



## Factors Affecting the Dividend Policy with Company Size as Moderating Variable on the IDX30 Listed on Indonesia Stock Exchange for the Period of 2018-2020

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### **Abstract**

The rapid development of the world has intensely driven corporate competition. In order for the business to run continuously, funds are needed from investors. On the other hand, the main purpose of an investor investing their funds is to seek income or a rate of return on investment. This income attracts investors to invest in the company. Hence, dividend policy is a topic that is often discussed in the financial sector. So, this research was conducted with the aim of knowing the extent to which the influence of certain financial ratios such as Return on Assets (ROA), Return on Equity (ROE), Debt to Equity Ratio (DER) can affect dividend policy with company size as moderating variable on the IDX30 index stock which listed on the Indonesia Stock Exchange (IDX) in 2018 – 2020. The method of determining the sample is carried out by the purposive sampling method. The data was obtained from the IDX's official website, namely [www.idx.co.id](http://www.idx.co.id) and the official website of each company which is secondary data. The results show that Return on Assets (ROA), Return on Equity (ROE) and Debt to Equity Ratio (DER) partially have a significant effect on Dividend Policy. Company size cannot moderate the relationship of Return on Assets (ROA) to Dividend Policy. Companies can moderate the relationship of Return on Equity (ROE) and Debt to Equity Ratio (DER) to Dividend Policy. Company size has no effect on dividend policy.

**Keywords:** *Return on Equity (ROE); Return on Asset (ROA); Debt to Equity Ratio (DER); Company Size and Dividend Policy*

### **Introduction**

The rapid development of the world has intensely driven corporate competition, thus encouraging managers to act more efficiently and effectively in managing the company. A manager's financial literacy is very important, because it relates to decisions that can affect the management of money or funds in order to achieve prosperity (Lubis, et al, 2019). In order for a business to run continuously, funds are needed, which can be obtained from investors. On the other hand, the main purpose of an investor

investing their funds according to Yannizar et al (2020) is to seek income or investment return in the form of dividend income (dividend yield) and income from the difference between the selling price of shares and their purchase price (capital gain) and still feel safe.

Investment according to Shamaileh and Khanfar (2014), can be interpreted as a current sacrifice of a certain financial value to obtain an uncertain value in the future while investors sacrifice some or all of their wealth by freezing their funds and using them in investments in the hope of increasing the capital. So that it will attract investors to invest in the company (Attahiriah et al, 2020)

Dividend policy is a topic that is often discussed in the financial sector (Attahiriah et al, 2020). Dividend policy is related to dividend payments by the company, namely in the form of determining the amount of dividends to be distributed in cash (Meiliani, 2015) and the amount of retained earnings for the benefit of the company's development and operations (Bahri, 2017). The percentage of profit distributed as dividends is referred to as the Dividend Payout Ratio (DPR) according to Ahmad and Nurfajrih (2013), therefore dividend policy depends on the level of profitability or the ability of a company to generate profits. The greater the company's ability to generate profits, the greater the company's ability to pay dividends.

Dividend policy that involves two interested parties and both of them conflict with each other, namely the interests of the shareholders with their dividends and the interests of the company with its retained earnings. Umoru et al. (2020) in the study said that shareholders can predict the rate of return on investment by considering the performance of old and current shares. According to Aldi et al (2020), dividend policy provides information about the performance of a company. The dividend policy of a company has an important impact on many parties involved, especially those who have an interest in the company. This is in line with Wahyuni's opinion (2015), investors have an interest in information about a company's Return on Equity (ROE) and Return on Assets (ROA) in predicting the distribution of dividends to be received. ROA and ROE describe the company's ability to generate net profit after tax by using its own capital and all assets/assets owned. The higher the ROA and ROE, the higher the profit level of the company owner. The high level of profit of the owner of the company will increase the company's ability to pay dividends.

According to Sufriani & M. Rimawan (2020) and Sunaryo et al (2021), Debt to Equity Ratio (DER) is a ratio that measure how much the company's debt can be covered by its own capital which is used to finance investment from the business. Thus, the higher the DER ratio, then this shows the higher the company's capital financed from external funds. DER shows the company's funding sources between internal and external sources. If the company able to manage the optimal combination of debt loans and own capital, then the company can maximize the value of the company.

