

Research Article

The Role of Dividend Policy in Inventing the Effect of Accounting Profit, Cash Flow, Operation and Corporate Size on the Price of Closing Stock

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ABSTRACT

This study aims to determine the effect of accounting profit, operating cash flow and company size on the closing price of shares through dividend policy on consumer goods industry companies on the Indonesia Stock Exchange. This research uses quantitative methods and types of explanatory research, with 2016-2018 observation years in 17 company samples. The results showed (1) Accounting profit and operating cash flow had a positive and significant effect on dividend policy, while the size of the company had no influence on dividend policy. (2) Accounting profit and operating cash flow have no effect on the closing price of shares, while the size of the company has a positive and significant effect on the closing price of shares. (3) Dividend policy has a positive and significant effect on the closing price of shares. (4) There is no indirect effect of dividend policy in mediating accounting profit and operating cash flow on the closing price of shares, but there is an indirect effect of dividend policy in mediating company size on the closing price of shares.

Keywords: Accounting Profit, Operating Cash Flow, Company Size, Stock Closing Price and Dividend Policy.

Background

The capital market in general can be identified with a place where capital is traded between parties who have excess capital (investors) with people who need capital (issuer) by developing capital market investment has an important role and is an integral part of a country's economy. The capital market in Indonesia is increasingly growing rapidly, marked by the

increasing number of companies registering on the stock exchange.

As this activity increases, the need to provide more complete information to investors regarding the development of the stock exchange is also growing one of the necessary information increases is the stock price index as a reflection of stock price movements. JCI (Composite Stock Price Index), serves as an indicator of capital market trends, meaning that

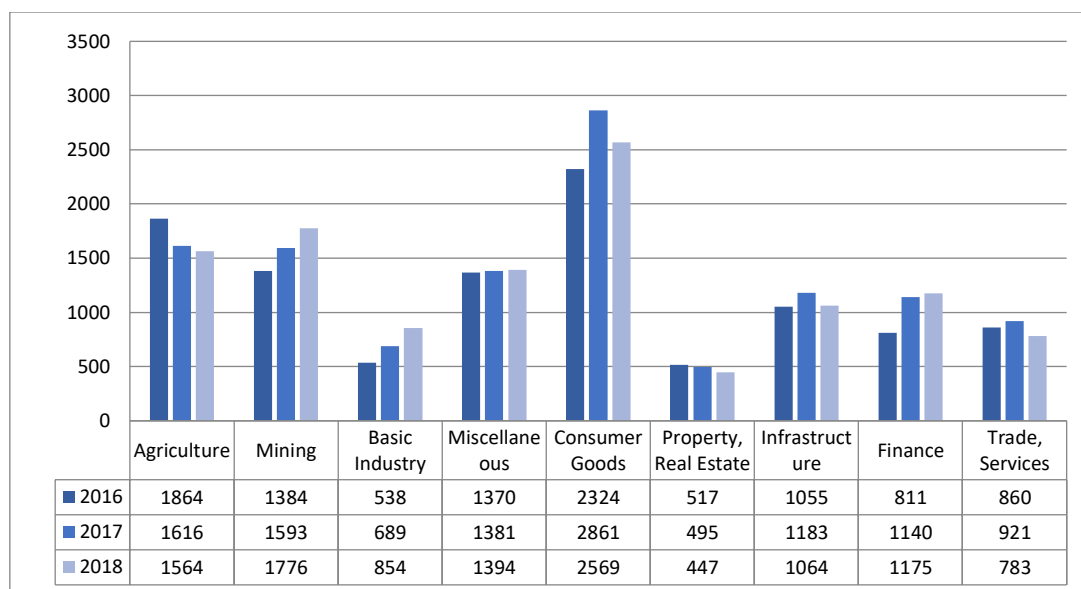
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the movement of the Stock Price Index illustrates the condition of the capital market at a time, whether the capital market is active or lethargic.

