results of the summary of hypothesis testing in table 4 above, the results show that the value of sig is 0.006 < α 0.05 or less than 5% and the calculated F value is 4.073 and the F table is 2.78 then the calculated F is greater than F table 4.073 > 2, 78. This means that the independent variables Profitability (ROA), Liquidity (CR), Investment Opportunity Set (IOS) and Company Size (Size) simultaneously have a significant effect on the dependent variable, namely Dividend Policy (DPR).

c. t test (Partial Test)

The t-statistical test was carried out in this research in order to determine how much influence the variables of Profitability (ROA), Liquidity (CR), Investment Opportunity Set (IOS) and Company Size (Size) partially have on Dividend Policy (DPR). The results of the t test can be seen in table 4 above:

1) Results of profitability analysis (ROA)
   Based on the results of the analysis in table 4 above X1 (Profitability) shows the value of sig 0.986 > α 0.05, and t count 0.018 < t table 2.008 this shows that the Profitability variable (ROA) has no significant effect on Dividend Policy (DPR) in manufacturing companies listed on the Indonesia Stock Exchange in 2015 - 2019.
2) Liquidity analysis results (CR)
   Based on the results of the analysis in table 4 above, the results of X2 (Liquidity) show the value of sig 0.018 < α 0.05, and t count 2.440 > t table 2.008 this shows that the Liquidity variable (CR) has a significant influence on Dividend Policy (DPR). in manufacturing companies listed on the Indonesia Stock Exchange in 2015 - 2019.
3) Analysis of Investment Opportunity Cost (IOS)
   Based on the results of the analysis in table 4 above, the results of X3 (Investment Opportunity Cost) show the value of sig 0.132 > α 0.05, and t count 1.533 < t table 2.008 this indicates that Investment Opportunity Cost (IOS) does not have a significant effect on policy Dividend (DPR).
4) Company Size analysis results (Size)
   Based on the results of the analysis in table 4 above, the results of X4 (Company Size) show a sig value of 0.686 > α 0.05, and t count 0.406 < t table 2.008. This shows that the size of the company (Size) does not have a significant influence on the Dividend Policy (DPR).

d. Coefficient of Determination Test (R2)

Testing the coefficient of determination is carried out to find out how much influence the independent variables Profitability (ROA), Liquidity (CR), Investment Opportunity Set (IOS) and Company Size (Size) have on the dependent variable Dividend Policy (DPR). The results of testing the coefficient of determination can be seen in the table of the summary results of the hypothesis test in table 4 above. Based on the results of the coefficient of determination test in table 4 above, it shows that the Adjusted R Square value is 0.185 =

18.5%, so it can be concluded that the independent variables are Profitability (ROA), Liquidity (CR), Investment Opportunity Set (IOS) and Company Size (Size) has an effect of 18.5% on the dependent variable of Dividend Policy (DPR), while 81.5% is influenced by other variables not examined in this research or examined in other regression models.

Discussion of Research Results

Effect of Profitability (ROA) on Dividend Policy (DPR)

Based on the results of research that has been carried out that Profitability (ROA) has a positive, insignificant effect on Dividend Policy (DPR) in manufacturing companies listed on the Indonesia Stock Exchange in 2015 - 2019. This is based on the results of the t test for the profitability variable, sig value of 0.986 > 0.05, and t count 0.018 < t table 2.008.

The results of this research contradict the previous studies conducted by Zulaecha, H. E., & Miftah, D. (2019) and Idawati, I. A. A., & Sudiartha, G. M. (2014). The results of the research by Hesty Erviani Zulaecha, Desrir Miftah (2019), the profitability variable obtained a significance value of t 0.005 smaller α = 0.05, this means that profitability has a significant effect on Dividend Policy (DPR). Research conducted by Idawati, IAA, & Sudiartha, GM (2014) obtained the results of the profitability of the t count 3.283 > t table 1.987 with a significance of t 0.001 less than α 0.05 this means that profitability has a significant effect on Dividend Policy (DPR). .

The results of this research are in line with research by Hidayat, W. A., Danial, R. D. M., & Jhoansyah, D. (2019) and research by Sari, E. S. (2014) which concluded that profitability has no significant effect on dividend policy.

From the results of this research it can be said that the company's profits do not affect the level of dividend payments. It can be assumed that the company does not distribute high dividends from profit. Profits earned by the company are reinvested into retained earnings for the sake of the company's sustainability. Management often does not consider profitability in paying dividends to shareholders.

