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A Company Size Role in Moderating the Cash Position Relationship, Return on Assets, And Debt to Equity Ratio to Dividend Payout Ratio

(A Case Study on Manufacturing Companies on the Indonesia Stock Exchange in 2015-2019)

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Dividend policy is the most controversial topic in the context of corporate finance, where the variables that influence it are still uncertain in the literature. In making the dividend payment policy, the estimation the financial ratios of company can influence the dividend payment policy. Thus, in this study aimed to determine the effect of cash position, debt to equity ratio, and return on assets on the dividend pay-out ratio with company size as a moderating variable over manufacturing industry. Here, the one of the fastest-growing industry sectors in Indonesia, which can be seen from the number of manufacturing companies who listed on the Indonesia Stock Exchange (IDX). Thus, the manufacturing industry sector is fairly stable and is one of the sectors that play an important role in the Indonesian economy. There are differences in several previous studies that discuss the model and the use of company size as a moderating variable. In this study, we used a quantitative data approach to obtain data sampling with Judgment Sampling technique. Here, around 20 manufacturing companies was collected observation data using Judgement Sampling Technique. In this study, the STATA technique also performed to analyse the observation data. The results shows that cash position and return on assets have a positive effect on the dividend pay-out ratio, while the debt-to-equity ratio has a negative effect on the dividend pay-out ratio. Thus, the company size is able to strengthen the effect of cash position and return on assets on the dividend pay-out ratio. However, the size of the company is not able to moderate the debt-to-equity ratio on dividend pay-out ratio with probability value of 0.361 which is greater than 0.05.

Keywords: Cash Position, Return on Assets, Debt to Equity Ratio, Dividend Payout Ratio, Company Size.

1. INTRODUCTION

Dividend policy is one of the most debated issues in corporate finance and is still a puzzle of the top ten unresolved problems in corporate finance. However, the more difficult it for us to see dividends, it more increasingly looking like a puzzle with unresolved pieces match in each other [1]. Dividends as a profit distribution to the company's shareholders are equivalent to the number of shares held by each owner. It means that this dividend is distributed to shareholders as profits from the company's profits. The dividend payout ratio is the percentage of company profits paid to shareholders in cash and determines the amount of profit that can be -

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retained in the company as a source of funding [2]. Many studies have contributed to the theoretical thinking and provided empirical evidence regarding the company's dividend policy determinants management. It means that dividend management for the company is an important part of the company's financial strategy [3]. In other hand, the companies need to initiate dividends appropriately because dividends affect stock prices, asset prices, capital structure, mergers, acquisitions, and capital budgeting. Reducing or eliminating dividends can indicate the company's performance when experiencing financial problems indirectly [4]. When a company is successful in running its business, the company will make a profit [5].

These profits can obtain by profits that can be used to reinvest into operational assets, pay off debt, or can be distributed to shareholders in the form of dividends. Several variables affect dividend payments, which are supposed to affect it in the same direction, such as if there is an increase in the company's profitability variable, it will be assumed and shown to increase the dividend payout ratio of any company [6 to 11] while many study regrets these relationship [12 to 15]. It's similarity with the liquidity variable where some researchers conclude that there is a positive relationship with dividends [16, 17, 18] while some appear with a negative relationship [19, 20]. Similarity with a company size where the researcher concludes, there is a positive relationship with dividend policy [21 to 26]. The different results particularly the size of the company has a negative effect on dividend policy [27]. Research on the factors that influence dividend policy has been carried out by several previous researchers, however, the results are still inconsistent.

Therefore, to get maximum results, the company size factor was chosen as the moderating variable to test the effect of profitability as proxied by Return On Assets (ROA), leverage as proxied by Debt To Equity Ratio (DER), and liquidity as proxied by Cash Position (CP) to Dividend Payout Ratio in Manufacturing companies in Indonesia. Here, the data referring are conducted by the Central Statistics Agency, the production growth of large and medium scale manufacturing industries in 2018 increased by 4.07 percent compared to 2017. The increase was mainly because of the increase of the leather, leather goods, and footwear industry production which increased 18.78 percent. Furthermore, the production growth of large and medium manufacturing industries in the fourth quarter of 2018 increased by 3.90 percent compared to the fourth quarter of 2017. This increase occurred because of the increase in the beverage industry production which reached 23.44 percent. Hence, it means that the increasing growth and development of the manufacturing industry can trigger investor interest to invest. Thus, if it is associated with the conditions above, manufacturing companies are interested to study.

