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Determinant dividen policy at company lq45 listed in indonesia stock exchange

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Abstract

This study aims to analyze the factors that influence the dividend policy of LQ 45 companies listed on the Indonesia Stock Exchange. The type of research used is a type of quantitative research using a porpusive sampling method to determine the sample. This study uses 45 LQ45 companies as the population and there are 24 samples of LQ45 companies listed on the IDX for the 2016-2019 period. This data is processed using the SPSS application and the analytical method in this study uses Multiple Linear Regression. The results of the analysis show that simultaneously all independent variables influence dividend policy, but partially only profitability has a significant effect.

Key words: Profitability; liquidity; capital structure; leverage, dividend policy

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INTRODUCTION

Currently investment in Indonesia is growing so rapidly and this is very influential on large companies in Indonesia. with the emergence of various small companies and large companies can lead to intense competition between companies, this encourages companies to take a decision including increasing their loyalty to shareholders, namely by distributing profits and dividends to these shareholders. because the better the company is to investors, the investor's view that the company and the company are still in demand by investors, and it is the source of return and income that is expected from investors in the form of dividends or (capital gains) commonly called price changes. One of the most important things that must be considered is an investor, because investors have an important role in investing their funds into the company. The main purpose of an investor investing his capital is to expect income and the rate of return on investment (Return) both in terms of dividend income or commonly called dividend yield or the difference between the selling price of the stock and the purchase price.

Dividend policy is something that cannot be separated from the company's funding decisions. This dividend policy is often considered difficult by managers because managers must consider two very important things, the first is the responsibility to shareholders for the dividends that must be distributed, the second is to retain profits for the survival of the company. Because on the other hand the company also really needs an investor to invest its profits and the company also needs retained earnings to maintain financial statements to make it look stable, because investors before investing must see the company's financial statements first and always look at the company in terms of how to distribute dividends. This is done to reduce risks that are not wanted by investors,

It is the LQ45 category company that has a better liquid value and the LQ45 is the company that is used as an investor's appeal as a measurement of dividend policy. The LQ45 index is also one of the leading stocks on the Indonesia Stock Exchange because entering the LQ45 stock index must follow the standard terms and conditions with strict stock selection and through a long process, for companies that want to enter the LQ45 index are companies that have the best track record in in the past year and the company has healthy and good financial criteria because in LQ45 it is only limited to 45 companies..

To analyze the factors that influence the dividend policy of LQ 45 companies listed on the Indonesian Stock Exchange.

To find out the variables that have a dominant influence on dividend policy in LQ 45 companies listed on the Indonesian Stock Exchange.

Research urgency

Investors have a special purpose, namely by investing their capital into companies that go public to get a return on investment/profits (return). The return can be in the form of income from the difference between the selling price of the stock and the purchase price (capital gain). In other words, the dividends obtained are one of the reasons investors invest their funds in a company. Dividends are one of the motivations for investors to invest their funds in the capital market. Investors can evaluate a company by assessing the amount of dividends given. Investors generally want a relatively stable dividend distribution. With dividend stability that is maintained, it will increase investor confidence in the company, because it will make investors not hesitate to invest their funds.

Dividend policy is an indivisible part of the company's funding decisions. Dividend policy is to determine how much profit must be paid (dividends) to shareholders and how much must be reinvested (retained earnings). In research, dividend policy can be measured by using Ginting's Dividend Payout Ratio (DPR). Companies that choose to distribute profits as dividends will reduce the total internal funding sources. Meanwhile, companies that choose to hold back the profits earned will result in the ability to form internal funds to be higher.

Dividend policy can be influenced by several factors, including liquidity, profitability, capital structure and leverage. Liquidity is measured by the company's ability to meet its short-term obligations. Companies that have high liquidity tend to be safer, thus attracting investors to invest their capital. According to Uttari & Yadnya, (2018) in their research, liquidity has a significant positive effect on dividend policy. Meanwhile, according to Luthfia Nur Arifah Kusumaningrum, (2018) liquidity proxied in the current ratio has a negative and insignificant effect on dividend policy.

Hanafi & Halim in Hand Prastya & Jalil (2020) explain that liquidity is a means for a company to meet short-term obligations by using its current assets. The more the company's liquidity increases, the better the company's ability to pay dividends should be. The calculation of liquidity ratio analysis is used by management as a reference for choosing dividend policy decisions because the company's liquidity level reflects how much cash is available to fulfill its short-term debt, if the low ratio level indicates that the company's cash is also low, which will affect dividend payments to shareholders. According to Sari and Suryantini (2019), liquidity has a significant positive effect on dividend policy.

