

EFFECT OF PROFITABILITY, LIQUIDITY, AND LEVERAGE ON CASH DIVIDEND POLICY WITH COMPANY SIZE AS MODERATED VARIABLES

(Empirical Study of Consumer Goods Companies Listed on the Indonesia Stock Exchange 2016-2018)

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***Abstract** -Dividend policy implemented by company management greatly influences investors' decisions to invest in the company. so that investors need information in the form of financial reports to analyze financial performance. The ratios used to analyze financial performance are profitability, liquidity, and leverage. These three ratios greatly influence the determination of dividend policy.*

This study aims to examine the effect of profitability, liquidity, and leverage on cash dividend policy with company size as a moderating variable. The population used in this study is consumer goods companies listed on the Indonesia Stock Exchange. Sampling using purposive sampling of 19 consumer goods companies listed on the Indonesia Stock Exchange. The data used is in the form of secondary data in the form of company financial reports that are downloaded at www.idx.co.id. The data analysis technique used is multiple linear analysis and moderated regression analysis using the EViews 10 statistical tool.

The results of this study indicate that profitability and liquidity have a significant effect on cash dividend policy. Leverage has no effect on cash dividend policy. Firm size strengthens the effect of profitability and liquidity on cash dividend policy. Firm size does not moderate the effect of leverage on cash dividend policy.

Keywords: Profitability, Liquidity, Leverage, Company Size, Cash dividend policy

1. INTRODUCTION

Investing activities are activities that are exposed to various kinds of risks and uncertainties by investors. To reduce the possibility of risk and uncertainty that will occur, investors need various kinds of information, both information obtained from company performance and other relevant information such as economic and political conditions in a country. Information obtained from companies is usually based on the company's performance as reflected in financial reports, such as financial ratio analysis. Financial ratio analysis reveals the numerical financial relationship between reporting in financial statements and uses it to rationally compare the current period to the previous period (Ikhsan, 2010).

This financial ratio is important for shareholders to assess the company's performance because shareholders really hope that the invested funds will generate greater returns in the form of dividends and capital gains. Dividends are the profits that investors get when they invest their funds by buying shares in a company. Meanwhile, capital gain is an investor's profit from the difference between the share price when purchased and the share price when sold. Dividend payments in cash are more desired by investors than in stocks, because they help to reduce investor uncertainty in their investment activities into the company. (Ang, 1997). On the other hand, the company is also expected to experience growth while at the same time maintaining the company's survival and providing welfare for shareholders. To achieve these goals, investors hand over responsibility for managing the company to managers. The handover of corporate management responsibility to managers will create differences of interest. Managers tend to make decisions to reinvest the profits they get with the aim that the company experiences high growth. These interests are often not in line with the wishes of investors who want profits to be divided in the form of dividends.

Based on agency theory (Meckling, 1976: in(Gumanti, 2013)) It is known that the interests of managers as the management of the company (agent) can be different from those of the shareholders (principal), so that it can cause agency costs. The agency problems that occur are due to the possibility of management acting not in accordance with the principal's wishes, because management wishes to increase its prosperity. In addition, management can also choose the company's capital structure, ownership structure and dividend policy that can reduce agency costs that occur in such conflicts of interest. So that often the discussion about dividends refers to the agency theory framework (Chasanah, 2008).

Dividend policy is a policy carried out by management (agents) to determine how much dividends must be distributed to shareholders. This policy is determined from how management's decisions on the profits obtained by the company in one period. In general, part of the profit for the year (earning after tax) is distributed to shareholders in the form of dividends and part of it is reinvested in the company in the form of retained earnings for the sustainability of the company's operations (Sartono, 2010). The percentage of the profits that will be paid to shareholders is called the dividend payout ratio.

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 for investment financing in the future (Sartono, 2010). The optimal dividend policy is a dividend policy that can create a balance between current dividends. this and future growth that could maximize the company's share price. Another reason is that dividend policy is related to firm value. If the company pays dividends to shareholders, the value of the company will increase, because with the increase in dividend payments, the prosperity of the shareholders will also increase.

According to (source: TEMPO.COM 2018) in Kediri at the general meeting of shareholders on June 17, 2017, in the 2016 financial year, cigarette sales were recorded at Rp. 70.3 trillion. Meanwhile, in 2017, cigarette sales increased to Rp. 76.2 trillion. PT Gudang Garam Tbk experienced an increase in profit from the 2015 financial year to 2016. In the 2017 financial year the company posted a profit of Rp. 6.67 trillion. This profit increased by 3.4% from the 2016 financial year which recorded a profit of Rp. 6.45 trillion. Even though the profit increased from

the previous year, the dividend distributed to shareholders remained the same between 2016 and 2017, namely Rp. 5,002 trillion or Rp. 2,600 per share.

From the background that has been described, the following research problems can be formulated:

1. Is there an effect of profitability on cash dividend policy?
2. Is there an effect of liquidity on cash dividend policy?
3. Is there any effect of leverage on cash dividend policy?
4. Is there an effect of profitability on cash dividend policy with the moderating variable of company size?
5. Is there an effect of liquidity on cash dividend policy with the moderating variable of company size?
6. Is there an effect of leverage on cash dividend policy with the moderating variable of company size?

