

Effect of Profitability, Leverage, and Liquidity on Dividend Policy: Evidence from Manufacturing Companies in Indonesia

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ABSTRAK

Profitabilitas (ROA) dan leverage (DER) memiliki pengaruh yang menguntungkan dan material terhadap kebijakan dividen perusahaan manufaktur makanan dan minuman yang terdaftar di BEI. Artinya, jika profitabilitas dan leverage terus meningkat, maka kebijakan dividen juga akan meningkat. Dibandingkan dengan likuiditas (rasio lancar), yang berpengaruh positif tetapi dapat diabaikan terhadap kebijakan dividen perusahaan manufaktur makanan dan minuman yang terdaftar di BEI. Dapat disimpulkan bahwa sementara likuiditas yang dimiliki oleh perusahaan dapat membantu meningkatkan dividen, namun tidak dapat berdampak besar pada reformasi kebijakan dividen. Kebijakan dividen yang meningkat akan menarik investor. Dengan demikian, kebijakan dividen dapat ditingkatkan melalui penelitian ini dengan mengoptimalkan pemanfaatan aset (ROA) dan menurunkan bahaya pembebasan utang (DER).

ABSTRACT

Profitability (ROA) and leverage (DER) have a favorable and material impact on the dividend policies of food and beverage manufacturing companies listed on the IDX. That is, if profitability and leverage continue to improve, so will the dividend policy. In comparison to liquidity (current ratio), which has a positive but negligible effect on the dividend policy of food and beverage manufacturing companies that are listed on the IDX. It may be concluded that while liquidity owned by the company can help enhance dividends, it cannot have a major impact on dividend policy reform. Increased dividend policy will entice investors. Thus, dividend policy can be improved by this research by optimizing asset utilization (ROA) and lowering the danger of debt relief (DER).

INTRODUCTION

Dividends are one of the attractions of investing in the capital market for investors. Dividends are rewards on shareholders' investment as capital providers as a result of company earnings (Sutrisno, 2012). Dividends are classified as cash dividends (cash dividend), dividend assets other than cash (property dividend), debt dividends (scrip dividend), liquidation dividends, and stock dividends (Samrotun, 2015). Dividend policy becomes a critical component of financial policy for both management and investors, creditors, employees, regulatory bodies, and the government (Ajanthan, 2013).

Dividend policy is critical information for investors when deciding whether to invest or not. Information about a company's high dividend policy indicates to investors that the company is profitable. A condition or signal is an activity done by a business to inform investors about management's assessment of the business's prospects. This signal takes the shape of information regarding what management has done to carry out the owner's wishes. The information published

by the corporation is significant because it has an effect on the investment decisions of third parties. Such information is critical for investors and businesspeople since it effectively serves as a description, record, or review of the company's history, current, and future factors affecting the company's survival and how they will affect the company (Brigham & Houston, 2012).

Dividend policy is a determination of whether profits made at the end of the fiscal year will be distributed to shareholders as dividends or retained to raise capital for future investment funding (Harjito & Martono, 2014). There are three types of dividend policies (Sundjaja and Barlin, 2010; Samrotun, 2015), which include the constant ratio payment dividend policy, the regular dividend policy, the regular low dividend policy, and the added extra dividend policy. Concerning dividend policy theory, there are two schools of thought. The first is the Bird-in-the-Hand Theory (Gordon and Lintner in Jusriani, 2013; Ferina et al., 2015) A high dividend payout ratio maximizes the company's worth because investors anticipate that dividend risk is not as great as the growth in capital expenses, and hence favor dividend profits above the predicted benefits from rising capital values. Second, tax preference theory (Ferina et al., 2015) posits that investors favor capital gains over dividend profits due to the ability to defer paying taxes. Thirdly, the effect of the clientele (Weston and Brigham, 2005; Ferina et al., 2015).