The ability of a company to generate a profit and earn a profit during a certain period at a certain level of capital, assets and sales is also called profitability. The author wants to examine whether profitability has an effect on dividend policy. Because there is a study that was tested by Novita & Sofie, (2015) profitability does not have a significant effect on dividend policy which is assumed to be with the DPR variable (dividend payoud ratio) because high profits owned by companies are not necessarily used to distribute dividends because there are some companies whose profits are retained for future investment. While the research conducted by (Silaban & Purnawati,

Capital structure, namely the comparison of own capital with foreign capital or the amount of debt Musthafa, (2017), According to (Harjito & martono, 2014) quoted by (Firdaus & Sediaz, 2017) states that the capital structure or commonly called (Capital structure) is funding long-term company that is compared or considered which is shown by the comparison between long-term debt to own capital. The results of research conducted by (Silvia & Toni, 2020) know that the results of hypothesis testing have a significant effect on capital structure. In contrast to the results of research conducted by (Hidayat, 2019) which states that the results of his research capital structure have a significant and negative effect on dividend policy, This shows that dividend policy will decrease if the capital structure increases, and vice versa. This causes companies that have a high capital structure to increase their interest expense and in the end the company prioritizes paying interest expenses more than paying dividends to shareholders.

Kasmir in Hand Prastya & Jalil (2020) explains that Leverage is the ratio used in order to understand how much the company is capable of paying all its obligations (both short-term and long-term obligations). Management in its dividend policy is really influenced by the amount of debt that must be borne by the company, management believes that the company's obligations are more important than other funding activities, which also has an impact on the decomposition of the portion distributed to the company. The ratio of the company's total debt to equity is very large, making management try to reduce debt through the company's internal cash flow, which makes the cash flow that should be used for dividend payments can be saved by the company in order to cover the company's debt. The higher the scale, the smaller the dividends given. According to Ginting (2018) in his research, he states that the leverage proxied to the Debt To Equity Ratio (DER) has no effect on dividend policy. In contrast to the results of research conducted by Wonggo et al. (2016) stated that leverage has a significant effect on dividend policy

Theoretical Basis

Dividend policy

Dividend policy is a decision whether year-end profits will be distributed to shareholders in the form of dividends or will be held for use to increase the company's capital in the future. The amount of this dividend is determined in the form of a percentage called (dividend payout ratio).

According to Harjito & Martono, (2014) this ratio shows the percentage of profit paid by the company to shareholders in the form of cash dividends, if the retained earnings are large, the profits used as dividends are smaller and vice versa, it becomes an important aspect in Dividend policy is to determine or consider profits to be retained and profits allocated to shareholders as dividends. If the company takes a policy of distributing its profits as dividends, then this can result in a reduction in the company's internal capital.

According to Darmawan, (2018) Dividend policy is a policy to compare profits distributed to shareholders in the form of cash dividends, stock dividends, stock splits, dividend smoothing distributed, as well as in the withdrawal of outstanding shares carried out by financial management, this is done as an alternative policy to increase shareholders. Dividends distributed to shareholders by the company are an attraction for shareholders to invest their capital. The average shareholder is more interested in the distribution of dividends because the dividend itself is certain than capital gains.

Liquidity

Liquidity measures the company's ability to meet its short-term obligations, this ratio can also include ratios that measure the efficiency of using current assets. (Prastowo, 2005). The main purpose of this liquidity ratio is to assess the company's ability to meet its obligations.

Current Ratio is a ratio used to measure the company's ability to pay short-term obligations or debts that are due immediately when billed in their entirety (Cashmir, 2009). In other words, how much current assets are available to cover short-term obligations that are due soon.

The greater the current ratio, the higher the company's ability to meet its short-term obligations. And the high current ratio shows investor confidence in the company's ability to pay the promised dividends. In other words, there is an influence between the current ratio on dividend payments.