2. THEORY BASIS AND HYPOTHESIS DEVELOPMENT

2.1. Theoretical basis

2.1.1. Dividend Payout Ratio

Dividend payout ratio is the ratio of the total dividend paid to shareholders from the profits earned by the company (Sudana, 2011). The greater this ratio, the greater the amount of dividends distributed to shareholders but it will reduce the company's internal funds (retained earnings). If this ratio is smaller, it will reduce dividends distributed to shareholders but will increase the company's internal funds. Investors who are interested in short-term profits will prefer to invest in companies with high dividend payout ratios. The dividend payout ratio formula is:

$$\text{Dividend payout ratio} = \frac{\text{Total}}{\text{Net Income}} \times 100\%$$

2.1.2. Profitability

Profitability is an ability that a company has to make a profit (Sartono, 2010). One of the main goals of the company is to get a large profit. The greater the profit generated, the higher the level of profitability. Profitability can be used as a benchmark for investors and creditors in assessing the performance of a company. (Sudana, 2011) profitability is the ability of a company to generate profits by using its resources such as assets, capital, or company sales. The profitability ratios used in this study are:

$$\text{Return on Asset} = \frac{\text{Net Income}}{\text{Total}} \times 100\%$$

2.1.3. Liquidity

Liquidity is the company's ability to pay off short-term debt using current assets owned by the company. According to Syafrida Hani (2015: 121), liquidity is the ability of a company to meet all financial obligations that can be disbursed immediately or are due. Specifically, liquidity reflects the availability of funds owned by the company to meet all debts that are due. The higher the liquidity level of a company, the better its performance. Companies with a high level of liquidity usually have a better chance of getting various supports from external parties (creditors and investors). The liquidity ratios used in this study are:

$$\text{Current Ratio} = \frac{\text{Current Asset}}{\text{Current liabilities}} \times 100\%$$

2.1.4. Leverage

Leverage is the ability of a company to fulfill all its obligations. The obligations in question are debts that must be paid. From this leverage, the company can find out to what extent the debt is able to be repaid if the company is liquidated (Munawir, 2010). If the company has a high level of leverage, the investment risk is even greater. If the company has a low level of leverage, the investment risk is getting smaller. The leverage ratios used in this study are:

$$\text{Debt to Equity Ratio} = \frac{\text{Total Liabilities}}{\text{Total Equity}} \times 100\%$$

2.1.5. Company Size

Company size is an indicator to measure the maturity stage of a company. Company size is a scale in which the size of the company can be classified according to various ways, including: total assets, sales volume, stock market value, market capitalization value, and others, all of which are highly correlated. The greater the total assets, sales volume, stock market value, market capitalization value, the greater the size of the company. Basically, company size is only divided into three categories, namely large companies (large firms), medium companies (medium firms), and small companies (small firms).

Large companies have greater access to sources of funding from various sources so that obtaining loans from creditors will be easier because large companies have greater profitability to be able to compete and survive in the industry. The larger the size of a company, the greater the tendency to use foreign capital. This is because major changes require large funds to support their operational activities. So, this will be an alternative if the own capital is not sufficient (Abdul Hakim, 2010).

Measurement of company size in this study are:

$$\text{Firm Size} = \text{Log Natural Total Assets}$$

2.2. Hypothesis Development

2.2.1. Effect of Profitability on Cash Dividend Policy

Profitability is the company's ability to earn profits in relation to sales, total assets, and own capital (Kasmir, 2014). Companies with a high level of profitability will show the company's ability to generate higher profits. So that the company is able to increase dividend payments to its shareholders. If the company can generate higher profits, the dividends that will be distributed to shareholders will also be high.

H1: Profitability affects the Cash Dividend Policy

2.2.2. The Effect of Liquidity on Cash Dividend Policy

Liquidity is a ratio that describes the company to meet short-term obligations. So that the level of company liquidity can affect a company's dividend policy (Kasmir, 2010: 129). This liquidity can be a consideration for shareholders to assess the extent to which the company can provide dividends that have been agreed upon. The higher the level of the liquidity ratio, the higher the chances of dividends paid by the company to shareholders. But if the level of the liquidity ratio is low, the chances of dividends being paid will be lower because the company will fulfill its short-

term debt first. So that it will cause a conflict of interest between the company management (agent) and the shareholders (principal).

H2: Liquidity affects the Cash Dividend Policy

2.2.3. The Effect of Leverage on Cash Dividend Policy

Leverage is the amount of debt used to finance / buy company assets. Companies that have a debt greater than equity are said to be companies with a high level of leverage (Fakhrudin, 2008: 109). Companies with high leverage ratios have an obligation to make less dividend payments than companies with lower ratios, because of the large amount of debt, the greater the burden borne by the company including interest expenses. Where this burden will reduce the company's net profit. By reducing the company's net profit, the net profit will also be distributed in the form of cash dividends to shareholders. Meanwhile, if the level of the leverage ratio is low, the dividends distributed to shareholders will be greater,

H3: Leverage affect the Cash Dividend Policy

2.2.4. Effect of Profitability on Cash Dividend Policy with Firm Size as Moderation Variable

The level of profitability of large companies is higher than small companies. This is because large companies have greater resources that can be used to maximize the company's operational activities aimed at increasing profits. The amount of profitability has a direct effect with dividend policy. This has been explained in the signaling theory that the amount of dividends distributed depends on the current period's profits and the dividends distributed in the previous period. Based on the description above, it can be concluded that large companies have high profitability, so that the amount of dividends to be distributed will be greater.

H4: Profitability affects the Cash Dividend Policy with Size Company As a Moderation Variable

2.2.5. The Effect of Liquidity on Cash Dividend Policy with Firm Size as a Moderation Variable

Companies that have large total assets have the ability to meet the financing of company activities from higher internal funds compared to companies that have small total assets. This is because companies that have large total assets have the potential to earn large profits, so that companies have high cash availability and can finance company activities using larger internal funds compared to external funds (Haryanto, 2013). The high liquidity of a company can provide confidence to investors that the company is able to pay dividends. The results of research conducted by Sunarya (2013) stated that liquidity has a positive effect on cash dividend policy. Based on the description above it can be concluded,

H5: Liquidity affects the Cash Dividend Policy with Size Company As a Moderation Variable

2.2.6. The Effect of Leverage on Cash Dividend Policy with Firm Size as a Moderation Variable

Small companies have a relatively low level of profitability than large companies. So that, small companies do not have sufficient internal funds to purchase resources and so on to support the company's operations. Therefore, small companies will prefer external funding in the form of debt to creditors. So that the composition of funding originating from debt will be higher. The high level of debt makes the company prioritize its permanent obligations, namely by paying interest rather than paying dividends to investors. The results of research conducted by Yudiasti (2015) show that leverage has a negative effect on dividend policy.