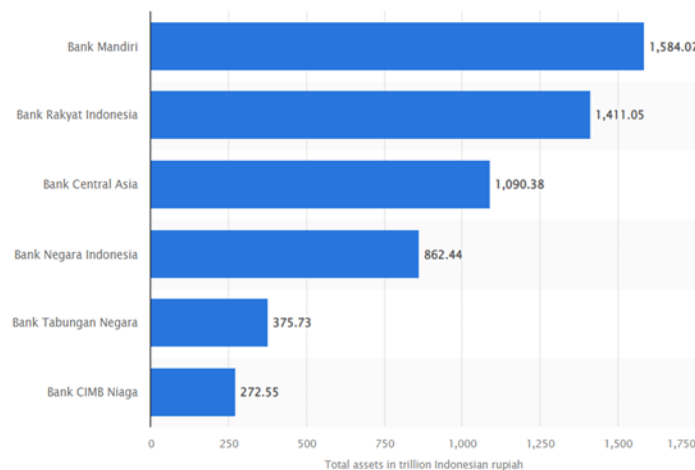
Company size is one way to measure how big the company is. The size of a company reflects company's condition, whether it is stable or not. According to Nia and Nagian (2020), in general, companies with stable earnings will provide larger dividends than companies that are not stable. Large companies have better access to capital markets and it is easier to raise funds at lower costs, which allows them to have higher dividend payout (Issa, 2015). Large companies tend to pay higher dividend than small companies (Yusof and Ismail, 2016). The size of the company also affects the profitability of a company. Companies that have large company sizes tend to have large total assets. In other words, the larger the company size, the greater the profitability, funding and is good information for investors (Eko, 2014).

Table of Achievements of Big Cap in 2018

Stock Code	Total Asset (TrillionRp)	Market Capitalization (Trillion Rp)	Gain per Share 2018 (Rp)	Dividend Per Share 2019 (Rp)	DPR (%)
BBCA	831	694	1049	255	24.31
HMSP	57	379	116	117.2	101.03
BBNI	801	161	805	201.29	25
GGRM	66	154	4050	2612.9	64.52

Source: CNBC, 2019

Based on table above, it can be seen that, the cigarette sector sectors, namely HSMP and GGRM, where HM Sampoerna has total assets of 57 trillion, has a DPR of more than 100%, namely, 101.03%, while Gudang Garam which has a larger total asset of 66 trillion, only has a DPR of 64.52%. Based on table above sourced from CNBC, it can be seen that, there are 2 banking company that are included in the Big Cap category in 2018. Based on this table, Bank BCA has Total Assets of 831 T, with DPR 24.31%, and Bank BNI with Total Assets of 801 T, with a DPR of 25%. From both cases, it shows that company with smaller assets can provide a much higher Dividend Payout Ratio. This is not in line with Bahri's theory (2017), which is that the larger the size of the company which is obtained from Ln total assets, the easier it will be for the company to obtain larger capital so that the dividend to be distributed to shareholders or investors will increase as well.



Data on Total Assets of Bank Indonesia in 2020

Source: Statista.com

From Figure above, it can be seen that the total assets in 2018 in a row, namely, BBRI, BMRI, BBCA, and finally BBNI, changed to BMRI, BBRI, BBCA and finally remained BBNI in a row in 2020. Quoted from data from RTI.com, where the Dividend Payout Ratio (DPR) of BMRI is 60.02%, BBRI is 65.50%, BBCA is 48.48%, BBNI is 25.01%. The larger the size of the company which is obtained from Ln total assets, it will make it easier for the company to obtain larger capital so that the dividends to be distributed to shareholders or investors will also be greater. However, the reality is not in line.

<b>Nama</b>	<b>Tahun</b>	<b>ROA</b>	<b>ROE</b>	<b>DER</b>	<b>Size</b>	<b>DPR</b>
INDF	2018	4.32	<b>12.39</b>	1.87	18.39	<b>49.79</b>
	2019	5.1	<b>12.99</b>	1.55	18.38	<b>49.93</b>
	2020	3.96	<b>15.23</b>	2.85	18.91	<b>37.82</b>
ICBP	2018	13.3	0.21	0.58	17.35	49.74
	2019	13.02	0.19	0.53	<b>17.47</b>	<b>49.77</b>
	2020	6.36	0.22	2.52	<b>18.46</b>	<b>38.05</b>
UNVR	2018	8.35	23.01	1.75	16.83	99.16
	2019	<b>6.53</b>	25.52	2.91	<b>16.84</b>	<b>55.36</b>
	2020	<b>6.49</b>	27	3.16	<b>16.84</b>	<b>99.47</b>
KLBF	2018	3.95	4.90	0.24	16.71	50
	2019	3.85	4.91	<b>0.28</b>	16.82	<b>37.74</b>
	2020	3.50	4.54	<b>0.30</b>	16.93	<b>58.62</b>

IDX30 Index Consumer Sector Data for The Year of 2018-2020

Source: Data processed by researchers (2022)

From table above, it can be seen that INDF has an increasing ROE from 2018 - 2020, but the DPR has decreased from year to year. An increase in ROE should result in an increase in dividend policy. But in reality, the increase in ROE is not in line with the increase in the DPR.