The current condition of the capital market has increased, there were 53 new companies which recorded the first shares in 2018. The

number of new issuers is the highest number in the last 26 years since 1992. The issuers are divided into 9 industrial sectors on the Exchange Indonesian effect. The conditions of the closing price movements based on the classification of the company's industry on the Indonesia Stock Exchange are as follows:



Source: Secondary Data

Graph 1. Pergerakan Harga Penutupan Saham Berdasarkan Klasifikasi Industri Perusahaan di BEI periode 2016-2018

Based on Graph 1 shows the closing price of shares of all companies listed on the Indonesia Stock Exchange which are classified into 9 (nine) sectors. It can be seen that the movements are quite varied, such as companies in the Consumer Goods sector or the Consumer Goods Industry which increased in 2017 but

declined in 2018. There are 17 companies in the consumer goods industry sector listed on the Indonesia Stock Exchange who regularly publish financial statements. The closing prices of companies in the consumer goods industry sector in 2016-2018 can be seen in Table 1 below:

Table 1. Closing Prices of Companies in the Consumer Goods Industry Sector on the Indonesia Stock Exchange 2016-2018

NO	Kode Saham	Nama Emiten	2016	2017	2018
1	CINT	Chitose Internasional Tbk	316	334	284
2	DLTA	Delta Jakarta Tbk	5,000	4,590	5,500
3	DVLA	Darya-Varia Laboratoria Tbk.	1,755	1,960	1,940
4	HMSF	HM Sampoerna Tbk.	3,830	4,730	3,710
5	ICBP	Indofood CBP Sukses Makmur Tbk	8,575	8,900	10,450
6	INDF	Indofood Sukses Makmur Tbk	7,925	7,625	7,450
7	KAFF	Kimia Farma (Persero) Tbk.	2,750	2,700	2,600
8	KINO	Kino Indonesia Tbk.	3,030	2,120	2,800
9	MERK	Merck Tbk.	9,200	8,500	4,300

NO	Kode Saham	Nama Emiten	2016	2017	2018
10	MLBI	Multi Bintang Tbk	11,750	13,675	16,000
11	MYOR	Mayora Indah Tbk	1,645	2,020	2,620
12	ROTI	Nippon Indosari Corpindo Tbk	1,600	1,275	1,200
13	SKLT	Sekar Laut Tbk	308	1,100	1,500
14	TCID	Mandom Indonesia Tbk.	12,500	17,900	17,250
15	TSCP	Tempo Scan Pasific Tbk.	1,970	1,800	1,390
16	ULTJ	Ultrajaya Milk Industry & Trading Co	4,570	1,295	1,350
17	UNVR	Unilever Indonesia Tbk.	38,800	55,900	45,400