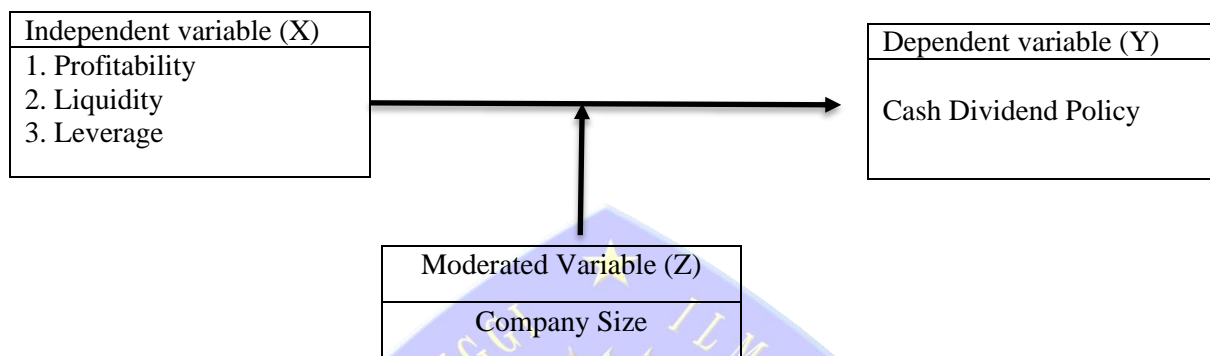
H6: Leverage affects the Cash Dividend Policy with Size Moderation Variable

Company As a

2.3. conceptual framework

The figure below provides an explanation of how the authors want to show the relationship between the variables of profitability, liquidity, and leverage on cash dividend policy with company size as a moderating variable.

**Figure 2.1
Research Conceptual Framework**



3. RESEARCH METHOD

3.1. Research Strategy

The strategy used in this research is causal which aims to determine the effect of the independent variables on the dependent variable. (Sugiyono, 2013). With this strategy, it can be seen how much influence the independent variable contributes to the dependent variable. This research is a quantitative research because the data used is mathematical. The population used in this study are consumer goods companies listed on the Indonesia Stock Exchange. The sample used in this study were companies that distributed dividends consecutively for the period 2016 - 2018. The data source used in this study was secondary data in the form of financial reports obtained through the website (www.idx.co.id).

3.2. Population and Sample

The population in this study is the financial statements of consumer goods companies listed on the Indonesia Stock Exchange for the period 2016-2018. The sample selection in this study is the purposive sampling technique. Purposive sampling is a sampling technique with certain considerations in accordance with the object of research. This technique is used to select sample members specifically based on research objectives. In this study, the authors will analyze the financial ratios of dividend distribution. The criteria specified are as follows:

1. Consumer goods companies listed on the IDX.
2. Companies that generate profits or profits consecutively during the 2016-2018 period.
3. Companies that pay dividends consecutively during the 2016-2018 period.

**Table 3.1 Research Sampling Criteria
For Consumer Goods Companies Listed on the IDX**

No.	Criteria	amount
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1	Population of registered consumer goods companies on the IDX	40
2	Company that is incur losses during the period 2016-2018	3
3	Company that is do not distribute dividends on a regular basis consecutively during the 2016-2018 period	18
Total Samples		19
Data sample 3 years		54

3.3 Data and Data Collection Methods

The data source used in this research is secondary data. Secondary data is a source of data obtained by researchers from existing sources (obtained and recorded by other parties). Secondary data in the research are in the form of evidence, historical records of annual reports and financial reports of consumer goods companies listed on the Indonesia Stock Exchange. The method used in this research is panel data. Panel data is a combination of time series data and cross section data. Time series is data collected from period to period on one object with the aim of describing the development, while cross section data is data in one period on several objects with the aim of describing the situation.

Sources of data collection in this study are divided into 2, including:

1. Documentation study. Namely by collecting secondary data in the form of notes, annual financial reports of consumer goods companies listed on the Indonesia Stock Exchange, which consists of a three-year research period starting from 2016 - 2018 which is accessed through the official website of the Indonesia Stock Exchange, namely www.idx.co.id.
2. Literature study. Namely by using available books or literature, lecture materials and other sources related to the Dividend Policy.

3.4. Operational Variables

Table 3.2
Operational Research Variables

Variable	Variable Measurement	Measurement Scale
Profitability (X1)	$ROA = \frac{\text{Net Income}}{\text{Total assets}}$	Ratio
Liquidity (X2)	$\text{Current Ratio} = \frac{\text{Current Asset}}{\text{Current Liabilities}}$	Ratio

Leverage (X3)	Debt to Equity Ratio $= \frac{\text{Total Debt}}{\text{Total Equity}}$	Ratio
Company size (Z)	Firm Size = Log Natural Total Asset	Ratio
Dividend policy (Y)	Dividend Payout Ratio $= \frac{\text{Total Dividends}}{\text{Net Income}}$	Ratio

3.5 Data Analysis Techniques

The data analysis technique used in this research is quantitative method. Quantitative methods use calculations, numbers, statistics to analyze hypotheses and other analytical tools. In this study, the data analysis technique used the EViews 10 software program with the help of the Microsoft Excel program. According to (Sugiyono, 2013) data analysis is an activity after data from respondents are collected.