Profitability

Profitability is the ability of a company to generate profits and earn profits during a certain period in sales, own capital or total assets. Husnan, (2001) in quote Hand Prastya & Jalil, (2020)states that, profitability is a company's ability to generate a profit in a certain level of sales, assets, and share capital. High profit income is not necessarily a high level of sales.

according to Cashmere, (2019) Profitability ratio is the ratio used to assess the ability of a company to seek a profit, a measure of the level of effectiveness of the company in the management of a company is measured by the profitability ratio. Brigham & Houston. J.F, (2015) in quote Sintyana & Artini, (2018)states that the profitability ratio is a group of ratios that show the combination of the effects of asset management, liquidity, and debt on operations. There are 4 main ratios used to measure the level of profitability according toBrigham & Houston, (2014) including Gross Profit Margin, Net Profit Margin, Return On Assets, Return On Equity.

So from the four ratios above, the analysis of profitability ratios in this study is represented by the ratio of Return on Assets (ROA). Because this ratio is used to measure the company's ability to generate profit after tax by using all assets owned by the company, and this ROA is one of the analytical techniques that is often used in measuring the effectiveness of all company operations. This is because the higher the ROA, the higher the dividends distributed to shareholders.

Capital Structure

Capital structure is a comparison or balance of the company's long-term funding which is indicated by the comparison of long-term debt to its own capital. Fulfilling the company's funding needs from its own source of capital comes from share capital, retained earnings and reserves. If there is a shortage in funding originating from own capital, then consideration is needed in funding originating from outside the company, namely from debt(Harjito & Martono, 2010).

Capital structure is the ratio between foreign capital or the amount of debt with own capital (Mustafa, 2017). Capital structure policy is a choice of risk and expected return.

The ratio used in this study is the Debt to Equity Ratio (DER). Debt to Equity Ratio is the ratio used to measure debt to equity. This ratio is sought by comparing all debt, including current debt and all equity. This ratio is also useful in order to know the total funds provided by the borrower (creditor) with the owner of the company. Which means this ratio has a function to find out each own capital that is used as debt guarantee.

Effect of Liquidity on Dividend Policy

According to Hand Prastya and Jalil (2020) Liquidity has an effect on Dividend Policy, this shows the level of liquidity owned by the company is related to the level of dividend policy that has been determ~~ined by~~ the company. The faster the company's growth, the greater the funds that must be issued by the company, so that the company anticipates uncertainty and in order to have financial flexibility, the company is more likely to be happier with holding its profits than paying its dividends. Agency theory explains that the relationship between liquidity and dividends on the one hand can increase agency problems between managers and creditors because managers do not distribute dividends that should be the rights of investors.

Liquidity can describe the liquid conditions owned by the company that can be made in paying dividends, liquidity is important information for investors before investing their funds in the company, because the condition of a liquid company will allow the company to improve the welfare of investors so that these conditions can be utilized by the management in giving a good signal to investors. This

question is in line with research conducted by Sari and Suryantini (2019) where liquidity has an effect on Dividend Policy
H1: Liquidity has an effect on Dividend Policy

The Effect of Profitability on Dividend Policy

According to Ginting (2018), the results of testing between Profitability as a proxy for ROA indicate an influence on dividend policy. This is because when the profitability value is higher, the dividend payout ratio is high in paying dividends and when the profitability value is lower, the dividend payout ratio is low in paying dividends. Agency theory explains that the relationship between profitability and dividends can reduce agency problems because the higher the profitability of the company, the higher the dividend payout in a company and an investor does not need stricter supervision of the manager.

High profitability is positive information that can be given to investors on the manager's performance. Therefore, the company can generate better profits so that the company can distribute dividends. This statement is in line with the research conducted by Hadila and Hapsari (2018). Profitability has an effect on dividend policy.
H2: Profitability has an effect on Dividend Policy.

Relationship between Capital Structure and Dividend Policy

according to Agus Sartono, (2012)is the determination of the composition of capital, namely the comparison between debt and own capital or in other words the capital structure is the result or result of a financing decision, which essentially chooses whether to use debt or equity to fund the company's operations. Agency terory believes that dividends will reduce conflicts between agents and Principols, regarding funding decisions.

This capital structure is proxied by the Debt to Equity Ratio (DER). If the Debt to Equity Ratio (DER) increases, the Dividend Payout Ratio (DPR) will also increase as long as the debt is used effectively and efficiently, such as buying productive assets (such as equipment and machinery) and used to finance business expansion activities or be invested. into profitable projects that allow the company to earn huge profits. The company increases the distribution of dividends with the aim of attracting investors to invest their capital. The increase in debt to the company will affect the size of the net profit available to shareholders, including dividends to be received. This will make investors more careful in investing(Hardianti & Utiyati, 2020). This is in accordance with research conducted byIndah Anggraeni Paramitha & Lisdawati, (2020) states that the capital structure with the proxy Debt to Equity Ratio (DER) has an effect on dividend policy.
H3: Capital structure has an effect on Dividend Policy.