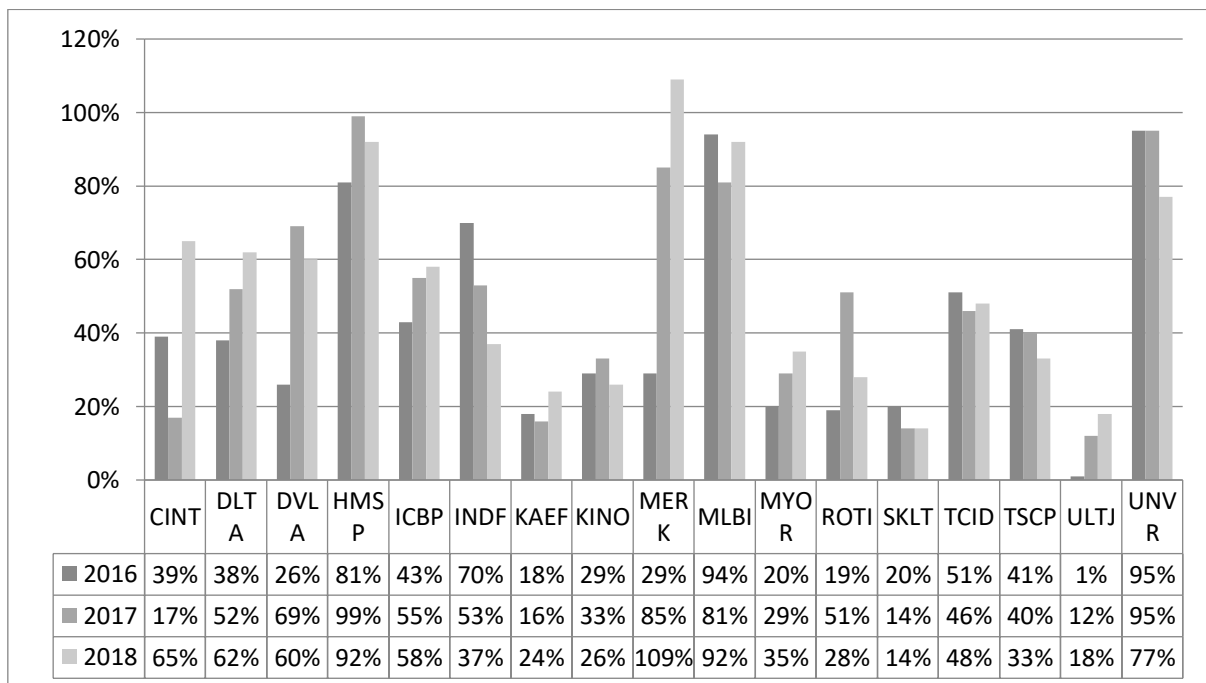
source: Secondary Data

Based on Table 1 above, the closing price of shares in the consumer goods industry sector, which tends to decline in 2018 if left unchecked will disrupt the company's growth in the future. Investors tend not to look at companies with low shares because low shares indicate that the condition and performance of the company are less than optimal.

The efficiency market hypothesis theory says the stock price reacts to an existing information, including information on dividend distribution. High dividend payments will increase share prices, and vice versa (Putri and Purnamasari, 2018), so companies must try to

decide on an optimal dividend policy to prosper shareholders and advance the company.

Dividend policy concerns the problem of using profits which are the rights of shareholders, namely the distribution of profits in the amount of dividends paid depending on the policy of each company. Determination of the distribution of profits to be distributed in the form of dividends is called the Dividend Payout Ratio (DPR). Through the size of the House of Representatives can be seen in the future state of the company. The picture of corporate dividends in the consumer goods sector in 2016-2018 is as follows:



Source: Secondary Data

Graph 2. DPR Perusahaan Sektor Barang Konsumsi yang terdaftar di BEI Periode 2016-2018

Based on Graph 2, it can be seen that the average DPR of 17 consumer goods sector companies listed on the Indonesia Stock Exchange tends to increase each year in contrast to the stock price movements in the same year which experience fluctuations every year. The phenomenon of changes in the stock prices of the consumer goods sector is a question of whether dividend policy affects stock prices. Unpredictable stock price movements cause risk uncertainty and return on investment. Therefore, understanding the risks involved in investing through the capital market is a requirement for obtaining appropriate information in considering investment decisions.

Company performance parameters that get the main attention of investors and creditors in the financial statements are earnings, cash flow and the size of a company. This shows the existence of earnings information, cash flow and company size is seen by users of information as a complementary thing to evaluate company performance overall. This uncertain situation encourages rational investors to always consider the level of profit and risk factors in making investment decisions.

Research Methods

The type of approach used is quantitative research with explanatory research type, which is explanatory and aims to test a theory or hypothesis in order to strengthen or even reject the theory or hypothesis of existing research results. The population in this study were all companies in the consumer goods industry sector which were listed on the Indonesia Stock Exchange (IDX) in 2016-2018.