3.5.1 Multiple Regression Analysis and Moderation Regression Analysis

The variables of profitability, liquidity, and leverage were tested using multiple regression analysis models. Meanwhile, to test the interaction effect of moderating variable company size that supports the effect of profitability, liquidity, and leverage on dividend policy, Moderated regression analysis (MRA) is used. The multiple regression analysis equation used is as follows:

$$\text{DPR} = \alpha + \beta_1 \text{ROA} + \beta_2 \text{CR} + \beta_3 \text{DER} + e$$

The moderation regression analysis equation is:

$$\text{DPR} = \alpha + \beta_1 \text{ROA} + \beta_2 \text{CR} + \beta_3 \text{DER} + \beta_4 \text{ROA} * \text{SIZE} + \beta_5 \text{CR} * \text{SIZE} + \beta_6 \text{DER} * \text{SIZE} + e$$

Information :

DPR = Dividend Payout Ratio

ROA = Return On Asset

CR = Current Ratio

DER = Debt to Equity Ratio

SIZE = Company Size

α = Constant

β = The regression coefficient of each of the independent variables

4. DISCUSSION

4.1. Description of Research Object

The object in this study is the Consumer Goods Companies listed on the Indonesia Stock Exchange (IDX) for 3 consecutive years, namely the 2016 - 2018 period. The population in this study is the Consumer Goods Companies listed on the Indonesia Stock Exchange, totaling 40 companies. The sample that met the criteria in this study amounted to 19 companies using purposive sampling method. The data used in this study are secondary data obtained from the official website of the Indonesia Stock Exchange (IDX), namely www.idx.co.id with the research period of 2016 - 2018.

4.2. Descriptive statistics

Descriptive statistical analysis of the object of this research will describe the calculation of the mean (mean), standard deviation, maximum and minimum. The variables used in this study are profitability, liquidity and leverage as independent variables, cash dividend policy as the dependent variable, and company size as a moderating variable.

The minimum value is the smallest value of each tested variable while the maximum value is the largest value of the variable under study. The average value (mean) is the average value of each variable under study. Standard deviation is the distribution of data which describes the data as being homogeneous or fluctuating heterogeneous.

Table 4.1
Descriptive statistics

	DPR	ROA	CR	DER	SIZE
Mean	0.501610	0.132136	3,450221	0.669133	1.539495
Median	0.455109	0.097352	2,586759	0.509911	1.505752
Maximum	1.101000	0.526704	1,582231	2.654552	1,838545
Minimum	0.105699	0.027583	0.605632	0.040204	1.289756
Std. Dev.	0.271531	0.120266	2.902111	0.592597	1.479348
Observations	57	57	57	57	57

Source: EViews 10 Output Results

INFORMATION :

DPR: Dividend Payout Ratio

ROA: Profitability

CR: Liquidity

DER: Leverage

SIZE: Company Size

In the descriptive statistical table, 57 observational data were obtained from the multiplication of the research period (3 years, namely 2016 to 2018) with a sample size of 19 companies. Based on the results of the table above, the interpretation is as follows:

1. *Dividend Payout Ratios* as the dependent variable it produces a minimum value range of 0.105699 and a maximum value of 1.101000. The company with the lowest dividend payout ratio was PT Ultrajaya Milk Industry Tbk in 2016. The company with a high dividend payout ratio was PT Delta Djakarta in 2018. The mean value is 0.501610 and the standard deviation value is 0.271531. This shows that the distribution of data for the dividend payout ratio variable in this study is quite evenly distributed so that it has differences that are not too big or small in other variables.

2. Profitability as an independent variable produces a minimum value range of 0.027583 and a maximum value of 0.526704. The company that has the lowest profitability value is PT Chitose International Tbk in 2018. The company that has the highest profitability value is PT Multi Bintang Indonesia Tbk in 2017. The mean value is 0.132136 and the Standard Deviation value is 0.120266. This shows that the distribution of data for the profitability variable in this study is quite evenly distributed because there is no high difference between one data and another.
3. Liquidity as an independent variable produces a minimum value range of 0.605632 and a maximum value of 1.582231. The company that has the lowest liquidity value is PT Unilever Indonesia Tbk in 2016. The company that has the highest liquidity value is PT Campina Ice Cream Industry Tbk in 2017. The mean value is 0.132136 and the standard deviation value is 0.120266. This shows that the distribution of data for the profitability variable in this study is quite evenly distributed because there is no high difference between one data and another.
4. Leverage as an independent variable produces a minimum value range of 0.040204 and a maximum value of 2.654552. The company that has the lowest leverage value is PT Darva Varia Laboratorium Tbk in 2018. The company that has the highest leverage value is PT Unilever Indonesia Tbk in 2017. The mean value is 0.669133 and the standard deviation value is 0.592597. This shows that the distribution of data for the leverage variable in this study is quite evenly distributed because there is no high difference between one data and another.
5. Company size as a moderating variable produces a minimum value range of 1.289756 and a maximum value of 1.838545. The company that has the lowest company size value is PT Chitose International Tbk in 2016. The company that has the highest company size value is PT Indofood Sukses Makmur Tbk in 2018. The mean value is 1.539495 and the Standard Deviation value is 1.479348. This shows that the distribution of data for the leverage variable in this study is quite evenly distributed because there is no high difference between one data and another.

4.3 Panel Data Selection Analysis

4.3.1 Chow Test

This test can be used for the selection between the fixed effect model and the common effect model. If the probability value is significant, $F \text{ statistical} > 0.05$ then H_0 is accepted, on the contrary, if $F \text{ statistic} < 0.05$ then H_0 is rejected. H_0 itself is stated as a common effect model, while H_a is stated as a fixed effect model. The following shows the results of the chow test

Table 4.2

Chow test

Effects Test	Statistics	df	Prob.
Cross-section F	10.858523	(18,35)	0.0000
Chi-square cross-section	107.427938	18	0.0000

Source: Data processed with eviews 10

From the results of the chow test above, it produces a probability of 0.0103 which means that the cross-section of $F \text{ } 0.0000 < 0.05$ then H_0 is rejected and H_a is accepted. So that it accepts the fixed effect model.