METHOD

The research used in this study uses a quantitative approach, because the data obtained will be realized in the form of numbers and analyzed based on statistics. according toSiyoto & Sodik, (2015)The research population uses secondary data by referring to all LQ45 companies listed on the Indonesia Stock Exchange. The population in this study were 45 LQ45 companies or 180 annual report data from LQ45 companies listed on the Indonesia Stock Exchange (IDX) for the 2016-2019 period. The sampling in this study used a purposive sampling method. BBased on these criteria, the number of samples that will be used in this study are 24 LQ45 companies or 96 annual report data from mining sector companies from 2016 to 2019. This study uses multiple linear regression analysis techniques. Hypothesis test using the F test and t test.

RESULTS AND DISCUSSION

The description of the data contained in this study uses two independent variables and one dependent variable, namely profitability (X1), leverage (X2) and dividend policy (Y). The data used in this study is secondary data contained in the annual financial statements that have been released from the official website of the issuer company in the 2016-2019 period. The following is a summary of the data that has been calculated and summarized as follows:

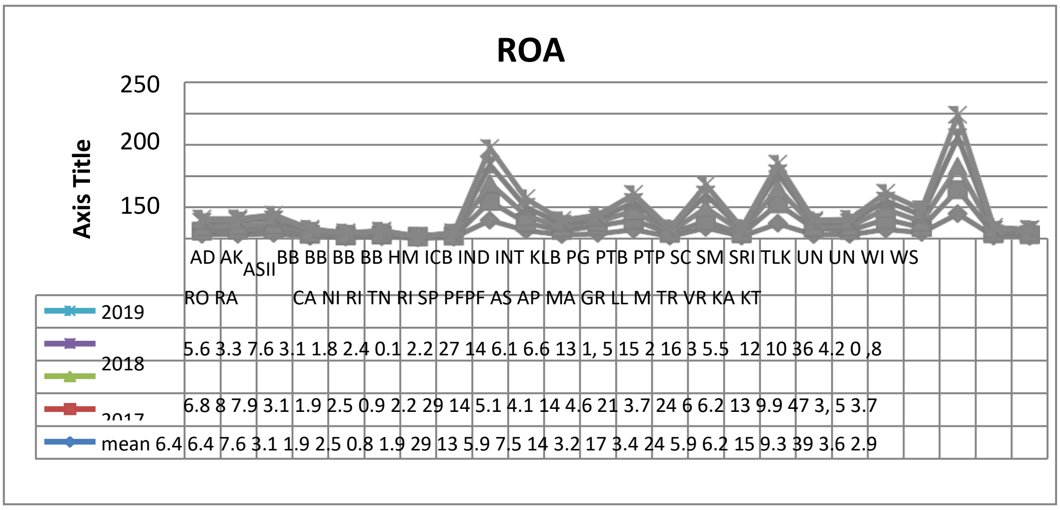


Figure 2.
Profitability

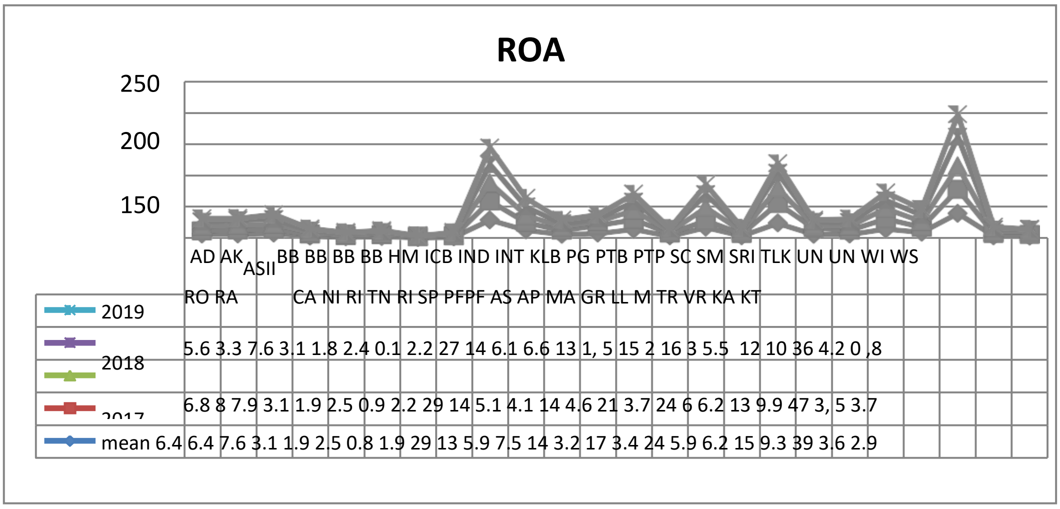
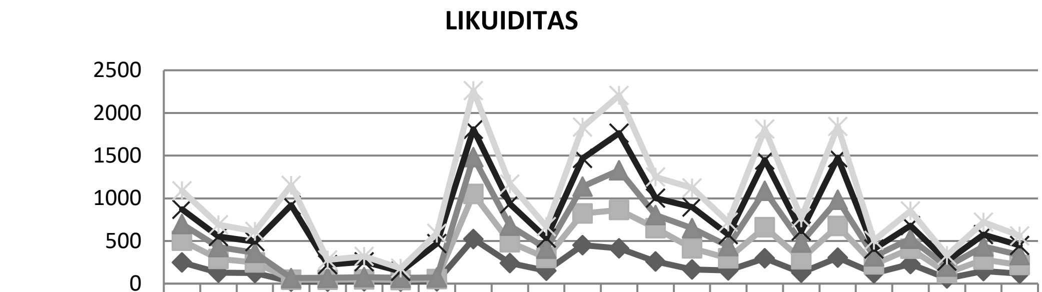


Figure 3.
Profitability (ROA)

Based on the table above, it can be seen that the profitability of the LQ 45 company has an up and down value in the 2016-2019 time span. The highest score in the 2016-2019 period for 24 companies was Unilever Indonesia (UNVR) with an average of 39.41 and a score of 46.66. The lowest score is the State Savings Bank (BBTN) with an average of 0.84 and a value of 0.07.