Thus, in the previous research stated that their research used the variable return on assets (profitability) and current ratio (liquidity) with company size as moderation with the research subject at Construction and Building companies in 2011 to 2016. In this study, the free cash flow and leverage variables are performed to obtain the result. However, the leverage ratio used debt to assets ratio with company size as moderation in publicly listed companies in 2013 to 2017 [27]. Meanwhile, this study focuses on the manufacturing industry which is listed on the Indonesia Stock Exchange and actively distributes dividends during the period from 2015 to 2019. This study only discusses how the role of company size

moderates, the relationship between cash position, return on assets, and debt to equity ratio to dividend payout ratio.

2. METHODOLOGY

Dividends are the distribution of the profit from net income obtained by the company which will be received by shareholders. Furthermore, the number of dividends that will be received by shareholders depends on company policy. Dividend policy depends on how much profit is divided between the income received by the company for dividend payments to shareholders or the company makes it in the form of retained profits. Dividend policy includes a decision whether the profits earned by the company during a period will be distributed to investors as dividend income or will be reinvested as part of retained profits. Investors generally want a relatively stable dividend distribution because the stability of dividend distribution can increase investor confidence in the company not to reduce investor uncertainty in investing their funds in the company. A small error in the dividends distribution can cause investors feel dissatisfaction with the company [28, 29]. The alternative and a relatively old theory of dividend policy show that dividend payments increase company value (Bird-in-the-hand theory) so that higher dividend payments will increase company value [29]. As mentioned previously, the factor of paying dividends on profit persists as an important topic in the financial literature and is still relevant in financial markets [30]. Although a lot of research has been done on dividend dynamics, there is no acceptable explanation for the main factors that affect dividend payouts [31]. Investors also need various types of information to be able to assess the company performance which is needed in making investment decisions in the capital market. Generally, the information needed by investors consists of fundamental and technical information. The fundamental approach focuses on analyzes to determine the company's fundamental conditions which is influenced by general economic conditions [32].

Dividend signaling theory is a theory that can be used as a basis for dividend policy. Signal theory was developed to take into the fact that company insiders commonly have better and faster information regarding the latest conditions of the company, as well as the company's prospects in the future rather than outside investors. Dividend signaling theory was first conducted by Bhattacharya in 1979 and this theory underlies the assumption that cash dividends changed results in stock price. Signal theory is a company's action to provide information or signals to the market including investors about the company's future performance. A dividend reduction can be a signal that the company is maintaining free cash flow for future expansion. This signaling theory

argues that managers cannot decrease or increase the dividend rate arbitrarily because eliminating dividends will send a negative signal to the market [33]. Signaling theory assumes that efficient companies provide investors with relevant information than less efficient companies to raise capital [34]. Such information can be obtained through financial information, which is the financial position and financial performance that is presented, understood, relevant, reliable, and comparable to describe the company's past conditions and future projections [35]. In addition, companies need to make efforts to build brand loyalty from their consumers. Brand loyalty has been used by marketers as a powerful influence strategy to offer a sustainable competitive advantage [36]. Financial reports are an important source of information about a company's financial performance, financial condition, and resource management [37]. The financial reports are taken based on the variables of this study, among others: the variable cash position (CP) which is part of the liquidity ratio where cash is the basic input needed to start and run a business. Whereas, every business investment is based on how management has planned its cash position. Lack of cash will disrupt the company's operations and even lead to bankruptcy. Therefore, companies must need to maintain a healthy cash position.

One of the profitability variables is a return on assets (ROA). ROA is an indicator of a company's assets profit relative to its assets. ROA can also help investors to get an idea of the company efficiency that is how efficiently management uses its assets to create profits [38]. Profitability is used to evaluate the company's internal performance, where it helps to determine the success in achieving its main goals [39]. Debt to Equity Ratio (DER) is used to determine the share of capital as collateral for the company's overall debt or to assess the amount of debt used by the company. Companies that have a large leverage ratio must pay smaller dividends because the profits earned are used to pay off their obligations first. The dividend is the value of the company's net profit after tax minus retained profits as company reserves. In general, the amount of the current dividend is based on the amount of last year's dividend. Company size is the size or amount of assets owned by the company. Company scale is a measure used to reflect the company size based on the company's total assets. Large companies will tend to pay large dividends compared to small companies.