This is as follows:

1. Classical Assumption Test

- Normality Test, aims to test whether in the regression model, residuals have a normal distribution using the Kolmogorov-Smirno (K-S) non-parametric statistical test analysis.
- Heteroscedasticity Test, aims to test whether in the regression model there is an inequality of variance from residuals of one observation to another, using scatterplot graphs.
- Multicoloniarity Test, aims to test whether the regression model found a correlation between X variables, by looking at the value of tolerance and variance inflation factor (VIF).

- Autocorrelation test, aims to test whether in the regression model there is a correlation between the error of the intruder in the period t with the error of the intruder in the period t-1 (previous), by using the Durbin-Watson test (DW-Test).

2. Regression Analysis

The regression model used to examine the effect of accounting income, operating cash flow, and firm size on stock prices through dividend policy in the manufacturing companies in the food and beverage subsector listed on the Indonesian stock exchange, as follows:

$$Y_1 = \alpha_0 + \alpha_1 X_1 + \alpha_2 X_2 + \alpha_3 X_3 + \varepsilon$$

$$Y_2 = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 Y_1 + \varepsilon$$

Information:

Y2 = Stock closing price

Y1 = Dividend Policy

α = Constant

β = Regression coefficient

X1 = Accounting Profit

X2 = Operating Cash Flow

X3 = Company Size

ε = Error

3. Hypothesis Testing

a) Simultaneous Test (F Test)

If the significance value $f < 0.05$ means that there is a significant influence between all exogenous variables on endogenous variables. If the significance value $f > 0.05$ means that there is no influence between the exogenous variable on the endogenous variable.

b) Determination Coefficient Test (R2)

The coefficient of determination is between zero and one. A small R2 value means the ability of exogenous variables to explain limited variations of endogenous variables. A value close to one means that exogenous variables provide almost all the information needed to predict endogenous variables.

c) Partial Test (t Test)

If the significance value of $t < 0.05$ means that there is a significant influence between one exogenous variable on the endogenous variable. If the significance value of $t > 0.05$ means that there is no influence between an exogenous variable.

d) Sobel Test

The sobel test is carried out by testing the indirect effect between X1, X2, X3 on Y2 through Y1. This indirect effect is calculated by multiplying X - Y1 (a) with path Y1 - Y2 (b) or path ab. The standard error coefficients a and b are written with Sa and Sb and the standard size of the indirect error is Sat which is calculated by the formula:

- a. Tes distribution is Normal.
- b. Calculate from data.
- c. Lilliefors Significance Correction.

The normality test results as presented in table 2 above, obtained Sig Kolmogorov Smirnov value of 0.151. This value meets the normality test requirements, that is if the test results obtained Sig > 0.05, then the assumption of normality is met.

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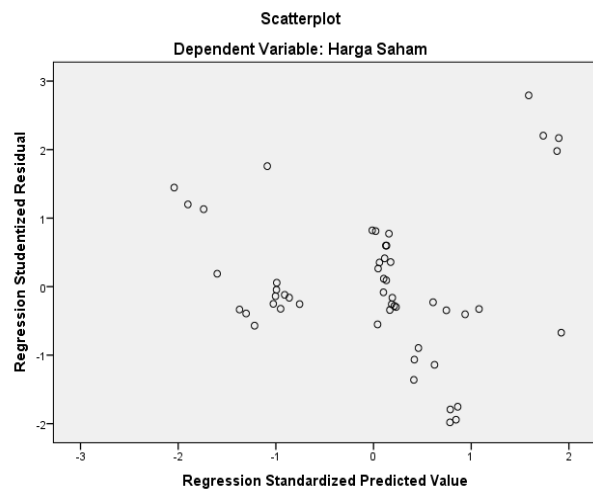
- Sa = standard error coefficient a
- Sb = standard error coefficient b
- b = coefficient of the mediating variable
- a = coefficient of the independent variable

To test the significant indirect effect, it is necessary to calculate the t value of the ab coefficient with the formula:

$$t = \frac{ab}{Sab}$$

T value calculated compared to the value of t table. If the value of t arithmetic > value of t table, it is concluded that there is a mediating effect (Herlina & Diputra, 2018).

b. Heteroscedasticity Test



Graph 3. Scatterplots Graph

Scatterplots graph analysis to predict the presence or absence of heteroscedasticity in a model can be seen from the scatterplot image patterns of the model. The scatterplots graph results in this study as presented in graph 3 show that the points spread above and below the number 0 (zero) on the y axis, or in other words the distribution of these points does not form a particular pattern. This result means that heteroscedasticity does not occur.