4.3.2. Hausman Test

Testing using the Hausman test is to choose which model is more appropriate to use between the fixed effect and random effect models. This test is carried out with the following hypothesis:

Ho: Random Effect Model

Ha: Fixed Effect Model

If the value of the chi square statistic > 0.05 then Ho is accepted, which means that a more appropriate model to use is the random effects model. Meanwhile, if the value of the chi square statistic < 0.05 then Ho is rejected, which means that a more appropriate model to use is the fixed effect model. The following shows the results of the Hausman test

Table 4.3
Hausman Test

Test Summary	Chi-Sq. Statistics	Chi-Sq. df	Prob.
Random cross-section	31.441725	3	0.0000

Source: Data processed with eviews 10

The results of the Hausman test get a probability of 0.0000 which means that the random cross-section is $0.0000 < 0.05$, so Ho is rejected and Ha is accepted. So that the appropriate method is the fixed effect model.

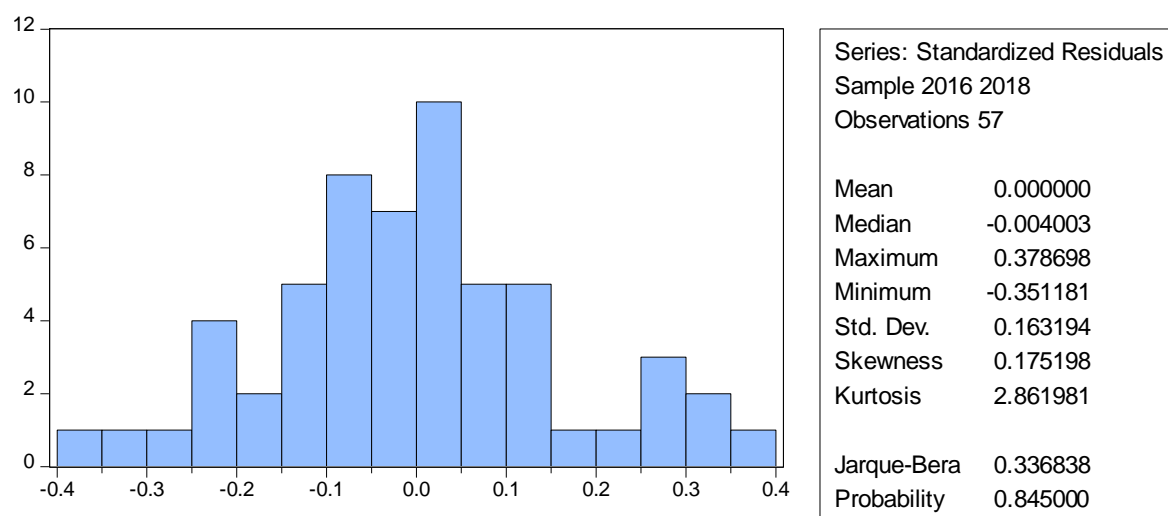
4.4 Classic Assumption Test

4.4.1. Normality test

Normality test is a test that aims to assess whether the variable under study is normally distributed or not. If the probability is greater than the significance value, namely 0.05, the data is normally distributed. The normality test in this study used the Jarque-Bera test. The following shows the results of the normality test

Figure 4.1
Normality test

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Source: Data processed with eviews 10

Based on the results above, it shows that the calculated Jarque-Bera probability value of 0.845000 is greater than the significant value of 0.05. It can be concluded that the data have been normally distributed, which means that the normality test has been fulfilled.

4.4.2. Multicollinearity Test

Multicollinearity test is a test conducted to obtain the amount of correlation between independent variables in a regression model. The following are the results of the multicollinearity test.

Table 4.4
Multicollinearity Test

	ROA	CR	DER
ROA	1	-0.153087	0.483537
CR	-0.153087	1	-0.553862
DER	0.483537	-0.553862	1

Source: Data processed with eviews 10

Based on the results of the data above, it is known that the correlation coefficient between the independent variables, namely ROA, CR, and DER is less than 0.80. It can be concluded that the regression model used does not experience multicollinearity problems.

4.4.3. Heteroscedasticity Test

Heteroscedasticity test is a test conducted with the aim of knowing in the regression model whether there is a difference in variance from the residuals in one observation with another. In this study,

the heteroscedasticity test was performed using the Glesjer test method. The following are the results of the Glesjer test.

Table 4.5

Glesjer test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.118055	0.031335	3.767549	0.0006
ROA	-0.049368	0.082934	-0.595269	0.5555
CR	-0.008695	0.005060	-1.718322	0.0946
DER	-0.027288	0.033276	-0.820033	0.4177

Source: Data processed with eviews 10

Based on the results of the data above, it is known that the values of ROA, CR, and DER have a value greater than 0.05, which is 0.5555 for ROA, 0.0946 for CR, and 0.4177 for DER. It can be concluded that the regression model in this study did not experience problems in the heteroscedasticity test.

4.5 Multiple Linear Regression Analysis

Multiple regression analysis was conducted to analyze the relationship between the independent variables, namely profitability (ROA), liquidity (CR), and leverage (DER) on the dependent variable, namely cash dividend policy (DPR). The equation results obtained from the tests that have been done, namely the Chow test and the Hausman test are the fixed effects model.

Table 4.6

Fixed Effect Model

Equation model based on the fixed effect model:

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.721831	0.076396	9,448 600	0.0000
ROA	-0.432271	0.202196	-2.137881	0.0396
CR	-0.051485	0.012336	-4.173411	0.0002
DER	0.058279	0.081129	0.718350	0.4773

$$DPR = \alpha + \beta_1ROA + \beta_2CR + \beta_3DER + e$$

$$DPR = 0.721831 - 0.432271 ROA - 0.051485 CR + 0.058279 DER$$

Based on the above equation, it can be explained that the constant value is 0.721831, which means that if the profitability value is proxied by ROA, liquidity proxied by CR, and leverage proxied by DER has a value of 0, then the cash dividend policy proxied by the DPR is 0.721831.