Liquidity



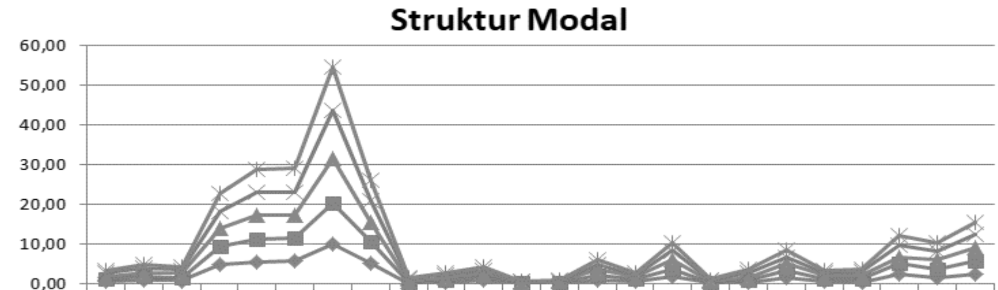
	ADRO	AKRA	ASII	BBCA	BBNI	BBRI	BBTN	BMRI	HMSP	ICBP	INDF	INTP	KLBF	PGAS	PTBA	PTPP	SCMA	SMGR	SRILL	TLKM	UNTR	UNVR	WIKA	WSKT
Rata-rata	218	138	123	230	55	64	36	118	452	233	134	367	441	250	225	144	362	154	368	102	170	66	144	112
2019	171	124	129	855	153	181	77	397	328	254	127	331	435	198	249	137	360	136	490	88	156	65	140	112
2018	196	140	115	21	22	24	23	21	430	195	107	314	466	154	238	142	426	195	308	94	114	75	154	118
2017	256	162	123	24	23	25	22	26	527	243	150	370	451	387	246	144	364	157	368	105	180	63	134	100
2016	247	127	124	22	23	25	21	27	523	241	151	453	413	261	166	153	298	127	306	120	230	61	148	117

Figure 4.
Liquidity (CR)

Based on Figure 4.2 above, it can be seen that the Current Ratio (CR) in the LQ 45 company has a value that fluctuates in 2016-2019, which can be seen from Figure 4.2. The highest average score in the 2016-2019 period for 24 LQ 45 companies was Bank Central Asia (BBCA) with an average value of 230.255 and in 2019 the liquidity value of Bank Central Asia (BBCA) showed the highest value of 854.6 compared to 24 other companies. While the lowest average value with a time span of 2016-2019 is Bank Mandiri (BMRI) with an average value of 117.58 and in 2016 the liquidity value of Bank Mandiri (BMRI) shows the lowest value of 26.5. low level of liquidity caused by the large increase in current debt compared to current assets,

Capital Structure (DER)

The following table and graph illustrates the capital structure data (DER) of LQ45 companies listed on the Indonesia Stock Exchange during the 2016-2019 period.