A. The Effect of Cash Position (CP) on Dividend Payout Ratio (DPR)

The cash position shows the company's liquidity condition regarding how many internal funds in the form of cash are available in the company. Cash Position is a ratio that describes the company's ability to meet short-term obligations so that the high and low liquidity of the

company can affect the dividend policy of a company. Company liquidity is one of the main factors in dividend policy because dividends for companies are cash outflows, the greater the cash position and overall company liquidity, the greater the company's ability to pay dividends. Some several studies show a positive relationship between cash position and dividend distribution. Several previous studies predict that cash position affects dividend policy. This prediction refers to the results of previous research who have shown that the position or cash flow has a positive effect on dividend policy [40]. Thus, the hypotheses one as follows:

H₁ : Cash position has a positive effect on dividend payout ratio

B. The Effect of Return on Assets (ROA) on Dividend Payout Ratio (DPR)

The company's profitability can be seen through the Return on Assets (ROA). Return on Assets reflects the company's ability to use investments used for company operations to generate profit levels. Profitability has a positive effect on DPR which means that the higher the company's profitability, the higher the dividends distributed by the company [41]. Several previous studies predict that return on assets affects dividend policy. This prediction refers to the results of previous research which has shown that return on assets has a positive effect on dividend policy whereas, when profits increase, the number of dividends paid will also increase. Thus, the hypotheses two as follows:

H₂ : Return on Assets has a positive effect on dividend payout ratio.

C. The Effect of Debt to Equity Ratio (DER) on Dividend Payout Ratio (DPR)

Debt to Equity Ratio (DER) is a ratio used to calculate a company's ability to access the capital market by its debt capacity. The debt will be used to finance the company's activities which are expected to create higher profits. The higher the ratio, it means that the capital is less than the debt. It shows that a company's high debt to equity ratio will reduce the cost of distributing dividends to shareholders. The increase of the debt level owned by a company, will affect the amount of net profit that will be received by shareholders, including the distribution of dividends. The companies that use debt for their operations will reduce residual income which will be used for dividend distribution to shareholders because the company needs to pay the principal debt and interest [41]. According to previous research states that the debt to equity ratio has a negative effect on the dividend payout ratio [42, 43, 44]. Thus, the hypotheses three as follows:

H₃ : Debt to Equity Ratio has a negative effect on the dividend payout ratio.

D. Effect of Company Size Moderating Cash Position on Dividend Payout Ratio

Lack of cash can result in the non-payment concerning various obligations such as salaries payable, bank interest, and trade payables. On the other hand, if company cash is excessive, it can absorb limited and expensive working capital funds, thereby increasing the company's fixed expenses. Cash is the most current form of asset that can be used immediately to meet the company's financial obligations, including paying dividends to shareholders. On the other hand, cash position is an internal factor that can be controlled by management so that its influence can be felt directly for dividend policy [45]. It will have an impact on the company's dividend payout ratio because the management decided to keep existing profits to meet investment needs using internal sources of funds [46]. Company size strengthens the effect of liquidity on dividend policy. Therefore, the use of company size as a moderator of the relationship between cash position and dividend payout ratio is expected to moderate the relationship between both of them [47]. Thus, the hypotheses four as follows:

H₄ : Company size is able to moderate the effect of cash position on dividend payout ratio

E. The Effect of Company Size Moderating Return on Assets on Dividend Payout Ratio

The size of the company shows the number of assets owned by the company so that the larger the company size, it indicates the assets owned are greater. Besides, the funds needed by the company in carrying out operating activities are also greater and contrary. Large companies have a high number of assets so that using good asset management, the company will gain large profits and can increase the number of dividends to be paid by the company. Profitability ratio is a ratio that measures the company's ability to generate profits from business activities carried out. Company size moderates the relationship between return on assets and dividend payout ratio. Therefore, the use of company size as a moderator of the relationship between return on assets and dividend payout ratio is expected to moderate the relationship between both of them. Thus, the hypotheses five as follows:

H₅ : Company size is able to moderate the relationship of return on assets to dividend payout ratio