Profitability which is proxied by ROA has a negative coefficient value of -0.432271, so it means that the independent variable ROA has a negative relationship to the dependent variable, namely DPR. If the independent variable ROA increases by 1%, while the independent variable CR

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and the independent variable DER are fixed, the dependent variable for the DPR will decrease by - 0.432271.

Liquidity, which is proxied by CR, has a negative coefficient of -0.051485, so it means that the independent variable CR has a negative relationship to the dependent variable, namely DPR. If the independent variable CR increases by 1% while the independent variable ROA and the independent variable DER are fixed, the dependent variable for the DPR will decrease by - 0.051485.

The leverage Proxied by DER has a negative coefficient of 0.058279, so it means that the independent variable DER has a negative relationship to the dependent variable, namely DPR. If the independent variable DER increases by 1% while the independent variable ROA and the independent variable DER are fixed, then the dependent variable DPR will decrease by 0.058279.

4.6. Moderated Regression Analysis

Moderated Regression Analysis (MRA) is a test performed by one or more independent variables that affect one dependent variable, and has a moderating variable as a condition for an influence that will strengthen or weaken. The following shows the results of the moderated regression analysis. :

Table 4.7
Moderated Regression Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.495582	0.127501	3.886885	0.0005
ROA	-3.629402	6.438863	-0.563671	0.5769
CR	-1.266110	0.282848	-4.476286	0.0001
DER	0.859736	0.908599	0.946221	0.3511
ROA_SIZE	0.204745	0.450186	0.454801	0.0223
CR_SIZE	0.086034	0.019885	4.326633	0.0001
DER_SIZE	-0.051506	0.058141	-0.885879	0.3823

Source: Data processed with eviews 10

The equation model with the moderated regression analysis is

$$\text{DPR} = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_1 Z + \beta_5 X_2 Z + \beta_6 X_3 Z + e$$

$$\text{DPR} = 0.495582 - 3.629402\text{ROA} - 1.266110\text{CR} + 0.859736\text{DER} + 0.204745\text{ROA_SIZE} + 0.086034\text{CR_SIZE} - 0.051506\text{DER_SIZE}$$

Based on the above equation, it can be explained that the constant value is 0.495582, which means that if the variables ROA, CR, DER, interaction between ROA and SIZE, interaction between CR and SIZE, and interaction of DER and SIZE are 0, then the DPR value is 0.495582.

The first moderating variable, namely the interaction between ROA and SIZE, has a positive coefficient value of 0.204745. It can be concluded that the interaction between ROA and SIZE has a positive relationship with the dependent variable, namely DPR. If the interaction between ROA and SIZE increases by 1% while the other variables of the regression model are fixed, the dependent variable of the DPR will increase by 0.204745.

The second moderating variable, the interaction between CR and SIZE, has a positive coefficient value of 0.086034. It can be concluded that the interaction between CR and SIZE has a positive relationship with the dependent variable, namely DPR. If the interaction between CR and SIZE increases by 1% while the other variables of the regression model are fixed, the dependent variable of the DPR will increase by 0.086034.

The third moderating variable, namely the interaction between DER and SIZE, has a negative coefficient value of -0.051506. It can be concluded that the interaction between DER and SIZE has a negative relationship with the dependent variable, namely DPR. If the interaction between DER and SIZE increases by 1% while the other variables of the regression model are constant, the dependent variable of the DPR will decrease by -0.051506.

4.7. Hypothesis testing

4.7.1. Partial Test

If t count (t statistic) > t table then Ho is rejected and Ha is accepted, thus it means that the independent variable has a significant effect on the dependent variable by using a significant level of 5%, and if the value of t count > t table then one each of the independent variables has an influence on the dependent variable.

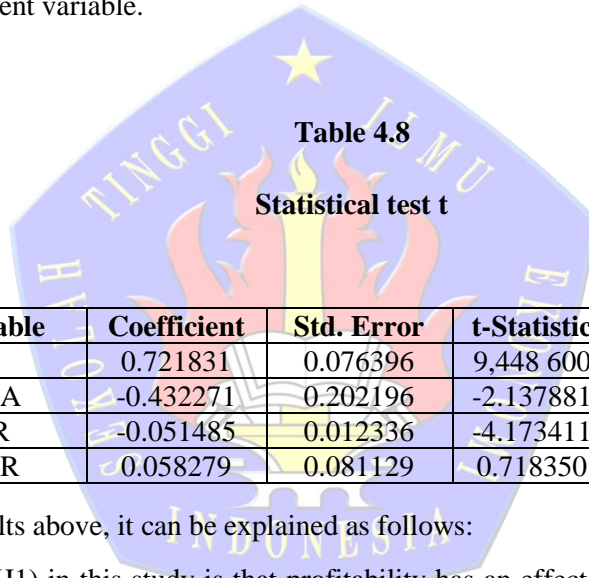


Table 4.8
Statistical test t

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.721831	0.076396	9,448 600	0.0000
ROA	-0.432271	0.202196	-2.137881	0.0396
CR	-0.051485	0.012336	-4.173411	0.0002
DER	0.058279	0.081129	0.718350	0.4773

Based on the test results above, it can be explained as follows:

1. The first hypothesis (H1) in this study is that profitability has an effect on cash dividend policy. The result of the t statistical test is that profitability is proxied as ROA greater than the significant level, namely 0.0396 < 0.05, and the t statistical value of -2.137881, so H1 which states that profitability has a positive effect on cash dividend policy is rejected. The result of H1 is that profitability, which is proxied as ROA, has a negative effect on cash dividend policy.
2. The second hypothesis (H2) in this study is that liquidity affects the cash dividend policy. The result of the t statistical test is that liquidity is proxied as CR is smaller than the significant level, namely 0.0002 < 0.05, and the t statistical value is -4.173411. then H2 which states that liquidity has a positive effect on cash dividend policy is rejected. The result of H2 is that liquidity, which is proxied as CR, has a negative effect on the cash dividend policy.
3. The third hypothesis (H3) in this study is that leverage has a negative effect on cash dividend policy. The result of the t statistical test is that leverage is proxied as DER greater than the significant level, namely 0.4773 > 0.05, and the t statistical value is 0.718350, so H3 which states that leverage has a negative effect on cash dividend policy is rejected. The result of H3 is that leverage which is proxied as DER has no effect on cash dividend policy.