	ADRO	AKRA	ASII	BBCA	BBNI	BBRI	BBTN	BMRI	HMSP	ICBP	INDF	INTP	KLBF	PGAS	PTBA	PTPP	SCMA	SMGR	SRILL	TLKM	UNTR	UNVR	WIKA	WSKT
Rata-rata	0,7	0,9	0,9	4,5	5,7	5,8	10,	5,2	0,3	0,6	0,8	0,1	0,2	1,2	0,5	2,1	0,2	0,7	1,7	0,6	0,7	2,4	2,0	3,1
2019	0,8	1,1	0,8	4,2	5,7	5,7	12,	5,3	0,4	0,9	0,8	0,2	0,2	1,3	0,4	2,4	0,2	1,4	1,6	0,5	0,8	2,9	2,2	3,2
2018	0,6	1,0	0,9	4,4	6,0	5,9	11,	5,0	0,3	0,5	0,9	0,2	0,2	1,5	0,5	2,2	0,2	0,6	1,9	0,8	1	1,6	2,4	3,3
2017	0,6	0,8	0,8	4,6	5,7	5,7	10,	5,2	0,3	0,5	0,9	0,2	0,2	1	0,6	1,9	0,2	0,6	1,7	0,8	0,7	2,7	2,1	3,3
2016	0,7	0,9	0,8	4,9	5,5	5,8	10,	5,3	0,2	0,6	0,9	0,2	0,2	1,2	0,8	1,9	0,3	0,5	1,6	0,7	0,5	2,6	1,5	2,7

Rata-rata 2019 2018 2017 2016

Figure 5.
Capital Structure Chart

Based on the graph above, it can be seen that the capital structure (DER) of the LQ45 company has a value that fluctuates during 2016-2019. The highest value contained in the 2016-2019 period in 24 LQ45 companies isIndonesian Savings Bank (Persero) (BBTN) with a value of 12.28 while the lowest value is United Tractors (UNTR) with a value of 0.5.

Dividend policy

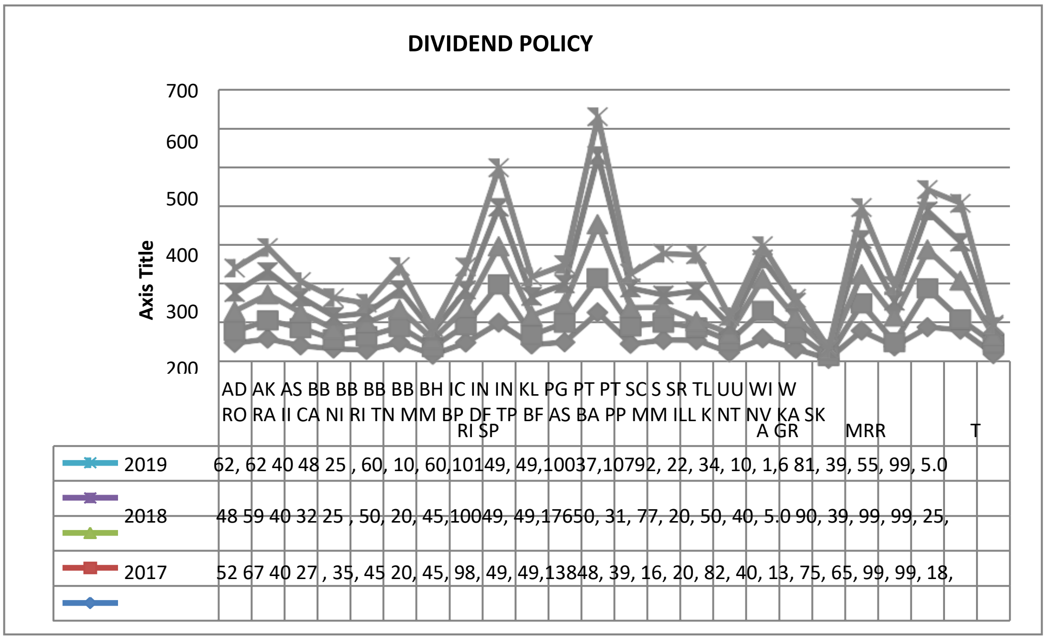


Figure 6.
Dividend Policy (DPR)