Results and Discussion

1. Classical Assumption Test Results

a. Normality test

Table 2. One-Sample Kolmogorov-Smirnov Test

	Unstandardized Residual
N	51
Normal Parameters ^{a,b}	,0008560
Mean	
Std	,00967641
Deviation	,112
Most Extreme	,104
Absolute	-,112
Differences	,112
Positive	,151 ^c
Negative	
Test Statistic	
Asymp. Sig. (2-tailed)	

c. Multicollinearity Test

Table 3 below shows that the VIF values of all independent variables and interaction variables are below 10, so that all of these variables do not contain multicollinearity (non multicollinearity) in this study.

Tabel 3. Coefficients^o

Model	Collinearity Statistics		Keterangan
	Tolerance	VIF	
1 1 (Constant)			
Accounting Profit	,541	1,847	Non Multikolinieritas
Operating Cash Flow	,451	2,211	Non Multikolinieritas
Company Size	,939	1,065	Non Multikolinieritas
Dividend Policy	,401	2,496	Non Multikolinieritas

a. Endogenous Variable: Stock Closing Price

d. Autocorrelation Test

Table 4. Runs Test

	Unstandardized Residual
Tset Value ^o	-,00116
Cases < Test Value	25
Cases >= Test Value	26
Total Cases	51
Number of Runs	28
Z	,427
Asymp. Sig. (2-tailed)	,669

a. Median

Normality test results as presented in table 4 above, obtained Run Test values of 0.669. This value meets the autocorrelation test requirements, i.e. if the test results obtained Sig > 0.05, there is no autocorrelation between the financial statement periods used as research samples.

2. Regression Results

a) The Effect of Accounting Profit, Operating Cash Flow and Company Size on Dividend Policy

Table 5. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,774 ^o	,559	,574	,1023217	1,491

a. Predictors: (Constant), Company Size, Accounting Profit, Operating Cash Flow

b. Endogenous Variable: Dividend Policy

From Table 5 above it can be concluded that the dividend policy variable (Y1) is influenced by 0.599 or 59.9% by accounting profit (X1), operating cash flow (X2) and company size

(X3). The remaining 40.1% is influenced by other variables outside the variables in this study.

Table 6. ANOVA

Tabel 6 ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	,736	3	,245	23,440	,000 ^b
Residual	,492	47	,010		
Total	1,228	50			

a. Endogenous Variable: Kebijakan Dividen

b. Predictors: (Constant), Ukuran Perusahaan, Laba Akuntansi, Arus Kas Operasi

Table 7. Coefficients^o

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	-1,198	,242		-4,948	,000
(Constant)	,680	,228	,342	2,975	,005
Laba Akuntansi	1,314	,301	,506	4,370	,000
Arus Kas Operasi	20,139	16,656	,113	1,209	,233
Ukuran Perusahaan					

a. Endogenous Variable: Dividend Policy

Tables 6 and 7 above show that the variable of accounting earnings and operating cash flow has a positive and significant effect on dividend policy. This can be seen from the value of profitability that is smaller than 0.05, where the value of profitability for accounting profit is 0.005, operating cash flow is 0,000. While the company size variable has no influence on dividend policy, it can be seen that the size of the company has a significance value of 0.233. These results indicate that of the three variables only company profits and operating cash flow have a positive and significant effect on dividend policy variables.