The results of the partial moderation test are as follows:

Table 4.9

Statistical test t

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.495582	0.127501	3.886885	0.0005
ROA	-3.629402	6.438863	-0.563671	0.5769
CR	-1.266110	0.282848	-4.476286	0.0001
DER	0.859736	0.908599	0.946221	0.3511
ROA_SIZE	0.204745	0.450186	0.454801	0.0223
CR_SIZE	0.086034	0.019885	4.326633	0.0001
DER_SIZE	-0.051506	0.058141	-0.885879	0.3823

Source: Data processed with eviews 10

Based on the test results above, it can be explained as follows:

1. The fourth hypothesis (H4) in this study is that firm size can strengthen the effect of profitability on cash dividend policy. The results of the t statistical test show a significant value of ROA_SIZE of 0.0223 > 0.05 and a statistical value of t of 0.454801, then H4 which states that company size is able to strengthen the effect of profitability on the cash dividend policy received. The result of H4 is that firm size moderates (strengthens) the effect of profitability on cash dividend policy.
2. The fifth hypothesis (H5) in this study is that company size can moderate (strengthen) the effect of liquidity on cash dividend policy. The results of the t statistical test show a significant value of CR_SIZE of 0.0001 < 0.05 and a statistical value of t of 4.326633, then H5 which states that company size is able to strengthen the effect of liquidity on the cash dividend policy received. The result of H5 is that company size can moderate (strengthen) the effect of liquidity on cash dividend policy.
3. The sixth hypothesis (H6) in this study regarding firm size moderates (weakens) the effect of leverage on cash dividend policy. The results of the t statistical test show a significant value of DER_SIZE of 0.3823 > 0.05 and the statistical value of t is -0.885879. This shows that firm size does not moderate, either weaken or strengthen the effect of leverage on cash dividend policy. Thus, the sixth hypothesis in this study is not accepted.

4.7.2 Test of the coefficient of determination

One of the elements of concern in regression analysis is the coefficient of determination which is usually denoted by the R squared (adjusted R-square). The magnitude of the determination coefficient (R²) ranges from 0 (no effect) to 1 (perfect effect). The coefficient of determination is a measuring tool used to determine the extent of the relationship between the independent variable and the dependent variable.

Table 4.10

Coefficient of Determination

Cross-section fixed (dummy variables)			
R-squared	0.904113	Mean dependent var	0.520834
Adjusted R-squared	0.846581	SD dependent var	0.277534

From the results of table 4.14 it is known that the adjusted R-square value is 0.846581. This shows that the proportion of the influence of the independent variables, namely profitability, liquidity, and leverage on the dependent variable, namely the cash dividend policy of 84.65%, while the remaining 15.35% is influenced by other variables not in the regression.

4.8 Discussion of Research Results

4.8.1 Effect of Profitability on Cash Dividend Policy

The first hypothesis (H1) is that profitability is measured using the proxy return on assets (ROA). Based on the results of the partial test, it shows that the profitability variable has a significant negative effect on the cash dividend policy. High profitability does not increase the payment of cash dividends to shareholders. This is in accordance with the phenomenon described in the first chapter that PT Gudang Garam Tbk posted a profit of Rp.6.672 trillion in 2016. In the following year, 2017, the company's profit increased by Rp.7755 trillion. Although profits have increased, the dividends paid by the company to shareholders between 2016 and 2017 have remained the same, amounting to IDR 5.002 trillion.

Result This research is in line with research (Supriyanto, 2015) and (Silfiana, 2016) which state that profitability has a significant negative effect on cash dividend policy.

4.8.2 Effect of Liquidity on Cash Dividend Policy

The second hypothesis (H2) is liquidity as measured by using the Current Ratio (CR) proxy. Based on the partial test, it shows that the liquidity variable has a significant negative effect on the cash dividend policy. High liquidity allows for lower cash dividend payments. This is in line with the agency theory proposed by (Meckling, 1976). This theory explains that company management (agent) and shareholders (principal) often have different interests. Company management tends to make decisions to use the high liquidity of the company to reinvest by buying fixed assets aimed at increasing the company's future growth. Meanwhile, shareholders want to get a short-term return, namely cash dividends.

Result This research is in line with research (Supriyanto, 2015) and (Ginting, 2018) which state that liquidity has a significant negative effect on cash dividend policy.

4.8.3 Effect of Leverage on Cash Dividend Policy

The third hypothesis (H3) is leverage as measured by using a proxy (Debt to Equity Ratio). Based on the partial test, it shows that the leverage variable has no significant effect on the cash dividend policy. High leverage will reduce cash dividend payments to shareholders. But in practice, even if the level of debt is accompanied by an increase in profit, the probability of paying cash dividends to shareholders will increase. This is in line with the signaling theory. This theory explains that management seems to want to show that the company is able to generate high profits even with high debt levels. Thus, this is a positive signal for shareholders to receive cash dividends.