Dividend policy is quantified using the dividend payout ratio (DPR) (Samrotun, 2015). Dividend payout ratio is a statistic that compares dividends paid to net income received by a business (Samrotun, 2015). The greater the dividend payout ratio, the more the dividend that shareholders will receive, and the smaller the dividend payout ratio, the less dividends shareholders would receive (Harjito & Martono, 2014). The large dividend policy reflects the company's value (Mardiyati et al., 2012). The company's high valuation attracts numerous investors who believe the company can generate even larger profits. As a result, firms listed on the Indonesian Stock Exchange should take note of this. Investors, both current and prospective, are extremely concerned about the declining dividend policy (DPR). Investors who continue to invest their shares at any time will be attracted to it if they believe the company will be unable to generate profits, and potential investors will reconsider investing. As a result, the company's survival will be tough.

The signal theory or signals that a good quality firm actively sends a message to the market, and therefore the market should identify good and bad quality companies (Hartono, 2010). To be effective, the signal must be captured and perceived well and not easily reproduced by a low quality organization. Signaling theory explains why firms are urging external parties to provide financial statements. The urge of the firm to offer information is because there is knowledge asymmetry between the company and external persons since the company knows more than others about the company and its future possibilities (investors and creditors). The lack of knowledge for externals about the company makes them protect themselves by supplying the company with low pricing.

The corporation provides a "signal" of the success of the company in making earnings. The signal concludes that the ability of the corporation to pay dividends is a profit function (Wirjolukito in Suharli & Megawati, 2007). The company's ability to profit from sales, total assets and capital itself is referred to as profitability (Sartono, 2010). The profitability ratio is employed as management tool for performance evaluation, whether or not it operated efficiently (Cashmere,

2016). Gross profit margin, operational profit margin, net profit margin, return on investment, return on equity, return on equity, earnings per share and basic earnings power can be used to measure profitability (Shamsuddin, 2011).

The profitability ratio with the return on assets is projected (ROA). ROA is a comparison of net income with total assets. A high ROA ratio suggests that improved asset management is efficient and efficient (Hanafi & Manduh, 2014). If the ROA is high, then it shows that the corporation manages fixed assets well or efficiently. ROA is directly commensurate with dividend payouts. The dividends provided to shareholders are likewise high if the ROA is high. Vice versa, if the ROA is low, the dispersed dividend tends to be low. The effect of profitability on dividend policy as assessed by ROA. Lower dividends are easier to pay when future profits decrease (Weston & Copeland, 1997). This is related to previous studies (Adhiputra, 2010 and Puspita, 2009) indicating the impact of ROA variables on the dpr variables is considerable. This signifies that the dividend policy given by the corporation is likewise high when the ROA grows. The greater the ROA, the more efficient it is to use its fixed assets so that big profits can be generated. The corporate profits are substantial, so that the dividends granted to shareholders are often high.

H1: Profitability (ROA) has a favorable and significant effect on Indonesia Stock Exchange dividend policy for manufacturing companies.

Another factor is the dividend policy, particularly leverage. Leverage is the use of assets and finances by fixed-cost enterprises in order to increase shareholder income (Sartono, 2010). Leverage is intended to increase profitability (leverup). Leverage The term lever is taken from a mechanical lever that allows a higher weight than itself (Van Horne & Wachowicz Jr., 2016). The ratios for measuring a corporation's leverage (Suad & Pudjiastuti, 2012), debt-to-equity relationships, time earnings and debt coverage are diverse.

The concept of leverage is particularly significant if financial analysis is to look at the balance between risk and profit levels of various forms of financial decisions. Companies which do not have a leverage of 100 percent of their own capital (Sartono, 2010). The larger the capital utilised in operations, the smaller the risk the organization carries. The larger the utilization of debt, the greater the danger for the organization (Basuki, 2012). The decision to establish the appropriate debt level is a complex procedure, since it will have an impact on the company's profitability and the quantity of dividends issued. Increasing loans will diminish net income as they are needed to pay interest on credit and shareholder rights (dividends) are reduced as well.

Debt to Equity Ratio is anticipated to leverage. The debt-to-equity ratio displays an enterprise's ability to fulfill all its obligations, which shows the amount of its own capital employed systematically to pay down debt (Prihantoro 2003; Samrotun 2015). The increased debt ratio will have an influence on the decline in corporate income, as some companies are using it to pay interest costs and main loan installments. Previous study has shown that leverage has a large and detrimental impact on dividend policy (Nurpadilah, 2014).