The smaller the DER, the bigger the dividends to be distributed according to Zakaria (2021). On the other hand, a larger DER results in a smaller DPR. However, from table above, it can be seen that the DER in KLBF increased from 2019-2020, followed by an increase in the DPR. This is not in line with the existing theory.

A declining ROA will be followed by a decrease in the DPR, but in table above, the ROA from UNVR from 2019 with 6.53% fell to 6.49%, but the DPR given increased from 55.36% to 99.47%. The decrease in ROA was not followed by a decrease in the DPR.

The bigger the company, the better the company's growth, so that the dividends that will be distributed to shareholders or investors will also be bigger. For ICBP, the size of the company in 2019 was 17.47%, up in 2020 to 18.46%, but the DPR given was not in line, which was down from 49.77% to 38.05%. For UNVR, the size of the company is the same in 2019 and 2020, instead giving the DPR an increase from 55.36% to 99.47%.

Dividend policy cannot be separated from profitability because the distribution of dividends is very dependent on the company's profit. The distribution of dividends is sourced from the profits obtained by the company after fulfilling its obligations in the form of interest and taxes. The higher the net profit obtained by the company, the greater the dividends that will be paid. According to Linther in Smoothing Theory, dividend policy depends on current profits and previous year's dividends. This is in line with research conducted by Firmansyah et al (2020), Shavira (2019), Sunarya (2013), which states that the profitability variable has a significant effect on dividend policy. However, this study is not in line with the research conducted by Sari and Sudjarni (2015) which found that profitability had no significant effect on dividend policy. The types of profitability used as a measuring tool are: Return on Assets (ROA). In addition, Rizky Pebriani Utami's research (2010) using the ROE variable as a profitability measurement tool shows that ROE has no significant effect on dividend policy.

Research from Palupi, Sudjana and Zahroh (2017) shows that Debt to Equity Ratio (DER) has a significant effect on the Dividend Payout Ratio (negative). Meanwhile, research from Sulistyowati, Suhadak and Husaini (2014) shows that Debt to Equity Ratio (DER) has a significant positive effect on the DPR.

Permana and Hidayati (2014) and Atmoko et al (2017) in their research found that firm size had a positive effect on dividend policy. This is not in line with research by Shavira (2019), Dirganingsih and Sufiyati (2021) and Eltya, Topowijono and Azizah (2016) showing that company size has no effect on dividend policy. dividends distributed. The larger the size of the company, the greater the global shock that will be felt and cause the burden to be borne by the company to be heavier so that the company will reduce the proportion of dividends distributed to shareholders.

Previous research on firm size according to Meliana (2015) did not strengthen the effect of profitability on dividend policy. On the other hand, Menuru Idawati and Gede (2013) Simultaneously the size of the company has an effect on dividend policy, but partially, the size of the company has no effect on dividend policy.

The contradictory results of previous studies and the inconsistency of these phenomena make research on the factors that affect firm value interesting and necessary to do. From the described background, it is necessary to conduct research on: "Factors Influencing Dividend Policy with Company Size as a Moderating Variable in IDX30 Index Companies Listed on the Indonesia Stock Exchange (IDX)". The object of this research is the 2018-2020 audited financial statements of the IDX30 Index Shares listed on the Indonesia Stock Exchange for the 2018-2020 period. The reason for choosing the IDX30 Index company in this study is because it is one of the sectors of the company that has an active role or a big supporter in the Indonesian capital market. In addition, the IDX30 Index company sector also has the greatest possibility to develop. The 2018-2020 period was chosen because it is a period that has never been presented as similar research material and provides an overview of the comparison of the financial economic conditions of a company that is included in the IDX30 Index.

### **Method**

The sampling technique in this study used purposive sampling method. According to Sugiyono (2019), purposive sampling is a sampling technique using certain criteria. The criteria are determined by the researcher so that in determining the sample that is more able to show valid results. The criteria for determining the sample used by researchers in this study are as follows:

<b>Kriteria</b>	<b>Jumlah Perusahaan</b>
Company in IDX30 Index Listed in Indonesia Stock Exchange	30
Company inconsistently listed in IDX30 Index for the period of 2018-2020	(11)
Company inconsistently pays dividend Listed in IDX30 Index for the period 2018-20020	(3)
Number of companies fulfilled the criteria	16

Source: Data processed by researchers (2022)

Based on the determination of the criteria for determining the sample above, the research sample became 16 companies with a study period of 3 years, so that the number of data studied became 48 data.