F. The Effect of Company Size Moderating Debt to Equity Ratio on Dividend Payout Ratio

The debt to equity ratio is the ratio used to measure the level of debt (leverage). The companies with low debt ratios tend to pay higher dividends and contrary [48]). A high level of leverage increases transaction costs and corporate risk. Therefore, only large companies tend to be able to pay debts without affecting their dividend payments, while small companies will reduce their dividend payments because the increase in company debt will have an impact on increasing the company's external costs. Companies with large sizes tend to have large numbers of assets and can pay their debts without affecting dividend payments, and contrary. On the other hand, small companies will find it difficult to pay off their debts so that it will reduce the number of dividend payments. The use of corporate financing sources both short-term and long-term sources financing will create an effect known as leverage. Company size influences and weakens the relationship of debt to equity ratio (leverage) to dividend payout ratio. Therefore, the use of company size as a moderating variable, it is expected to moderate the relationship between debt-to-equity ratio and dividend payout ratio. Thus, the hypotheses six as follows:

H₆ : Company size can moderate the relationship between debt to equity ratio and dividend payout ratio

Furthermore, the list of four hypotheses on previous studies are designed into research model (see Figure 1).

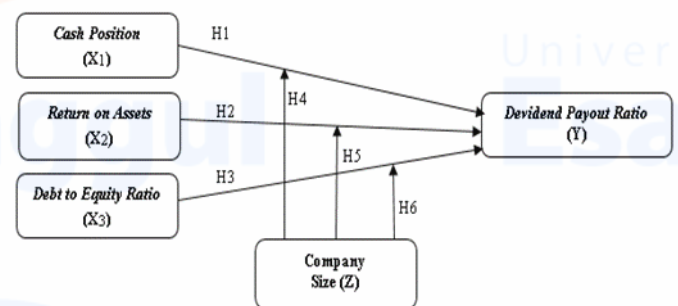


Figure 1. Conceptual Study Model Framework

The population used in this study are manufacturing companies listed on the Indonesia Stock Exchange (IDX). This study used financial report data in 2015-2019. Furthermore, this study used a non-probability sample design with "judgment sampling" as a sampling method. Judgment Sampling is a type of purposive sampling where the writer selects a sample based on an assessment of several characteristics of population respondents according to the purpose of the study [49].

The sampling criteria used by the writer are as follows: a. Issuers who are listed on the Indonesia Stock Exchange (IDX) during the research period, in 2015-2019. b. Issuers who have completed financial statement data during the research period, in 2015-2019. c. Issuers who always distributed dividends during the study period, in 2015-2019. Another criterion is the sample company's financial statements that do not show a negative total equity balance or suffer losses during in 2015-2019. It is because the negative balance of equity and profit as the denominator becomes meaningless. Based on the characteristics of sampling, the research sample was obtained as many as 20 companies.

This study used a quantitative design because it requires a systematic approach to the influence between variables that focus on hypothesis testing by using statistical tools to test it. The variables used in this study consists of five variables; one dependent variable, namely Dividend Payout Ratio (DPR), and three independent variables, namely Cash Position (CP), Debt to Equity Ratio (DER), Return on Assets (ROA), and one variable Moderation namely Company Size. The operational definitions and measurement scales of this research variables can be seen in Table I below.

Table I. The Measurement of Research Variables

Variables Name	Measurement Method	Scale
Dependent : Dividend Payout Ratio (DPR)	$DPR = \frac{\text{Dividend per share}}{\text{Earning per share}} \times 100$	Ratio
Independent : Cash Position (CP)	$CP = \frac{\text{Cash and cash equivalent}}{\text{Earning after tax}}$	Ratio
Return on Asset (ROA)	$ROA = \frac{\text{Earning after tax}}{\text{Total Assets}} \times 100$	Ratio
Debt to Equity Ratio (DER)	$DER = \frac{\text{Total debt}}{\text{Total equity}}$	Ratio
Moderation: Company Size	$Asset = (\ln) \text{ Total Asset}$	Ratio

The testing process in this study was carried out using the STATA software. The advantage of STATA software compared to other tools is STATA uses commands of the syntax type that are not limited to menus. In addition, the resulting output is also divided into each test, so that it making it easier to interpret the results of STATA software. The test used is the multiple linear regression test as the first test, specifically testing the independent variables on the dependent variable partially and simultaneously, and the second test using the interaction moderation test to determine whether the size of the company can moderate each of the independent variables on the dependent variable. Meanwhile, the regression model in this study used panel data as the first estimated regression model or model selection which can be done with three approaches consist of: Pool Least Square (PLS), Fixed Effect (FE), and Random Effect (RE)[50]. The selected Pool Least Square or Fixed Effect needs to be tested for classical assumptions (normality,

multicollinearity, heteroscedasticity, and autocorrelation) first. Meanwhile, the selected Random Effect is not tested.