H2: The Leverage (DER) has a negative and severe impact on Indonesian Stock Exchange dividend policy for manufacturing businesses

Liquidity is another issue that determines dividend policy. Liquidity is the ability of a firm to meet its immediate obligations, for example short-term debt (Sutrisno, 2012). This ratio can therefore be used to determine the security level of short-term creditors and to assess whether the activities of a company will not be disturbed when such short-term liabilities are quickly invoiced. The liquidity of a corporation will represent its everyday life and is monitored by paying creditors on time or paying employees on time, as liquidity is the ability to repay short-term debt or existing debt within one year (Prihadi, 2008; Bawamenewi & Afriyeni, 2019).

Dividend Policy has a linear liquidity relationship (Ahmed & Mukit, 2014). An enterprise with a high cash equivalent suggests it can pay its short-term obligations and does not require excessive external financing.

Thus, the cash available in the company will become more stable so that it may distribute earnings better to its shareholders in the form of dividends. Dividen is one of the cash outflows in which the company's liquidity is most influential, the stronger its liquidity position and the larger its dividend-bearing capabilities. Unlike with expanding firms with less liquidity since the majority of the funds will be dedicated to working capital. It can be found that the greater a company's liquidity, the higher its dividend payment ratio (Liestyorini & Fauzan, 2012).

Liquidity with the cash ratio is expected. Cash ratio is one measure of the liquidity ratio that represents a firm's ability to comply with its short-term obligations by means of cash (and cash equivalents, such as bank accounts currently held or other deposits withdrawn at any time) owned by the company (Samrotun, 2015). Cash position ratio is a key component that management considers in defining dividend policy (dividend payout ratio) (Mollah, et al. , 2000; Risaptoko, 2007; Samrotun, 2015). Companies with payment limitations (short of money) urge administration to limit dividend growth (Sharaks, 2005; Arsanda, 2011; Samrotun, 2015). H3: Liquidity (CR) has a positive and significant effect on dividend policy in Indonesia's manufacturing companies listed on the stock exchange. The company has a positive and big impact.

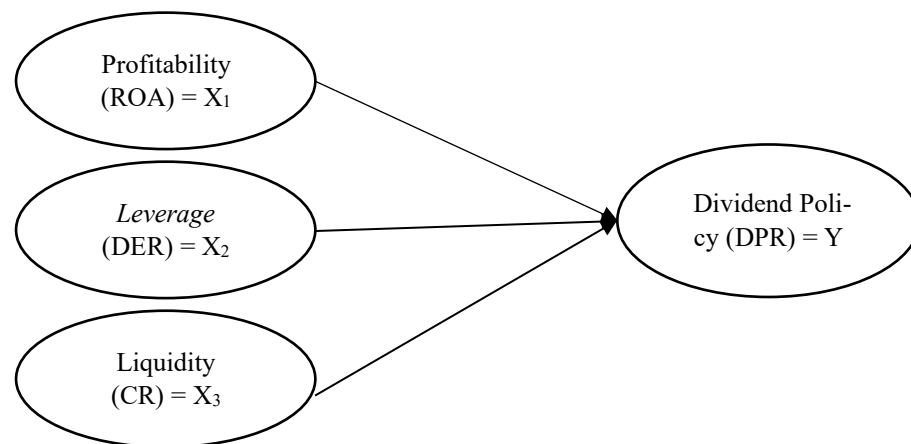


Figure 1. Research Model

RESEARCH METHODS

The Capital Market Information Center (PIPM) Makassar is the focal point of this investigation. The population in this study was 18 manufacturing enterprises from the food and drink industry listed on the Indonesian stock exchange. Sampling with the criteria of manufacturing companies listed in the IDX for 2013-2016 using purposeful sampling methods, has never experienced de-listing and gained profit during the observational period. The research sample therefore amounted to eight companies.