The results of this study are consistent with research conducted by Christi & Wijayanti (2013) and Hery (2009) which states that operating income and cash flow affect the dividend policy. The results of this study support the signal theory, because the dividend policy cannot be separated from the signal theory

which emphasizes the importance of any information issued by the company to investment decisions. But the results of this study are not consistent with research conducted by Febrina & Hapsah (2016), Mulyaningsih & Rahayu (2016), and Mutia (2012) states that operating cash flow has no effect on dividend policy.

Whereas for company size variables, this research is supported by research conducted by Samrotun (2015), Wicaksono & Nasir (2014), Nurhayati (2013), which states that there is no influence between company size and dividend policy. However, this research contradicts the results of Al-Malkawi's research, et al (2013) and Ramli (2010), which states that company size has an influence on dividend policy.

b) The Effect of Accounting Profit, Operating Cash Flow and Company Size on the Stock Closing Price

Table 8. Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,657 ^o	,431	,395	,0100755	1,806

a. Predictors: (Constant), Company Size, Accounting Profit, Operating Cash Flow

b. Endogenous Variable: Dividend Policy

From table 8 above, it can be concluded that the closing price variable (Y2) is influenced by 0.431 or 43.1% by accounting profit (X1), operating cash flow (X2) and company size

(X3). The remaining 56.9% is influenced by other variables outside the variables in this study.

Table 9. ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	,004	3	,001	11,882	,000 ^b
Residual	,005	47	,000		
Total	,008	50			

a. Endogenous Variable: Harga Penutupan Saham

Table 10. Coefficients^a
b. Predictors: (Constant), Ukuran Perusahaan, Laba Akuntansi, Arus Kas Operasi

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	-,094	,024		-3,941	,000
(Constant)	,036	,022	,222	1,617	,113
Laba Akuntansi	,049	,030	,228	1,656	,104
Arus Kas Operasi	7,387	1,640	,504	4,504	,000

b. Endogeneous Variable: Stock Closing Price

Tables 9 and 10 above show that the variable accounting profit and operating cash flow, has no influence on the closing price of shares. This can be seen from the value of profitability that is greater than 0.05, where the profitability value for accounting profit is 0.113, operating cash flow is 0.104, while the size of the company has a significance value of 0.000, this means that company size has a positive and significant effect on prices closing stock. These results indicate that of the three variables, only company size has a positive and significant effect on the variable closing price.

The results of research conducted by Sa'adah & Kadarusman (2014) reinforce the findings of this study that the variable accounting profit and operating cash flow has no influence on the closing price of shares. The operating cash flow variable results of this study are in line with research conducted by Maharani (2012), Yocelyn & Christiawan (2012), Almilia & Sulistyowati (2007), and Daniati & Suhairi (2006).

While the firm size variable has a positive and significant effect on stock prices. The results of this study are reinforced from the results of research conducted by Gunarso (2014) and Daniati & Suhairi (2006). Gunarso's research (2014) also states that the higher the size of a company, the higher the stock price (the higher). These results indicate that of the three variables, only company size variables that have a positive and significant effect on stock closing prices. The results of this study indicate that company size information has more meaning for investors than operating cash flow information. Therefore the results for this second hypothesis support the agency theory and signal theory, which is a challenge for company managers to try to show the company is in good condition and has a large scale compared to other companies.

c) The Effect of Dividend Policy on Stock Closing Prices

Table 11. Model Summary^b

Tabel 11 Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,434 ^a	,189	,172	,0117872	1,784

- a. Predictors: (Constant), Kebijakan Dividen
- b. Endogenous Variable: Harga Penutupan Saham

From Table 11 above it can be concluded that the Closing Price of Shares (Y2) is influenced by 0.189 or 18.9% by the Dividend

Policy (Y1). The remaining 56.9% is influenced by other variables outside the independent variables examined in this test.