Company Sample listed on the IDX30 Index for the period of 2018-2020

No	Code	Stock Name
1	ADRO	Adaro Energy Tbk.
2	ANTM	Aneka Tambang (Persero) Tbk
3	ASII	Astra International Tbk.
4	BBCA	Bank Central Asia Tbk.
5	BBNI	Bank Negara Indonesia (Persero) Tbk.
6	BBRI	Bank Rakyat Indonesia (Persero) Tbk
7	BMRI	Bank Mandiri (Persero) Tbk.
8	HMSA	H.M. Sampoerna Tbk.
9	ICBP	Indofood CBP Sukses Makmur Tbk
10	INDF	Indofood Sukses Makmur Tbk.
11	INTP	Indocement Tunggul Prakarsa Tbk.
12	KLBF	Kalbe Farma Tbk.
13	SMGR	Semen Indonesia (Persero) Tbk.
14	TLKM	Telekomunikasi Indonesia (Persero) Tbk.
15	UNTR	United Tractors Tbk.
16	UNVR	Unilever Indonesia Tbk.

Source: Data processed by researchers (2022)

### Research Variables

The profitability indicator Return on Assets (ROA) according to Shavira (2019) is a measurement of the overall ability to generate profits with the total number of assets available within the company. According to research from Li and Wenshu (2014), Return on Assets (ROA), is the most stable financial ratio over time compared to other financial ratios. In addition, according to Permatasari and Mukaram (2019), the higher the Return on Assets (ROA), the better the productivity of assets in obtaining profits or net income. This will further increase the company's attractiveness to investors.

$$\text{Return on Asset (ROA)} = \frac{\text{Net Income}}{\text{Total Assets}}$$

Return on Equity (ROE) is a ratio to measure net income after tax with own capital, this ratio shows the efficiency of the use of own capital, the higher this ratio, the better for the company. This means that the position of the owner of the company is getting stronger, and vice versa (Kasmir, 2019). In addition, Nasution et al (2022) and Santoso et al (2021) stated that the higher the Return on Equity (ROE) value, the greater the investment attractiveness of investors, and the greater the impact on stock price increases, thus providing high returns for investors. High Return on Equity (ROE) was supported by the increase in the company's net profit. According to Panjaitan et al (2022), companies that able to produce high net incomes are certainly not experiencing financial difficulties. This condition is considered good by investors because companies that are worth investing in are companies that produce high profits will be followed by good management as well.

$$\text{Return on Equity (ROE)} = \frac{\text{Net Income}}{\text{Equity}}$$

According to Sufriani & M. Rimawan (2020) and Sunaryo et al (2021), Debt to Equity Ratio (DER) is a ratio that measures how much the company's debt can be covered by its own capital which is used to finance investment from the business. If the value of the Debt to Equity Ratio (DER) increases,



the dividends to be distributed to shareholders will decrease, because the profits earned by the company are used to pay debts. The opposite happens, if the value of the Debt to Equity Ratio (DER) is getting smaller, then the dividends to be distributed are getting bigger, because the profit used to pay the company's debt is getting smaller (Zakaria, 2021).

$$\text{Debt to Equity Ratio (DER)} = \frac{\text{Total Liability}}{\text{Equity}}$$

Dividend (Mirzaldi, 2020) are the rights of common stockholders to get a share of the company's profits. Dividend are cash flows which are set aside for shareholders, while retained earnings are one of the most important sources of funds to finance the development and growth of the company itself. It can be used as an indicator that shows how well a manager's ability and competency to manage a company's finance, especially regarding to cash flow. It happens because in paying dividends to shareholders certainly requires a large amount of cash flow (Ginting, 2018).

Dividend policy is one of the functions of financial management that is closely related to the capital structure of a company. According to Mirzaldi (2020) there are several choices that can be made for these benefits:

1. Profits are distributed to shareholders (dividend).
2. Profits are reinvested for business activities and expansion (retained earnings).
3. Profits are divided between dividends and part of it is used for retained earnings.

Dividend policy as measured by the Dividend Payout Ratio (DPR) can be used to describe the company's financial condition from the investor's point of view (Oktaviarni et al, 2019). The Dividend Payout Ratio (DPR) is a part that is closely related to the company's funding decisions (Nurhikmahwaty et al, 2020).