3. RESULT AND DISCUSSION

In order to achieve the result, we use 20 manufacturing companies that are active in dividend distribution and listed on the Indonesia Stock Exchange in 2015-2019. The list of these manufacturing companies can be seen in Table II below.

Table II. The manufacturing companies that are actively distributing dividends in 2015-2019

No	Company Name	Issuer Code	Sub-Sector
1	PT. Darya-Vania Laboratoria Tbk	DVLA	Pharmacy
2	PT. Kalbe Farma Tbk	KLBF	Pharmacy
3	PT. Merck Tbk	MERK	Pharmacy
4	PT. Tempo Scan Pacific Tbk	TSPC	Pharmacy
5	PT. Mayora Indah Tbk	MYOR	Food and Drink
6	PT. Nippon Indosari Corpindo Tbk	KLBF	Food and Drink
7	PT. Indofood CBP Sukses Makmur Tbk	ICBP	Food and Drink
8	PT. Mandom Indonesia Tbk	TCID	Cosmetics
9	PT. Unilever Tbk	UNVR	Cosmetics
10	PT. Semen Indonesia (Persero) Tbk	SMGR	Cement
11	PT. Arwana Citramulia Tbk	ARNA	Ceramics, porcelain and glass
12	PT. Surya Toto Indonesia Tbk	TOTO	Ceramics, porcelain and glass
13	PT. Astra International Tbk	ASII	Automotive and components
14	PT. Astra Otoparts Tbk	AUTO	Automotive and components
15	PT. Selamat Sempurna Tbk	SMSM	Automotive and components
16	PT. Indospiring Tbk	INDS	Automotive and components
17	PT. Charoen Pokphand Indonesia Tbk	CPIN	Animal feed
18	PT. Japfa Comfeed Indonesia Tbk	JFFA	Animal feed
19	PT. KMI Wire and Cable Tbk	KBLI	Cable
20	PT Supreme Cable Manufacturing & Commerce Tbk	SCCO	Cable

Descriptive statistical analysis was used to determine the description of the data seen from the maximum value, minimum value, average value (mean), and standard deviation value. In this study, the variables used in the descriptive statistics calculation are CP, ROA, DER, ASSET, and DPR. Based on descriptive statistical analysis, the sample description is obtained as follows:

Table III. Descriptive Statistics Data

Variable	Min	Max	Mean	Std. Deviation
CP	0,03	3,79	1,2303	0,8872
ROA	0,01	0,92	0,1183	0,1145
DER	0,1	2,91	0,678	0,5242
ASSET	13,37	19,68	15,8238	1,454
DPR	0,07	0,98	0,4132	0,1935

Based on Table III descriptive statistics conducted using STATA software, can be seen that:

- Company size (ASSET) as a moderating variable has a minimum value of 13.37, contained in the MERK issuer code or PT. Merck Tbk in 2015. The reason is PT. Merck Tbk in 2015 has total assets that are still in the growing business category. The maximum value of the company size of 19.68 contained in the ASII issuer code or PT. Astra International Tbk in 2019. The reason is the assets owned by PT. Astra International Tbk in 2019 is growing rapidly. The standard deviation for company size is 1.454 and the average

(mean) for company size is 15.8238. Thus, it can be concluded that the average size of the Manufacturing Industry companies listed on the Indonesia Stock Exchange in the 2015-2019 period is classified as large companies (IDR 7,434,900,309,021 > IDR 10,000,000,000).