Table 1. List of Names of Manufacturing Companies Listed on the Indonesia Stock Exchange

No.	Company Name	Kode Item
1.	Indofood CBP Sukses Makmur Tbk	ICBP
2.	Indofood Sukses Makmur Tbk	INDF
3.	Multi Bintang Indonesia Tbk	MLBI
4.	Mayora Indah Tbk	MYOR
5.	Nippon Indosari Corpindo Tbk	ROTI
6.	Tiga Pilar Sejahtera Food Tbk	AISA
7.	Ultra Jaya Milk Industry and Trading Company Tbk	ULTJ
8.	Sekar Laut Tbk	SKLT

This research data is in the form of the company's annual report, which includes the financial position statement, profit and loss statement, and other financial information. The annual report is published on the Indonesia Stock Exchange's website, www.idx.co.id (secondary data). The data are gathered using documentation methods and evaluated utilizing descriptive analysis stages, classical assumption tests (including normality, multicollinearity, autocorrelation, and heteroskedasticity tests), multiple linear regression analysis, and hypothesis testing (determination coefficient tests, and partial tests).

Table 2. Definisi Operasional Variabel

No	Variables	Variable Definition	Measuring Instrument
1	Profitability	Profitability is the company's ability to make a profit in a certain period of time. The measure used is Return on Assets (ROA) based on the opinion that because assets are funded by shareholders and creditors, this ratio should be able to provide a measure of asset productivity in return to the investors.	$ROA = \frac{\text{Earning After Tax}}{\text{Total Asset}}$ (Kasmir, 2016)
2	Leverage	Leverage is the amount of debt used to finance a company's assets. The measure used is Debt Equity to Ratio (DER) this ratio shows the comparison between debt and its own capital.	$DER = \frac{\text{Total Liability}}{\text{Personal Capital}}$ (Suad & Pudjiastuti, 2012)
3	Liquidity	Liquidity is an indicator that measures a company's ability to pay all short-term financial obligations at maturity using available current assets	$CR = \frac{\text{Current Asset}}{\text{Short Term Debt}}$ (Brigham & Houston, 2012)
4	Dividend Policy	Dividend policy is the profit earned by the company at the end of the year will be divided into shareholders in the form of dividends or will be held to increase capital for future investment financing.	$DPR = \frac{\text{Dividen}}{\text{Earning Per Share}}$ (Harjito & Martono, 2014)

RESULTS AND DISCUSSIONS

Result

Table 3. Results of Calculation of Return on Asset in Manufacturing Companies Listed on the Indonesia Stock Exchange from 2013 to 2016

Year	Companies Code Name							
	ICBP	INDF	MLBI	MYOR	ROTI	AISA	ULTJ	SKLT
2013	10,51	6,31	65,72	10,44	8,67	6,90	11,56	3,79
2014	10,16	5,60	40,11	3,98	8,80	5,13	9,71	4,97
2015	11,01	5,30	23,65	11,02	10,00	4,18	14,78	5,32
2016	12,56	6,07	43,17	10,75	9,58	7,64	16,74	3,63

Table 3 shows the results of the calculation of *return on asset* in manufacturing companies listed on the IDX, it appears that the ROA ratio in ICBP, INDF, MLBI, MYOR, ROTI, AISA, ULTJ and SKLT companies in 2016 was fluctuating. Where there was a decrease in ratio in 2016 because the three companies experienced a decrease in profit in 2016.

Table 4. Results of Debt to Equity Ratio calculations in Manufacturing Companies Recorded in IDX in 2013 to 2016

Year	Companies Code Name							
	ICBP	INDF	MLBI	MYOR	ROTI	AISA	ULTJ	SKLT
2013	60,32	104,82	80,46	149,37	131,50	113,03	100,00	116,25
2014	65,63	108,45	302,86	150,97	123,19	105,18	100,00	116,20
2015	62,08	112,96	174,09	118,36	127,70	128,41	26,54	148,03
2016	56,22	87,01	177,23	106,26	102,37	117,02	21,49	91,87

According to the findings of the computation of debt to equity ratios in Manufacturing businesses listed on the IDX over the previous four years, there are seven companies, namely ICBP, INDF, MYOR, ROTI, AISA, ULTJ, and SKLT, where the DER ratio fluctuated in 2016. The drop in the debt ratio for 2016 is a result of the company's debt being reduced in 2016, which has an effect on the debt ratio. Meanwhile, MLBI's DER RATIO grew in 2016 as a result of the accumulation of debt owned by MLBI enterprises.