Table 12. ANOVA

Tabel 12 ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	,002	1	,002	11,386	,001 ^b
Residual	,007	49	,000		
Total	,008	50			

- a. Endogenous Variable: Harga Penutupan Saham
- b. Predictors: (Constant), Kebijakan Dividen

Table 13. Coefficients^o

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-,009	,009		-1,025	,311
Kebijakan Dividen	,036	,011	,434	3,364	,001

c. Endogeneous Variable: Stock Closing Price

Based on Tables 12 and 13 above shows that the dividend policy variable has a positive and significant effect on the closing price of the stock. This can be seen from the probability value smaller than 0.05, where the value for dividend policy is 0.001. These results indicate that the dividend policy has a positive and significant effect on the variable closing price.

The results of this study support the research of Putri & Purnamasari (2018), Laabs & Bacon (2013), Istanti (2013) and Hashemijoo, et al (2012) who found dividend policy influencing stock prices. Announcement of dividends can be used as information by shareholders about the company's performance so that it is expected to drive share prices. The importance of this information can be a material

consideration for investors in investing their funds. The results of this study are consistent with signal theory, so it can be said that dividends can be seen as a signal to the company's future.

This research is not in line with research Rahmawati (2017) and Rizal (2014) who found that there is no influence between the dividend policy variable with the closing price of the stock variable.

d) The Effect of Accounting Profit, Operating Cash Flow and Company Size on the Price of Closing of Shares through Dividend Policy

1) Effect of accounting profit on closing prices of shares through dividend policy

Table 14. Coefficients^o

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-,033	0,21		-1,535	,131
Laba Akuntansi	,055	,022	,334	2,483	,017

a. Endogeneous Variable: Stock Closing Price

Table 15. Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-0,20	,021		-,956	,344
Laba Akuntansi	,016	,027	,098	,587	,560
Kebijakan Dividen	,031	,014	,372	2,218	,031

a. Endogeneous Variable: Stock Closing Price

The effect of mediation / intervening shown by the multiplication coefficient (ab)

needs to be tested with the sobel test as follows:

Standar error dari koefisien *indirect effect* (Sab)

$$Sab = \sqrt{b^2Sa^2 + a^2Sb^2 + Sa^2Sb^2}$$

$$Sab = \sqrt{(0,031)^2(0,022)^2 + (0,055)^2(0,014)^2 + (0,022)^2(0,014)^2}$$

$$Sab = \sqrt{0,000000465124 + 0,0000005928 + 0,00000094864}$$

$$Sab = 0,001074$$

According to the product of ab multiplication can be used to calculate t indirect effect statistics with the following formula:

$$t = \frac{ab}{Sab} = \frac{0,055 \times 0,031}{0,001074} = \frac{0,001705}{0,001074} = 1,588$$

Then t arithmetic = 1.588 < from t table with a significance level of 0.05 which is 1.96, so it can be concluded that the mediation coefficient 0.001705 is not significant and means that

there is no indirect effect between accounting earnings on the closing price of the stock through dividend policy.

The results of this study are in line with research by Admi, et. al (2019) and Ulfah, et. al (2018) who stated that dividend policy cannot mediate the effect between profitability and stock prices on manufacturing companies in Indonesia. But the results of this study do not agree with the results of research by Bulutoding, et al (2018) who found that profitability has a significant effect on stock prices through dividend policy ratios namely dividend payout ratios.

2) The effect of operating cash flow on the closing price of shares through dividend policy

Table 16. Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-,066 ,089	,027 ,028		-2,459 3,208	-0,18 ,002
Arus Kas Operasi					

a. Endogeneous Variable: Stock Closing Price

Table 17. Coefficients^o

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-,043 ,046	,031 ,040		-1,412 1,168	,164 ,249
Arus Kas Operasi					
Kebijakan Dividen					

a. Endogeneous Variable: Stock Closing Price

The intervening effect shown by the multiplication coefficient (ab) needs to be tested with the sobel test as follows:

Standar error dari koefisien *indirect effect* (Sab)

$$Sab = \sqrt{b^2Sa^2 + a^2Sb^2 + Sa^2Sb^2}$$

$$Sab = \sqrt{(0,023)^2(0,028)^2 + (0,089)^2(0,015)^2 + (0,028)^2(0,015)^2}$$

$$Sab = \sqrt{0,000000414736 + 0,0000017825 + 0,0000001764}$$

$$Sab = 0,001541$$

According to the product of ab multiplication can be used to calculate t indirect effect statistics with the following formula:

$$t = \frac{ab}{Sab} = \frac{0,089 \times 0,023}{0,001541} = \frac{0,002047}{0,001541} = 1,328$$

so the mediation coefficient of 0.002047 is not significant.