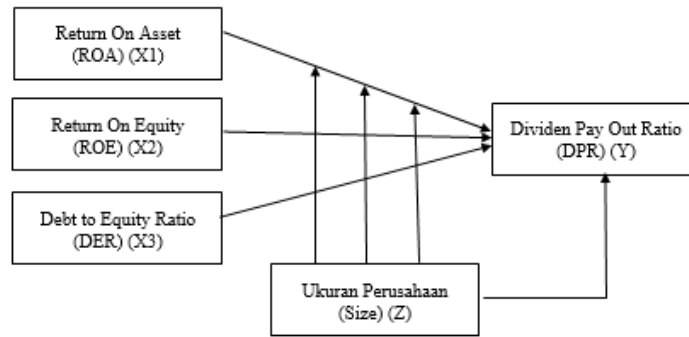
Dividend Payout Ratio (DPR) is used in various situations, first, it is used in valuation to estimate future dividend. Second, which retention ratio comes from and is used to forecast future revenue growth. Finally, the Dividend Payout Ratio (DPR) tends to follow the company's life cycle and shows the maturity level of a company (Labhane, 2015).

$$\text{Dividend Payout Ratio (DPR)} = \frac{\text{dividen per share}}{\text{profit per share}}$$

According to Kuswanta (2016) company size is the size of a company that can be measured using the financial ratio of total assets as a measurement instrument. According to Bahri (2017), the larger the size of the company, the easier it will be for the company to obtain greater capital (Nurwulandari, 2021) so that the dividends to be distributed to shareholders or investors will also be greater. Company size is the average total net sales for the year to several years. Companies with larger sizes have easier access to sources of funding from various sources, and are less likely to go out of business (Nurwulandari, 2021), so getting loans from creditors or banks will be easier because they are considered to have a greater probability to win the competition or survive in the industry (Yanti et al., 2018).

$$\text{Company Size} = \text{Ln Total Asset}$$

Based on the description described above, regarding the relationship between Return on Assets (ROA), Return on Equity (ROE), Debt to Equity Ratio (DER), Dividend Payout Ratio (DPR), and Company Size (Size), the research framework theoretically can be described as follows:



Conceptual Framework

**Results and Discussion**

Based on the results of the Path Coefficients analysis above, a structural equation model can be made as follows:

**Path Coefficients**

	Mean, STDEV, T-Values, P-Values	Confidence Intervals	Confidence Intervals Bias Corrected		
	Original Sa...	Sample Me...	Standard D...	T Statistics (...)	P Values
X1 -> Y	-0.988	-0.943	0.500	1.977	0.049
X1 -Z -> Y	1.153	1.027	1.024	1.126	0.261
X2 -> Y	1.360	1.358	0.499	2.724	0.007
X2 - Z -> Y	-1.388	-1.287	0.681	2.038	0.042
X3 -> Y	-2.299	-2.326	0.752	3.058	0.002
X3 -Z -> Y	2.361	2.316	0.916	2.578	0.010
Z -> Y	0.634	0.662	0.662	0.957	0.339

$$DPR = -0.943 ROA + 1.358 ROE - 2.326 DER$$

The relationship between the independent variable and the dependent variable can be reflected in the positive and negative signs in front of the coefficients in the structural equation above. A positive sign indicates a positive or unidirectional relationship between the independent variable and the dependent variable. On the other hand, a negative sign indicates a negative or opposite relationship between the independent variable and the dependent variable.

Based on the results of the study, Return on Assets (ROA) has a significant negative effect on the Dividend Payout Ratio (DPR), for every increase in Return on Assets (ROA) of one, the Dividend Payout Ratio (DPR) will decrease by 0.943 and vice versa. Return on Assets (ROA) is a measurement of the overall ability to generate profits with the total number of assets available within the company. The better the productivity of assets in obtaining net profits, so that although the effect of Return on Assets (ROA) on the Dividend Payout Ratio (DPR) is negative but significant.

Return on Equity (ROE) has a significant positive effect on the Dividend Payout Ratio (DPR), for every increase in Return on Equity of one, the Dividend Payout Ratio (DPR) will increase by 1.358 and vice versa. The higher the profit earned by the company indicates that the company is performing well.



Return on Equity (ROE) takes into account the company's efficiency in generating profits with its equity, so that an increase in Return on Equity (ROE) gives a positive signal for investors. The more investors who are interested, the greater the impact on the increase in stock prices, thus providing high returns for investors. So, the correlation between Return on Equity (ROE) and Dividend Payout Ratio (DPR) is positively correlated or has a unidirectional relationship.