Table 5. Results of Current Ratio Calculations in Manufacturing Companies Listed on the Indonesia Stock Exchange in 2013 to 2016

Tahun	Companies Code Name							
	ICBP	INDF	MLBI	MYOR	ROTI	AISA	ULTJ	SKLT
2013	241,06	168,31	97,75	240,21	113,64	175,03	247,01	122,75
2014	218,32	180,74	51,39	208,99	136,64	266,33	334,46	118,38
2015	232,60	170,53	58,42	236,53	205,34	162,29	374,55	119,25
2016	240,68	150,81	67,95	225,02	296,23	237,56	484,36	131,53

Table 5 shows the results of current ratio calculations in Manufacturing companies listed on the Indonesia Stock Exchange, where in 2013 to 2016 ICBP, MLBI, ROTI, AISA, ULTJ and SKLT companies where the current ratio fluctuated for each year. The factors that cause the current ratio fluctuating for each year due to the increase in the current ratio, while for INDF companies,

MYOR in 2016 decreased. Where there is a decrease in current ratio due to the increase in current debt in 2016.

Table 6. Results of Dividend Payout Ratio Calculation in 2013 to 2016

Tahun	Companies Code Name							
	ICBP	INDF	MLBI	MYOR	ROTI	AISA	ULTJ	SKLT
2013	5,49	10,08	20,31	0,83	2,36	10,54	9,30	1,12
2014	10,43	9,03	13,54	5,10	9,37	1,58	9,00	10,79
2015	12,86	8,89	0,28	7,03	3,03	0,69	17,03	3,92
2016	17,83	9,31	5,94	2,02	4,92	4,19	22,18	9,01

Table 6 is the result of the calculation of dividend payout *ratio* for 2013 to 2016 which shows that the dividend *payout ratio* in 2013 to 2016 has increased, especially in ICBP, INDF, MLBI, ROTI, AISA, ULTJ and SKLT companies because the above companies have experienced fluctuating in cash dividend payments over the past 4 years. While myor company for 2016 decreased because the cash dividend per share decreased during 2016.

Tabel 7. Statistic Descriptive

Research Variables	N	Minimum	Maximum	Mean	Std. Deviation
Profitabilitas	32	3,63	65,72	12,60	12,98
Leverage	32	21,49	302,86	112,06	50,27
Likuiditas	32	51,39	484,36	197,33	92,79
Kebijakan dividen	32	0,28	22,18	8,06	5,75

The ROA ratio is used to determine profitability in Table 7, with an average value (mean) of 12.60 percent, the highest ROA ratio being 65.72 percent and the lowest being 3.63 percent. In terms of leverage, the average (mean) of 32 study samples is 112.06 percent, while the highest leverage ratio is 302.86 percent and the lowest is 21.49 percent.

Additionally, for the liquidity ratio as determined by the leverage ratio of 32 study samples, the average (mean) ratio is 197.33 percent, while the greatest ratio is 484.36 percent and the lowest ratio is 51.39 percent. Meanwhile, based on the dividend payout ratio, which averages 8.06 percent, while the highest is 22.18 percent and the lowest is 8.28 percent.

Table 8. Normality Test Results with *One Sample Kolmogorov Smirnov Test*

		Standardized Residual
N		32
Normal Parameters ^{a,b}	Mean	0E-7
	Std. Deviation	.95038193
Most Extreme Differences	Absolute	.118
	Positive	.118
	Negative	-.112
Test Statistic		.118
Asymp. Sig. (2-tailed)		.200 ^{c,d}

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Based on the results of the normality test using the *one sample kolmogorov smirnov test* using the SPSS *release* program 24 observations on manufacturing companies listed on the Indonesia Stock Exchange, a significant value of $200 > 0.05$ means that profitability, *leverage* and liquidity data on manufacturing companies listed on the Indonesia Stock Exchange are normal distribution.

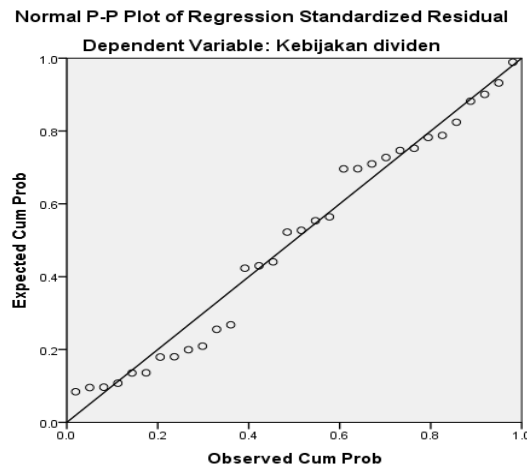


Figure 2. Normal P-Plot of Regression Standardized Residual

Based on the image/graph of the normality of the P-Plot it appears that the data has spread around the diagonal lines of the regression model has met the assumption of normality.