The results of this study indicate t arithmetic = 1.328 smaller than t table with a significance level of 0.05 which is 1.96, it can be concluded that the mediation coefficient 0.002047 is not significant and means there is no indirect effect between operating cash flow on closing prices through dividend policy.

3) The effect of company size on the closing price of shares through dividend policy

Table 18. Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	-,013	,008		-1,647	,106
(Constant)	7,635	1,790	,520	4,266	,000
Ukuran Perusahaan					

a. Endogeneous Variable: Stock Closing Price

Table 19. Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	-,033	,010		-3,458	,001
(Constant)	6,802	1,663	,464	4,089	,000
Ukuran Perusahaan	,030	,009	,361	3,187	,003
Kebijakan Dividen					

a. Endogeneous Variable: Stock Closing Price

The intervening effect shown by the multiplication coefficient (ab) needs to be tested with the sobel test as follows:

Standar error dari koefisien indirect effect (Sab)

$$\begin{aligned}
 Sab &= \sqrt{b^2Sa^2 + a^2Sb^2 + Sa^2Sb^2} \\
 Sab &= \sqrt{(0,030)^2(1,790)^2 + (7,635)^2(0,009)^2 + (1,790)^2(0,009)^2} \\
 Sab &= \sqrt{0,00288369 + 0,00472185 + 0,00025953} \\
 Sab &= 0,088685
 \end{aligned}$$

According to the product of ab multiplication can be used to calculate t indirect effect statistics with the following formula:

$$t = \frac{ab}{Sab} = \frac{7,635 \times 0,03}{0,088685} = \frac{0,23205}{0,088685} = 2,616$$

Then t arithmetic = 2.616 > from t table with a significance level of 0.05 that is equal to 1.96, so it can be concluded that the mediation coefficient is 0.23205 which means that there is an indirect effect between company size on stock prices through dividend policy.

The results of this study are in line with the research of Astuti & Hasanah (2018) which states that dividend policy can be an intervening variable between company size and stock prices. But the results of this study do not agree with the results of the study of Ulfah et. al

(2018) and Wijaya (2017) who find that dividend policy does not mediate the relationship of the effect of company size on stock prices.

This study provides support for signal theory and agency theory, looking at the results of research showing that company size has an influence on stock closing prices through dividend policy mediation. The role of company managers here is very important for companies to provide information signals to investors and can convey that the company is in good condition to shareholders.

Conclusion

Based on the results of the research and discussion above, it can be concluded as follows:

1. Accounting profit and operating cash flow have a positive and significant effect on dividend policy. However, the variable size of the company shows no influence on dividend policy. This means that the higher the profit and operating cash flow of a company, the higher the dividend policy, this does not apply to company size.
2. Accounting profit and operating cash flow do not affect the closing price of the stock. But for the variable size the company shows an influence on the closing price of the stock. This means that the higher (larger) the size of a company, the closing price of the stock

will be higher, in contrast to the operating profit and cash flow that has no influence on the closing price of the stock.

3. Dividend policy has a positive and significant effect on the closing price of shares. This means that the higher the dividend policy of a company, the closing price of shares will be higher, and vice versa. The lower the dividend policy of a company, the closing price of shares will also be lower.
4. Dividend policy cannot mediate the effect between accounting profit and operating cash flow on closing prices of shares, but dividend policy can mediate the effect of company size on closing prices of shares.

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