Effect of Liquidity (CR) on Dividend Policy (DPR)

The conclusion from the results of this research is that Liquidity (CR) has a positive and significant effect on Dividend Policy (DPR) in manufacturing companies listed on the Indonesia Stock Exchange in 2015 – 2019, with a sig value of 0.018 which is smaller than α 0.05, and t count 2.440 is greater than t table 2.008.

The results of this research support previous research that has been carried out by Idawati, I. A. A., & Sudiartha, G. M. (2014) with the results of the liquidity variable t arithmetic value 2.686 > t table 1.987 with a significance value of t 0.009 < α 0.05.

The results of this research contradict the research of Sari, E. S. (2014) which concluded that liquidity has no significant effect on the Dividend Payout Ratio (DPR).

Companies that have a good level of liquidity will be able to meet their short-term obligations which in turn have an impact on good company performance. With good financial performance, the company is able to pay dividends to its shareholders in high amounts due to the availability of sufficient liquid payment instruments.

Effect of Investment Opportunity Set (IOS) on Dividend Policy (DPR)

Based on the results of research that has been done Investment Opportunity Cost (IOS) has a positive, not significant effect on Dividend Policy (DPR). The results of the t-test of the Investment Opportunity Cost variable show a sig value of 0.132 which is greater than 0.05, and t count 1.533 < t table 2.008.

The results of this research are in line with the research of Zulaecha, H. E., & Miftah, D. (2019). The results of the t-test of the Investment Opportunity Set variable yield a significance value of t 0.335 > = α 0.05. It is concluded that this independent variable has a positive and insignificant effect on dividend policy.

The results of this research also support the research of Hidayat, W. A., Danial, R. D. M., & Jhoansyah, D. (2019) which concludes that the Investment Opportunity Set has a positive and insignificant effect on dividend policy in insurance companies listed on the Indonesia Stock

Exchange. The conclusion is based on the results of the t test as follows: t count 0.256 < t table 1.701, with a significance level of t 0.800 > α 0.05.

The results of this research concluded that the Investment Opportunity Set (IOS) had a positive and insignificant effect on dividend policy (DPR). This is not in accordance with general conditions, where companies that have a high Investment Opportunity Set tend to give low dividends because the management assumes that the profits earned by these funds are better reinvested into retained earnings for the sake of the company's sustainability.

Effect of Firm Size (Size) on Dividend Policy (DPR)

The results of this research indicate that the size of the company (Size) has no significant effect on the Dividend Policy (DPR). This is shown from the results of the t test, the sig value of 0.686 is greater than 0.05, and the t count is 0.406 smaller than the t table of 2.008. It can be concluded that the larger the company, the smaller the company pays dividends to investors.

The results of this research are in accordance with the research of Idawati, I. A. A., & Sudiartha, G. M. (2014) which states that company size has no significant effect on dividend policy with a t count of 1.249 < t table 1.987 and a significance value of t 0.215 > α 0.05.
The results of this research are also supported by Sari, E. S. (2014) who concludes the results of his research as follows: Company Size (Size) has no significant effect on Dividend Policy (DPR).

The results of this research can be assumed with the current less stable economic conditions, the company is more oriented towards company growth. The existence of uncertain economic conditions resulted in the company being less able to run its business effectively, so it could not generate maximum profit. The profit earned is more aimed at maintaining the company's growth so that the variable size of the company does not have a significant effect on dividend policy.

The magnitude of the influence of Profitability (ROA), Liquidity (CR), Investment Opportunity Set (IOS) and Company Size (Size) on Dividend Policy (DPR)

In this research, the results obtained by the coefficient of determination with adjusted R2 of 0.185 = 18.5%, so it can be concluded that 18.5% of the Dividend Policy variable can be explained or influenced by the variables Profitability (ROA), Liquidity (CR), Investment Opportunity Set (IOS) and Firm Size (Size) while the remaining 81.5% is influenced by other variables not examined in this research or examined in other regression models.

CONCLUSION

The conclusions from the results of the research analysis and discussion that have been carried out are as follows:

a. Partially Profitability (ROA) has a positive and insignificant effect on Dividend Policy (DPR)
b. Partially, Liquidity (CR) has a positive and significant effect on Dividend Policy (DPR).
c. Partially the Investment Opportunity Set (IOS) has a positive and insignificant effect on Dividend Policy (DPR).
d. Partially Company Size has a negative and insignificant effect on Dividend Policy (DPR).
e. Simultaneously, Profitability (ROA), Liquidity (CR), Investment Opportunity Set (IOS) and Company Size (Size) have a significant effect on Dividend Policy (DPR) with an effect of 18.5% while 81.5% is influenced by other variables. which were not investigated in this study or investigated in the regression model which

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