Based on the results of the study, it appears that Debt to Equity Ratio (DER) has a negative effect on the Dividend Payout Ratio (DPR). Every increase in Debt to Equity Ratio (DER) of one will be followed by a decrease in the Dividend Payout Ratio (DPR) of 2.326 and vice versa. This is in line with the theory that if the value of Debt to Equity Ratio (DER) increases, the dividends to be distributed to shareholders will decrease, because the profits earned by the company are used to pay debts. Therefore, Debt to Equity Ratio (DER) that is too high will tend to be avoided by investors because they anticipate this risk.

### **Hypothesis Testing the Effect of Return on Assets (ROA) on the Dividend Payout Ratio (DPR)**

Based on the results of the Path Coefficients analysis, it can be seen that the Hypothesis Test of the Effect of Return on Assets (ROA) on the Dividend Payout Ratio (DPR) has a parameter coefficient value of -0.988 with a t-statistic significance of 1.977 greater than 1.96 and the P value is 0.049 is less than 0.05. This shows that the Return on Assets (ROA) has an effect on the Dividend Payout Ratio (DPR), so the H1 hypothesis is accepted.

### **Hypothesis Testing Effect of Return on Equity (ROE) on Dividend Payout Ratio (DPR)**

Based on the results of the Path Coefficients analysis, it can be seen that the Hypothesis Test of the Effect of Return on Equity (ROE) on the Dividend Payout Ratio (DPR) has a parameter coefficient value of 1.360 with a t-statistical significance of 2.724 greater than 1.96 and a P value of 0.007. smaller than 0.05. This shows that Return on Equity (ROE) has an effect on the Dividend Payout Ratio (DPR), so hypothesis H2 is accepted.

### **Hypothesis Testing the Effect of Debt to Equity Ratio (DER) on Dividend Payout Ratio (DPR)**

Based on the results of the Path Coefficients analysis, it can be seen that the Dividend Payout Ratio (DPR) Hypothesis Test on the Debt to Equity Ratio (DER) has a parameter coefficient value of -2.299 with a t-statistical significance of 2.724 greater than 1.96 and the P value is 0.002 is less than 0.05. This shows that the Debt to Equity Ratio (DER) has an effect on the Dividend Payout Ratio (DPR), so the hypothesis H3 is accepted.

### **Hypothesis Testing Company Size Moderates the Effect of Return on Assets (ROA) on Dividend Payout Ratio (DPR)**

Based on the results of Path Coefficients analysis, it can be seen that the Size Hypothesis Test Moderates the Effect of Return on Assets (ROA) on the Dividend Payout Ratio (DPR) has a parameter coefficient value of 1.153 with a t-statistic significance of 1.126 smaller than 1.96 and the P values are 0.261 greater than 0.05. This shows that Company Size cannot moderate the effect of Return on Assets (ROA) on the Dividend Payout Ratio (DPR), so hypothesis H4 is rejected.

### **Hypothesis Testing Company Size Moderates the Effect of Return on Equity (ROE) on Dividend Payout Ratio (DPR)**

Based on the results of the Path Coefficients analysis, it can be seen that the Size Hypothesis Test Moderates the Effect of Return on Assets (ROA) on the Dividend Payout Ratio (DPR) has a parameter

coefficient value of -1.388 with a t-statistic significance of 2.038 greater than 1.96 and the P values are 0.042 which is smaller than 0.05. This shows that Company Size cannot moderate the effect of Return on Equity (ROE) on the Dividend Payout Ratio (DPR), so hypothesis H5 is accepted.

### **Hypothesis Testing Company Size Moderates the Effect of Debt to Equity Ratio (DER) on Dividend Payout Ratio (DPR)**

Based on the results of the Path Coefficients analysis, it can be seen that the Size Hypothesis Test Moderates the Effect of Debt to Equity Ratio (DER) on the Dividend Payout Ratio (DPR) has a parameter coefficient value of 2,361 with a t-statistic significance of 2,578 greater than 1.96 and the P values are 0.010 which is smaller than 0.05. This shows that Company Size can moderate the effect of the Debt to Equity Ratio (DER) on the Dividend Payout Ratio (DPR), so hypothesis H6 is accepted.

### **Hypothesis Testing the Effect of Company Size on Dividend Payout Ratio (DPR)**

Based on the results of the Path Coefficients analysis, it can be seen that the Hypothesis Test of the Effect of Company Size on the Dividend Payout Ratio (DPR) has a parameter coefficient value of -0.634 with a t-statistical significance of 0.957 smaller than 1.96 and a P value of 0.957. greater than 0.05. This shows that Company Size has no effect on the Dividend Payout Ratio (DPR) on the Dividend Payout Ratio (DPR), so hypothesis H7 is rejected.