- b) The minimum value of the variable debt to equity ratio (DER) is 0.10 which is contained in the INDS issuer code or PT. Indospring Tbk in 2019 means that the debt-to-equity ratio of INDS in 2019 is good because it has a debt amount of 10% smaller than its capital. The maximum value of the debt-to-equity ratio is 2.91 which is contained in the UNVR issuer code or PT. Unilever Tbk in 2019 means that UNVR issuers have 291% more debt than its capital. The standard deviation is 0.5242 and the value (mean) of the debt-to-equity ratio variable is 0.678. Hence, it can be concluded that manufacturing companies listed on the Indonesia Stock Exchange in general already have a fairly good debt to equity ratio (67.8%).
- c) Return on Assets (ROA) has a maximum value of 0.92 which is contained in the ASII or PT. Astra International Tbk issuer code in 2019. The minimum return on assets value is 0.01 which is contained in the INDS issuer code or PT. Indospring Tbk in 2015. The standard deviation of profitability is 0.1145. Besides, mean profitability is 0.1183. Thus, with this value, it can be seen that in general, the ability of Manufacturing companies listed on the IDX to generate profits is quite good (11.83%).
- d) Cash Position (CP) has a maximum value of 3.79 which is contained in the TSPC issuer code or PT. Tempo Scan Pacific Tbk in 2019. Besides, the minimum cash position value is 0.03 which is contained in the ARNA issuer code or PT. Arwana Citra Mulia Tbk in 2016. The standard deviation for the cash position is 0.8872. Thus, with this value, it can be seen that the mean cash position value is 1.2303. Hence, it can be concluded that the level of a cash position in Manufacturing companies listed on the Indonesia Stock Exchange is in the good category.
- e) The dividend payout ratio (DPR) has a maximum value of 0.98 which is contained in the MERK issuer code or PT. Merck Tbk in 2018. The minimum dividend payout ratio is 0.07, which is listed in the KBLI issuer code or PT. KMI Wire and Cable Tbk in 2019. The standard deviation for the dividend payout ratio is 0.1935. Thus, with this value, it can be seen that the dividend payout ratio has a mean value of 0.4132. Hence, it can be concluded that the dividend payout ratio in manufacturing companies listed on the IDX is in a good category.

The data regression panel method used in this study is based on three models; Pool Least Square (PLS), Fixed Effect (FE), and Random Effect (RE). The model that will be used in this study for further analysis will be

tested in pairs on each model. The results of the pair test on each model can be seen in Table IV below.

Table IV. Model Estimation Test Results

Determination Test	Prob > Chi2	Information
Chow Test (PLS vs FE)	0,0000	Fixed Effect
LM Test (RE vs PLS)	0,0000	Random Effect
Hausman Test (FE vs RE)	0,4035	Random Effect

From Table IV above, the results of the best model estimation test show that the Random Effect model is the best model with a probability of 0.0000 < 0.05 in the LM Test and a probability of 0.4035 > 0.05 in the Hausman test. Thus, it can be concluded that the Random Effect model can be used as a model for further testing; testing the regression results interpretation. However, before continuing to test the regression results interpretation, the Random Effect model was tested for Classical Assumptions. The results of the Classical Assumption test can be seen in table V below.

Table V. Classic Assumption Test Results

Classic Assumption Test	Normality	Multicollinearity	Heteroscedasticity	Autocorrelation
Prob > z	0,14058			
VIF		1,28		
Prob > Chi2			0,7592	
Prob > z				0,00

In Table V, the results of the Classical Assumption Test above have been normally distributed because the probability value is > 0.05. If the probability value < 0.05, the data distribution is not normal, and if the probability value is > 0.05, the data distribution is normal. Furthermore, the multicollinearity test aims to test whether the regression model found a correlation between the independent variables or not. A good regression model should not correlate with the independent variables. states that if the VIF value is > 10, it indicates multicollinearity [51]. Based on the results of the multicollinearity test, each independent variable shows that it is unoccupied from multicollinearity, with the results of < 10, which means that there are no symptoms of multicollinearity between variables. The heteroscedasticity test in this study is > 0.05, which means that there is no heteroscedasticity problem. The assumptions regarding the independence of the residuals (non-autocorrelation) can be tested using the Runs test. The probability value of the Runs test is 0.7592 > 0.05, thus, there is no autocorrelation. Then, regression and moderation tests are completed. In testing the hypothesis, the coefficient determination analysis, simultaneous effect testing (F test), and partial effect testing (t-test) will be carried out. Statistical values of the coefficient determination, F test, and t-test presented in the regression equation are as follows:

$$Y_1 = 0,351 + 0,044CP + 0,621ROA - 0,097DER + e \quad (1)$$

where, CP is Cash Position, ROA is Return on Asset, DER is Debt to Equity Ratio and e is error. Furthermore, from the regression test, the estimation results of the cash position variable with a coefficient value of 0.351 and return on assets with a coefficient value of 0.621 are obtained, both of them have a positive influence on the dividend payout ratio with a probability of <0.05. While the variable debt to equity ratio with a coefficient value of -0.097 has a negative effect on the dividend payout ratio with a probability of <0.05.