Based on the table above, it can be seen that the dividend policy of the LQ45 company has an up and down value in the 2016-2019 period. The highest score in the 2016-2019 period for 24 companies was Indocement Tunggal Prakasa (INTP) with an average of 125.99 and a score of 176.85. The lowest score is Sri Rejeki Isman (SRILL) with an average of 6.845 and a score of 1.68.

Multiple linear regression analysis

Multiple regression analysis aims to determine whether or not there is an effect of two or more independent variables (X) on the dependent variable (Y).

Table 1.
Multiple Regression Analysis
Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	34,680	5.320		6,519	.000
	CR	.024	.020	.115	1.185	.239
	DER	-.012	.018	-.065	-.677	.500
	ROA	1.307	.327	.398	4,002	.000

a. Dependent Variable: DPR

Based on the table above, the multiple linear regression equation is as follows:

Y =34,680 +0 .024 (X1) - 0.012(X2) +1.307(X3) +e

From the regression equation above it above can be interpreted as follows:

Constant of 34,680 states that if the variables of liquidity (X1) and capital structure (X2) and profitability(X3) the value is 0 then the value of the dividend policy (Y) is constant 57,026.

The regression coefficient for the liquidity variable (X1) is positive, indicating a direct relationship with dividend policy (Y). Liquidity variable regression coefficient (X1) is.024, which means that every 1% additional liquidity (X1) will increase dividend policy (Y) by .024 as well as better.

The regression coefficient for the capital structure variable (X2) is negative, indicating a non-unidirectional relationship between the capital structure (X2) and dividend policy (Y). The regression coefficient of the capital structure variable (X2) is 1%, it will reduce dividend policy (Y) by0.012vice versa.

Regression coefficient for liquidity variable (X3) is positive, indicating that there is a direct relationship with dividend policy (Y). Variable regression coefficient profitability (X3) of 1.307, which means every addition profitability (X3) by 1% it will increase the dividend policy (Y) by .1.307 as well as better.

Hypothesis testing

Hypothesis testing is used to determine whether there is a significant effect of the independent variable on dividend policy with the F-statistical test and T-statistical test.

Simultaneous F Test Results

The F test aims to determine whether or not there is a simultaneous (together) effect given by the independent variable (X) on the dependent variable (Y).

Table 2.
F. Test Results
ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19920.994	3	6640,331	8168	.000b
	Residual	74796,795	92	813.009		
	Total	94717,788	95			

a. Dependent Variable: DPR
b. Predictors: (Constant), ROA, DER, CR

Based on table 8 above, it is known that the significance value for the effect of X1 X2 and X3 against Y is equal to 0.000 < 0.05 and calculated F value 8168> F table 3.09, so it can be concluded that there is an effect of significant simultaneously Among liquidity (X1), capital structure (X2) and profitability (X3) to dividend policy (Y).

Partial t test results

The t-test aims to determine whether or not there is a partial (own) effect given by the independent variable (X) on the dependent variable (Y).

Table 3.
T. test results
Coefficientsa

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	34,680	5.320		6,519	.000
	CR	.024	.020	.115	1.185	.239
	DER	-.012	.018	-.065	-.677	.500
	ROA	1.307	.327	.398	4,002	.000

a. Dependent Variable: DPR

Based on table 8 can be interpreted as follows:

Nvalue Sig. for the effect of X1 on Y is equal to0.239 > 0.05 so it can be concluded that H1 is rejected, which means that there is no influence of liquidity (X1) on dividend policy (Y).
Nvalue Siq. for the effect of X2 on Y is equal to0.500<0.05, so it can be concluded that H2 is accepted, which means that there is an effect of capital structure (X2) on dividend policy (Y).
Nvalue Siq. for the effect of X2 on Y is equal to0.000 <0.05, so it can be concluded that H2 is accepted which means that there is an influenceprofitability (X3) to dividend policy (Y).

Coefficient of Determination Results

The coefficient of determination serves to find out what percentage of the influence given by variable X simultaneously to variable Y.