### **Effect of Return on Assets (ROA) on Dividend Payout Ratio (DPR)**

The results of the study show that Return on Assets (ROA) has a significant negative effect on the Dividend Payout Ratio (DPR). The profitability indicator Return on Assets (ROA) according to Shavira (2019) is a measurement of the overall ability to generate profits with the total number of assets available within the company. Profitability Return on Assets (ROA) is much more crucial than the presentation of profit in the form of numbers. This is because high profits are not yet a benchmark or guarantee that the company has worked well, effectively and efficiently in managing the available funds. Thus means that results of this study are in line with research conducted by Firmansyah et al (2020), Shavira (2019) and Sunarya (2013), in which stated that Return on Assets (ROA) affects the Dividend Payout Ratio (DPR).

### **Effect of Return on Equity (ROE) on Dividend Payout Ratio (DPR)**

The results of the above study indicate that Return on Equity (ROE) has a positive and significant effect on the Dividend Payout Ratio (DPR). High Return on Equity (ROE) will lead to an increase in a company's net profit. According to Panjaitan et al (2022), a company that prints a high net profit, it is certain that it will not experience financial difficulties, it will be considered good by investors because a company that is worth investing in is a company that has high profits followed by effective and efficient management. This is supported by the theory which states that dividends will be distributed to shareholders if the company earns a profit, then the company has the ability to provide and pay dividends to shareholders. Result of this study are in line with research conducted by Firmansyah et al (2020), Nurhikmawaty et al (2020), Shavira (2019) and Sunarya (2013) which state that Return on Equity (ROE) affects the Dividend Payout Ratio (DPR).

### **Effect of Debt to Equity Ratio (DER) on Dividend Payout Ratio (DPR)**

The results of the study indicate that Debt to Equity Ratio (DER) has a negative and significant effect on the Dividend Payout Ratio (DPR). This is in line with the existing theory. The greater Debt to Equity Ratio (DER), the greater the loan capital so that it will cause a greater debt burden (interest costs) to be borne by the company. In line with this, the greater the company's debt burden, the amount of profit distributed as cash dividends will decrease (Atmoko et al, 2019). The results of this study are in line with

research conducted by Suhadak and Husaini (2014), Nurhikwaty et al (2020) which states that the Debt to Equity Ratio (DER) affects the Dividend Payout Ratio (DPR).

### **Company Size Cannot Moderate the Effect of Return on Assets (ROA) on Dividend Payout Ratio (DPR)**

The results showed that Company Size could not moderate the effect of Return on Assets (ROA) on the Dividend Payout Ratio (DPR). Return on Assets (ROA) is a measurement that focuses on the ability of a company as a whole in generating profits with the total number of assets available in it. So, the bigger the size of the company, the easier it will be for the company to get capital. Companies that have high profitability will encourage company managers to make policies by borrowing more debt because the company will need more external funds to expand. However, if management does not use these funds effectively and efficiently, the size of the company will not moderate the Return on Assets (ROA) to the Dividend Payout Ratio (DPR). Plus, during the COVID-19 pandemic which began to occur in Indonesia in early 2020, of course, many companies experienced financial problems, especially in profitability because there were many policies from the government such as PSBB, PPKM, and so on which made a lot of company cashflows not smooth, so that it had an impact. increasing corporate debt and causing tens of thousands of people to lose their jobs (Ichsan et al, 2021).

### **Size (Company Size) Can Moderate the Effect of Return on Equity (ROE) on Dividend Payout Ratio (DPR)**

The results showed that Company Size can moderate the effect of Return on Equity (ROE) on the Dividend Payout Ratio (DPR). Return on Equity (ROE) is a ratio that explains the company's ability to generate profit after tax by utilizing its own capital, the higher the ratio means the more efficient the company uses its own capital. Return on Equity is one of the ratios that investors pay attention to. This is because a positive Return on Equity (ROE) indicates that the company is working effectively and efficiently so as to generate profits. The results of this study are in line with signal theory. The growing Return on Equity (ROE) gives a positive signal to investors so that it becomes an attraction for investment for investors, and makes the size of the company bigger. As a consequence, the greater the impact on the increase in stock prices, thus providing high returns for investors. So that, Company Size can moderate the effect of Return on Equity (ROE) on the Dividend Payout Ratio (DPR).