Data support the results of the third hypothesis in this study supported by the object of the company contained in the sample of this study. In the 2016 financial statements of PT Unilever Indonesia Tbk, recorded a total debt of IDR 12.041 trillion, generated profits of IDR 6.390 trillion, and dividends paid of IDR 6.371 trillion. In 2017, the amount of debt increased to Rp. 13,733 trillion, the resulting profit increased to Rp. 7,004 trillion, and dividends increased to Rp. 7 trillion. This is in line with the results of the third hypothesis which states that leverage has no effect on cash dividend policy.

Result This research is in line with research conducted by (Munawaroh, 2015) and (Aini, 2017) which states that leverage has no effect on cash dividend policy.

4.8.4 Company Size Strengthens the Effect of Profitability on Cash Dividend Policy

The fourth hypothesis (H4) is that company size as a moderating variable as measured by using the SIZE proxy strengthens the effect of profitability on cash dividend policy. Based on the partial test, it shows that firm size moderates (strengthens) the effect of profitability on cash dividend policy.

The size of the company reflects the size of the company which can be seen from the total assets, total sales, human resources, and market capitalization. Large companies that have a high amount of assets have a greater chance of generating high profits. This is because large companies have greater resources that can be used to maximize the company's operational activities aimed at generating greater profits. Thus, the dividends paid to shareholders will be even higher.

Result This research is in line with research (Jannah, 2016) which states that company size moderates (strengthens) the effect of profitability on cash dividend policy.

4.8.5 Company Size Strengthens the Effect of Liquidity on Cash Dividend Policy

The fifth hypothesis (H5) is that company size as a moderating variable as measured by using the SIZE proxy moderates (strengthens) the effect of liquidity on cash dividend policy. Based on the partial test, it shows that firm size moderates (strengthens) the effect of liquidity on cash dividend policy.

Company that is having large total assets has the ability to meet the financing of the company's operational activities from higher internal funds compared to companies that have small total assets. This is because companies that have large total assets have the potential to earn large profits, so that companies have high cash availability and can finance company activities using internal sources of funds and pay off short-term debts to creditors. This shows that the larger the company size, the greater the liquidity. So that the chances of paying cash dividends to shareholders will be high.

Result This research is in line with research (Jannah, 2016) which states that company size can moderate (strengthen) the effect of liquidity on cash dividend policy.

4.8.6 Firm Size Weakens the Effect of Leverage on Cash Dividend Policy

The sixth hypothesis (H6) is that company size as measured by the SIZE proxy can weaken the effect of leverage on cash dividend policy. Based on the partial test, it shows that company size cannot moderate (weaken) the effect of leverage on cash dividend policy. These results indicate that there is no interaction between firm size and leverage on dividend policy determination. Large companies or companies that have been established prefer internal funding to external funding (debt). This is consistent with the Pecking Order theory. This internal funding will determine the distribution of dividends to shareholders.

The results of this study are in line with research (Sunarya, 2013) and (Jannah, 2016) which state that company size does not moderate the effect of leverage on cash dividend policy.

5. CONCLUSIONS AND SUGGESTIONS

5.1 Conclusion

Based on the results of the analysis and discussion described in the previous chapter, the conclusions of this study are as follows:

1. Profitability variable has a negative effect on cash dividend policy. A high level of profitability will reduce the payment of cash dividends to shareholders. This is because the company will use this profit to expand by increasing operating costs for future growth.
2. The liquidity variable has a negative effect on cash dividend policy. The more liquid a company is, the lower the cash dividend payments to shareholders. This is due to differences in interests between shareholders and company management. This difference in interest is called Agency Theory.
3. Leverage variable has no effect on cash dividend policy. High debt levels will not necessarily reduce cash dividend payments to shareholders. Because high debt will be used by the company to generate high profits as well. Thus, it will increase dividends to shareholders.
4. The moderating variable firm size moderates (strengthens) the effect of profitability on cash dividend policy. Companies that have large assets have the opportunity to generate high profits. This is because large companies have greater resources that can be used to maximize the company's operational activities aimed at generating greater profits. Thus, the dividends paid to shareholders will be even higher
5. The moderating variable firm size moderates (strengthens) the effect of liquidity on cash dividend policy. Companies that have large total assets have the potential to earn large profits as well, so that companies have high cash availability and can finance company

activities using internal sources of funds and pay off short-term debt to creditors. This shows that the larger the company size, the greater the liquidity. So that the chances of paying cash dividends to shareholders will be high.

6. The moderating variable firm size does not moderate the effect of leverage on cash dividend policy. This shows that company size has nothing to do with the leverage ratio. Large companies, when viewed from the funding structure, prefer internal funding rather than external funding (debt) to pay dividends to shareholders.

5.2 Suggestions

Based on the research results obtained, the suggestions that will be given are as follows:

1. For companies, the consumer goods sector becomes a material consideration in determining dividend payments to shareholders rationally. So that it can improve the welfare of shareholders and do not reduce the company's internal funds.
2. Companies in the consumer goods sector should provide transparent financial statement information so as not to cause asymmetry of information. This will make it easier for shareholders to assess the financial performance and amount of dividends distributed from year to year.
3. Companies in the consumer goods sector in determining cash dividend policies should pay attention to the level of debt received from creditors, so that they can pay dividends to shareholders optimally without reducing debt payments to creditors.

5.3 Limitations and further research development

In this research there are still many limitations that may be used as a reference for further research development, including the following:

1. The choice of variables in this study is limited, consisting of three independent variables (profitability, liquidity, and leverage) and also a moderating variable, namely company size. This allows for many other variables that influence dividend policy by adding intervening variables.
2. The company used as the sample of this study is the consumer goods sub-sector company. So that it cannot describe in general all sectors of companies listed on the IDX.
3. The period under study is only three years, namely 2016-2018. So that the research results cannot see the trends that will occur in the long term period.
4. Due to the ongoing COVID-19 pandemic, researchers have limitations in terms of finding literary sources.

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