Table 4.
Coefficient of Determination

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.459a	.210	.185	28.51331

a. Predictors: (Constant), DER, CR

Based on table 9, it is known that the relationship between liquidity variables (X1), capital structure (X2) and profitability (X3) to dividend policy Y) with the correlation value (R) is .459 This shows that the relationship between the independent variable and the dependent variable is currently.

Known value adj. R Square of 0,.185 it means that liquidity variable (X1) capital structure (X2) and profitability (X3) berthe effect on dividend policy (Y) is 12.6% and the remaining 87.4% is influenced by other variables outside of the variables used.

Discussion

This study examines the effect of liquidity and capital structure on dividend policy in LQ 45 companies listed on the Indonesia Stock Exchange. based on the results of research that has been done can be obtained that:

Effect of Liquidity on Dividend Policy

Liquidity has no effect on dividend policy, this indicates that liquidity does not always affect dividend policy. The results of this study indicate that the company will not pay high dividends when the company's liquidity decreases. No matter how large the liquidity, the company will continue to distribute dividends regularly every year through the company's profit reserves.

In this study, it is in line with research conducted by Firdaus & Sediaz, (2017)with the result that liquidity (CR) does not have a positive effect on dividend policy. In his research, he stated that short-term bank debt caused the liquidity of the retail trade sub-sector to decline due to the impact of the unstable economy in Indonesia. If the company's position is not liquid, it means that the company does not have cash to pay dividends to shareholders so that liquidity (CR) has no effect on dividend policy if the liquidity position is low.

Effect of Capital Structure on Dividend Policy

Debt On Equity Ratio is a financial ratio that compares the amount of debt with equity. If the capital structure increases then the dividend policy will decrease and vice versa if the capital structure decreases then the company's dividend policy will increase, this happens because companies that have a high capital structure can result in liabilities in the form of interest expenses so that in the end a high interest expense is more priority over dividend payments.

In the results of this study, it was found that the capital structure had a negative and insignificant effect on dividend policy. With the results of t-count -2.045 with a significance of 0.000. The negative Debt On Equity Ratio indicates that the ratio of the amount of debt and equity has not been able to meet the dividend policy. And the Debt On Equity Ratio is not significant because the company listed in LQ45 has a capital issued by the company that is greater than its total debt, so it is likely to have a small effect on dividend policy so it is not significant.

This is consistent with research conducted by Kurniawati & Isroah, (2017) which states that Capital Structure has a negative and insignificant effect on dividend policy. Hanif's research, (2017) also states that the Debt On Equity Ratio has no effect on the Dividend Payout Ratio.

The Effect of Profitability on Dividend Policy

Profitability has an effect on dividend policy in a positive direction indicated by a positive t value. It can be interpreted that the greater the profit generated, the higher the dividend distribution. On the other hand, if profitability is low, the company suffers a loss. The amount of dividend payments in the dividend policy will be in line with the growth in the level of profit that will be experienced by the company and profits are very influential on the company's future activities, because the level of profitability indicates how the achievements have been made by the company. The results of this study are in line with the research of Hand Prastya and Jalil, (2020) which suggests a relationship between profitability and dividend policy. This event shows where the level of the company's ability to generate returns on the capital owned by the company is related to the level of dividend policy that will be taken by the company. And Harun and Jeandry, (2018) stated that the amount of profit earned by the company made the level of cash dividend distribution increase. It can be concluded that profitability has an effect on dividend policy.

This study is contrary to the results of research by Sari and Sudjarni, (2015) who say that profitability has no effect on dividend policy. Companies that generate profits in operations will not necessarily use these profits in distributing dividends, especially for companies that plan to invest in assets in the future

CONCLUSION

Based on the results of tests conducted by researchers, the following conclusions can be drawn:

The results of the study stated that the proxied liquidity in the current ratio (CR) has no effect on dividend policy. Thus the first hypothesis which states that liquidity has an effect on significanton dividend policy is not proven in this study. This proves that the level of liquidity has no effect on dividend policy.

The results of the study stated that the capital structure proxied in the debt to equity ratio (DER) no effect on dividend policy. Thus the second hypothesis which states that the capital structure affects dividend policyno proven in this study. This proves that the level of capital structure has no effect on dividend policy.

The results of the study stated that profitability which is proxied in return on assets (ROA) take effect significant to dividend policy. Thus the hypothesisthird which states that return on assets (ROA) beffect on dividend policy is proven in this study. This proves that the high and lowprofitability have an influence on dividend policy.

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