Table 9. Data Processed Results Mutikolinieritas Statistics

Regression Model	Colinieritas Statics	
	Tolerance	VIF
Profitabilitas	0,919	1,088
Leverage	0,565	1,770
Likuiditas	0,550	1,819

Table 9 shows that no single independent variable has a *tolerance* value of less than 0.10 while the VIF value of each independent variable is no more than 10. It can be concluded that there is no multicollinearity between independent variables in this research model.

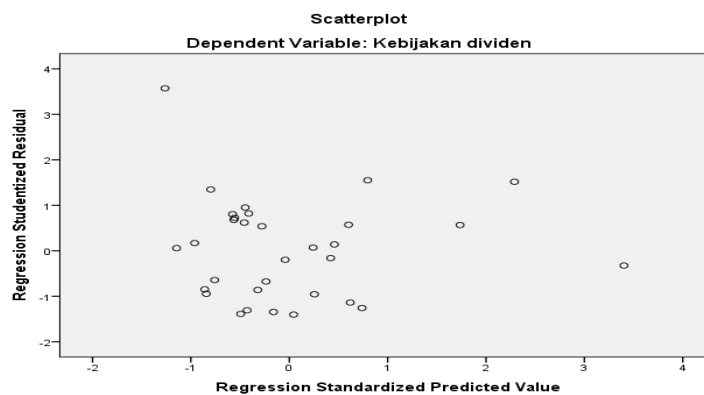


Figure 3. Heterokedstisity Test

The grafik/image shows no clear pattern and the point spreads above and below the number 0, so there is no heteroskedasticity.

Table 10. Autocorrelation Test Results

R	R Square	Adjusted R Square	Durbin-Watson	Nilai dL	Nilai dU
.667	.445	.385	1.85	1,21	1,64

Table 10 shows that the Durbin-Watson test produced a value of 1.85, where the value $du > dw > 4 - du$ ($1.64 > 1.85 > 2.36$), with the sum of k (independent variable) equal to 4. So it can be concluded that there is no autocorrelation in the predicted regression model.

Table 11. Regression Equation Data Processed Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	7.469	4.468		1.672	.106
Profitabilitas	.243	.065	.549	3.739	.001
Leverage	-.045	.021	-.392	-2.093	.046
Likuiditas	.013	.012	.209	1.100	.281

Based on table 11, the results of regression processing using the SPSS release 24 program then the regression equation is:

$$Y = 7,469 + 0,243X_1 - 0,045X_2 + 0,013X_3$$

If the equation is evaluated correctly, the konstan (bo) value of 7,469 indicates that the dividend policy for manufacturing businesses listed on the IDX is 7,469. Second, the regression coefficient for the profitability variable (b1) is 0.243, implying that for every 1% rise in return on assets (ROA), the dividend payout ratio (DPR) in manufacturing firms increases by 0.243 percent. Third, koefisien regression for variable leverage (b2) is -0.045, implying that for every 1% increase in debt equity ratio (DER), dividend payout ratio (DPR) in manufacturing firms decreases by -0.045 percent. Fourth, there is a regression coefficient of 0.013 for the liquidity variable (b3), which indicates that adding 1% to the current ratio increases the dividend payout ratio (DPR) in manufacturing companies by 0.013 percent.

Table 12. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.667 ^a	.445	.385	4.50629	1.846

a. Predictors: (Constant), Likuiditas, Profitabilitas, Leverage

b. Dependent Variable: Kebijakan dividen

$R^2 = 0.445$ was found from the table, indicating a strong correlation or association between return on asset (ROA), debt equity ratio (DER), and current ratio to dividend payout ratio (DPR) among manufacturing companies listed on the Indonesia Stock Exchange. Meanwhile, Rsquare's modified determination coefficient of 0.385 indicates that variation in the dividend payout ratio can be explained by changes in the three independent variables, namely return on assets (ROA),

debt equity ratio (DER), and current ratio. The remaining 61.5 percent could be accounted for by additional factors not examined in the study.