### **Company Size Can Moderate the Effect of Debt to Equity Ratio (DER) on Dividend Payout Ratio (DPR)**

The results showed that Company Size can moderate the effect of Debt to Equity Ratio (DER) on the Dividend Payout Ratio (DPR). The size of the company will affect the capital structure in this case the Debt to Equity Ratio (DER). If the size of the company gets bigger, the company tends to use more debt than small companies. This is because large companies have greater access to loans from creditors because they have high profits and have stable cash flows so that companies can reduce the risk of using debt and the probability of bankruptcy is low compared to small companies. By controlling Debt to Equity Ratio (DER) in a healthy ratio below 1, the potential to distribute the Dividend Payout Ratio (DPR) will still be realized. Thus, Company Size can moderate the effect of Debt to Equity Ratio (DER) on the Dividend Payout Ratio (DPR).

### **Size (Company Size) Has No Effect on Dividend Payout Ratio (DPR)**

The results showed that Company Size has no significant effect on the Dividend Payout Ratio (DPR). During covid-19 pandemic, there are many companies that cannot survive and even have to go out of business. Large companies do not guarantee that the company will distribute dividends. This is because, the bigger the company, the higher the operational costs, there are companies that are able to

cope with this pandemic, but some are not. The main hope is only to maintain the company, not the dividend distribution which is the company's main goal during this pandemic. It is the financial literacy of a manager that is play an important role at this time, because it relates to decisions that can affect the management of money or funds in order to achieve prosperity (Lubis, Adelina et al, 2019). In addition, according to Lubis, et al. (2019), A manager who has a high level of financial literacy will be able to organize and manage finances by avoiding unnecessary expenses. Thus, Company Size has no effect on the Dividend Payout Ratio (DPR).

## **Conclusion**

Based on the results of the study, several conclusions can be drawn as follows:

1. Return on Assets (ROA) has a significant effect on dividend policy on IDX30 index shares listed on the Indonesia Stock Exchange for the 2018 – 2020 period
2. Return on Equity (ROE) has a significant effect on dividend policy on IDX30 index shares listed on the Indonesia Stock Exchange for the 2018 – 2020 period
3. Debt to Equity Ratio (DER) has a significant effect on dividend policy on IDX30 index shares listed on the Indonesia Stock Exchange for the 2018 – 2020 period
4. Company size cannot moderate the effect of Return on Assets (ROA) on dividend policy on IDX30 index shares listed on the Indonesia Stock Exchange for the 2018 – 2020 period
5. Company size can moderate the effect of Return on Equity (ROE) on dividend policy on IDX30 index shares listed on the Indonesia Stock Exchange for the 2018 – 2020 period
6. Company size can moderate the effect of Debt to Equity Ratio (DER) on dividend policy on IDX30 index shares listed on the Indonesia Stock Exchange for the 2018 – 2020 period
7. The size of the company has no effect on the Dividend Payout Ratio (DPR) on the IDX30 index shares listed on the Indonesia Stock Exchange for the 2018 – 2020 period

Based on the limitations of this study, the researcher gives several suggestions as consideration for further research. Firstly, for investors who want to invest in the IDX30 stock index company, pay attention to the ratios used in research such as Return on Assets (ROA), Return on Equity (ROE), Debt Equity to Ratio (DER) along with Company Size as a guideline for determining companies that are worth investing in in order to get maximum profit. Investors are advised to explore these financial ratios more deeply, such as the effect of higher Return on Assets (ROA), the effect of Return on Assets (ROA), which is high if good, but it is necessary to pay attention to whether the increase is accompanied by a decrease in company debt (Debt to Equity Ratio) because it can provide a negative correlation, the company's Return on Equity (ROE) is getting higher and more efficient, plus the capital structure in this case is debt that is not too risky. Secondly, for companies with the IDX30 stock index to pay more attention to the ratios used in research such as Return on Assets (ROA), Return on Equity (ROE), Debt Equity to Ratio (DER) along with Company Size as guidelines for building a credible business and investors can trust. Companies are advised to increase profitability by increasing productivity, increasing margins and sales and reducing costs. Companies are also advised to pay attention to liquidity so that they can continue to overcome their short-term debt and also keep Debt to Equity Ratio (DER) at a minimum level so that the company's debt is small and the company's cash can be used for other developments. In addition, companies need to pay attention to a safe capital structure to make investors more interested and more confident to invest. Last, for further researchers to be able to expand the scope of research and increase

the research period and the potential influence of other variables other than those used in the study. The expansion of the field of research is to be able to find samples of other sectors which can show the advantages of the ratios used in research and compare their effects. With the addition of years of research so as to have more samples that can be studied and increase the accuracy of the research results. It can also be considered to examine other variables that may affect the Dividend Policy such as: CR, DAR, Company growth, EPS, etc. as well as other moderating or intervening variables.

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