$$DPR = 1,02 + 0,055CP + 0,158ROA - 0,745DER - 0,043ASSET + 0,006CP*ASSET + 0,053ROA*ASSET + 0,041DER*ASSET \quad (2)$$

The above equation is the result of testing the interaction moderation between the moderating variables; company size with each independent variable, namely cash position, return on assets, and debt to equity ratio. Based on these results, CP*ASSET is an interaction between company size and cash position which has a coefficient value of 0.006 and ROA*ASSET which is an interaction between company size and return on assets which has a coefficient value of 0.053. Both of them can moderate the dividend payout ratio because it has probability of < 0,05. However, DER*ASSET which is an interaction between company size and debt to equity ratio has a coefficient value of 0.041 with a probability of 0.361 which is greater than 0.05 and is unable to moderate company size on the debt-to-equity ratio. The results of hypothesis testing can be seen in table VI below.

Table VI. Hypothesis Results

	Relationship	Coefficient	Probability	Conclusion
H1	Cash Position has a positive effect on the Dividend Payout Ratio	+0,044	0,047	Hypothesis accepted
H2	Return on Assets has a positive effect on the Dividend Payout Ratio	+0,621	0,002	Hypothesis accepted
H3	Debt To Equity Ratio has a negative effect on Dividend Payout Ratio	-0,097	0,037	Hypothesis accepted
H4	Company Size Can Moderate the Relationship between Cash Position and Dividend Payout Ratio	+0,006	0,035	Hypothesis accepted
H5	Company Size Can Moderate The Relationship Of Return On Assets To Dividend Payout Ratio	+0,053	0,013	Hypothesis accepted
H6	Company Size Moderates Debt To Equity Ratio To Dividend Payout Ratio	+0,041	0,361	Hypothesis rejected

4. CONCLUSIONS

This study shows that cash position has a positive effect on the dividend payout ratio. It means that the stronger or greater the cash position, the greater the company's ability to pay dividends. Return on assets is also shown a positive effect on the dividend payout ratio. It shows that the higher the profit received by the company, the higher the availability of funds allocated to the company to pay dividends. The debt-to-equity ratio is determined to have a negative effect on the dividend payout ratio. It means

that the higher the debt to equity owned by a company, the company will tend to distribute dividends in small amounts to shareholders. Company size is shown to be able to moderate and strengthen the cash position of the dividend payout ratio. It means that the larger the size of a company, the greater the availability of company cash, thus, the greater the dividends the company can pay. Company size is shown to be able to moderate and strengthen the relationship between return on assets and dividend payout ratio. It means that large companies are expected to be able to pay higher dividends than small companies. Large companies are considered more stable in generating profits and better able to utilize their resources than small companies. Company size is not able to moderate the debt-to-equity ratio to the dividend payout ratio. It means that an increase in debt will affect the size of the net profit available to shareholders, including dividends to be received because these obligations are prioritized over dividend distribution. If the debt load is higher, the company's ability to distribute dividends will be lower. Although the size of the company is of great value and the company's prospects are considered good for obtaining loans, the management prioritizes investment funding by using internal funds as a source of funding.

Based on the results of the study, several implications are as follows: (1) For management with high levels of debt, can reduce their debt so that the company can distribute dividends with a higher amount. For investors can choose a company with a low level of debt so that investors will get high dividends to return. (2) For management, the greater the cash owned by the company, the greater the company's ability to pay its short-term obligations such as paying dividends. Large companies are more liquid because of the high demand for shares. For investors, they can look for large companies to be liquid to obtain large dividends. (3) For the management, it is important to pay attention to the number of assets owned, if it is small, pay dividends in small amounts. Because the profits earned by the company are allocated as retained profits to increase the company assets inventory. For investors, can look for companies that are large and have sufficient cash available so that they can pay large dividends. This study has limitations as follows, first is the research sector is only limited to the manufacturing sector with 20 companies active in dividend distribution in 2015-2019 so that further researchers can extend the research period to be more representative and are advised to expand the population by adding companies other than the sector manufacture. Second, the independent variables used in this study are limited to cash position, debt to equity ratio, and return on assets variables. It is because the writer or researcher only measures one of the variables from each part of financial performance that can affect dividends directly. Therefore, it is suggested that further research can use external company information such as Gross Domestic Product (GDP), inflation rate, interest rates. Third, the moderating

variable used in this study is limited to company size, thus, further researchers are expected to add other moderating variables that can affect dividend policy. Fourth, further researchers can also add other theories besides signal theory, such as agency theory, capital structure theory, capital market theory, and other financial management theories related to dividends.

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