The following stage will be hypothesis testing. With a return on asset value of 0.001 0.05 acquired from partial testing of variable return on asset versus dividend payout ratio, it can be concluded that return on asset has a considerable effect on dividend payout ratio in Manufacturing businesses listed on the Indonesia Stock Exchange. The hypothesis is accepted on the basis of the presented hypothesis. Additionally, the partial exposure of variable debt equity ratio to dividend payout ratio yielded a big debt equity ratio value of 0.046 0.05, indicating that debt equity ratio has a considerable effect on dividend payout ratio in manufacturing businesses listed on the Indonesia Stock Exchange. The hypothesis is accepted on the basis of the presented hypothesis. Finally, based on the partial change of the current ratio variable to the dividend payout ratio ($0.281 > 0.05$), it can be inferred that the current ratio has a considerable effect on the dividend payout ratio of manufacturing businesses listed on the Indonesia Stock Exchange. The hypothesis is rejected on the basis of the presented hypothesis.

Discussion

Discussion of the study's findings, which included an examination of the effect of profitability, leverage, and liquidity on dividend policy in manufacturing businesses listed on the IDX from 2013 to 2016. Whereas the results of previous research indicate that profitability (ROA), leverage (DER), and liquidity are the empirically significant determinants affecting dividend policy, particularly in manufacturing businesses listed on the IDX.

Profitability analysis, as assessed by return on assets (RAO), indicated that profitability had a beneficial effect on dividend policy, particularly for companies listed on the IDX. This can be understood to mean that the higher profitability (ROA) achieved by research-sampled manufacturing firms will have an effect on dividend policy. The higher the ROA, the more efficiently the corporation utilizes its fixed assets in order to earn significant profits. Because the corporation earns a significant profit, the dividends paid to shareholders are typically high. Profitability has an effect on the quantity of dividends issued to shareholders. This is consistent with signaling theory, namely that the increasing value of the return on asset (ROA) can be a positive signal for investors. This good signal indicates that the company is making the best possible use and management of its assets in order to maximize profits. Additionally, other researchers (Hardiyanti, 2013; Kadir, 2010) bolster the study's findings. Thus, the presented theory is accepted.

Additionally, the second hypothesis provided is accepted. The findings of the analysis on the effect of leverage on dividend policy, which concluded that leverage has a negative influence on dividend policy in this study. This can be understood to mean that any increase in leverage (DER), particularly among manufacturing businesses listed on the IDX, will result in lower profitability and a change in dividend policy, particularly among manufacturing companies listed on the IDX. In other words, if leverage is large, dividends will be paid at a low rate. Leverage is calculated using the debt-to-equity ratio (DER). The DER ratio indicates a significant degree of debt, implying that capital is depleted. In line with this, the signaling theory states that when leverage is excessive, stakeholders, particularly investors, lose interest in investing. This

incentivizes management to increase dividends in order to boost the company's appearance and convey a signal to investors to invest. Additionally, prior study, such as Hardiyanti, (2013); Kadir (2010).

Unlike the first and second theories, the proposed third hypothesis has been ruled out. The empirical study of the influence of liquidity on dividend policy discovered that liquidity had a positive but small effect. This can be read as implying that the company's liquidity can be used to increase the dividend policy but cannot have a major effect on the dividend policy rise. In contrast to these assertions, previous research has discovered that dividend policy has a favorable and significant effect (Lia, 2016; Liestyorini & Fauzan, 2012).

CONCLUSION

Profitability (ROA) and leverage (DER) have a favorable and material impact on the dividend policies of food and beverage manufacturing companies listed on the IDX. That is, if profitability and leverage continue to improve, so will the dividend policy. In comparison to liquidity (current ratio), which has a positive but negligible effect on the dividend policy of food and beverage manufacturing companies that are listed on the IDX. It may be concluded that while liquidity owned by the company can help enhance dividends, it cannot have a major impact on dividend policy reform. Increased dividend policy will entice investors. Thus, dividend policy can be improved by this research by optimizing asset utilization (ROA) and lowering the danger of debt relief (DER).

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