The Effect of Liquidity, Capital Structure, and Profitability on Dividend Policy Moderated by Company Size in Industrial Sector Companies

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ABSTRACT

This study analyzes the effect of liquidity, capital structure, and profitability on dividend policy with company size as a moderating variable in consumer goods industry sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2019–2023. This study uses a quantitative approach with descriptive and associative methods. Data were obtained from the company's financial and annual reports, analyzed using Microsoft Excel and EViews. The sample consisted of 19 companies selected through the Non-Probability Sampling technique, with a total of 95 observations. The results of the analysis show that the classical assumption test has been met, including data normality, free from heteroscedasticity, multicollinearity, and autocorrelation. Partially, liquidity and capital structure have no effect on dividend policy, while profitability has a positive effect. Company size is unable to moderate the relationship between independent variables and dividend policy. These findings indicate that financial factors remain dominant in determining dividend policy, but future research is advised to consider non-financial factors and a longer period to obtain more accurate results.

***Keywords**: Liquidity, Capital Structure, Profitability, Company Size, Dividend Policy*

ABSTRAK

Penelitian ini menganalisis pengaruh likuiditas, struktur modal, dan profitabilitas terhadap kebijakan dividen dengan ukuran perusahaan sebagai variabel moderasi pada perusahaan sektor industri barang konsumsi yang terdaftar di Bursa Efek Indonesia (BEI) periode 2019–2023. Studi ini menggunakan pendekatan kuantitatif dengan metode deskriptif dan asosiatif. Data diperoleh dari laporan keuangan dan tahunan perusahaan, dianalisis menggunakan Microsoft Excel dan EViews. Sampel terdiri dari 19 perusahaan yang dipilih melalui teknik Non-Probability Sampling, dengan total 95 observasi. Hasil analisis menunjukkan bahwa uji asumsi klasik telah terpenuhi, termasuk normalitas data, bebas heteroskedastisitas, multikolinearitas, dan autokorelasi. Secara parsial, likuiditas dan struktur modal tidak berpengaruh terhadap kebijakan dividen, sementara profitabilitas berpengaruh positif. Ukuran perusahaan tidak mampu memoderasi hubungan antara variabel independen dan kebijakan dividen. Temuan ini mengindikasikan bahwa faktor keuangan tetap dominan dalam menentukan kebijakan dividen, namun penelitian mendatang disarankan untuk mempertimbangkan faktor non-keuangan dan periode yang lebih panjang guna memperoleh hasil yang lebih akurat.

***Kata kunci**: Likuiditas, Struktur Modal, Profitabilitas, Ukuran Perusahaan, Kebijakan Dividen*

INTRODUCTION

The growth of Indonesia's capital market is evident in the increasing number of companies going public, marking significant economic progress in the country. The capital market has become a key avenue for investors to allocate funds in hopes of earning returns. For companies listed on the market, dividend distribution is a crucial investment consideration, as it influences investor confidence and company valuation (Hardianti & Utiyati, 2020; Gunawan & Ramli, 2023; Yefune, 2023; Hidayat et al., 2024). As of July 2024, the Indonesia Stock Exchange (IDX) lists 934 issuers across 11 economic sectors. Manufacturing companies—particularly those in

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consumer goods—are frequently favored by investors for their profitability and stability (Potale et al., 2024; Anggoro et al., 2022). From 2019 to 2022, manufacturing companies contributed approximately 19.29% to Indonesia's Gross Domestic Product (GDP), playing a vital role in the economy and outperforming other sectors such as trade, agriculture, and construction. These companies demonstrated resilience during the COVID-19 pandemic, recovering more quickly than other sectors, primarily due to the sustained demand for manufactured goods. Among manufacturing industries, the consumer goods sector remained particularly stable, as demand for basic necessities stayed relatively constant even during the crisis. Consequently, the consumer goods sector has become integral to Indonesia's economic stability and growth (Anggoro et al., 2022).

The consumer goods industry, comprising 47 companies, is categorized into sub-sectors such as food and beverages, pharmaceuticals, cigarettes, cosmetics, and household goods. This sector's performance directly correlates with Indonesia's GDP, and despite economic challenges, it experienced positive growth between 2019 and 2023. Consumer goods companies typically increase or maintain dividend payments as GDP grows. However, during economic downturns, they may reduce payouts to preserve cash reserves. The consumer goods industry is often considered defensive, demonstrating stability even amid economic volatility (Isnaeni & Nurcahya, 2021). Despite a decline in early 2019, the sector displayed resilience, experiencing only a modest 1.5% decrease in 2020, followed by growth in 2021 and subsequent years, reflecting its ability to recover and thrive (Anggoro et al., 2022). A key factor in the industry's performance is its ability to manage liquidity, capital structure, and profitability, all of which influence dividend policies. Companies in this sector must balance liquidity (the ability to meet short-term obligations), capital structure (the mix of debt and equity used for financing), and profitability to determine optimal dividend payout ratios (Erliana et al., 2023). Despite this, some companies in the sector have been reluctant to maintain consistent dividend payouts. A study found that 29 out of 55 manufacturing companies listed on the IDX did not consistently pay dividends between 2016 and 2020, suggesting that dividend distribution is not always a priority for these firms (Lubis, 2020).

The Dividend Payout Ratio (DPR), which measures the percentage of profits allocated to shareholders as dividends, is a critical financial decision. A higher DPR may satisfy investors but can potentially weaken the company's financial stability, whereas a lower DPR preserves financial health but may not meet investor expectations (Sutrisno, 2017). Liquidity, typically measured by the current ratio (CR), is crucial for ensuring that a company can pay dividends without risking operational disruptions. Companies with higher liquidity are generally more likely to distribute dividends, as they have sufficient funds to do so without jeopardizing day-to-day operations (Fitriana et al., 2023). Capital structure also influences dividend policy. The debt-to-equity ratio (DER) is used to assess a company's financial leverage, and high debt levels often necessitate prioritizing debt repayment over dividend distribution. Companies with an optimal balance of debt and equity can maintain steady dividend payouts, thereby enhancing shareholder value (Panigrahi et al., 2022). Similarly, profitability, measured by return on assets (ROA), plays a significant role in dividend policy. Companies with higher ROA generate more profits, enabling them to pay larger dividends (Syahwildan et al., 2023). A strong ROA generally fosters investor confidence, signaling positive financial performance and long-term growth prospects.

The consumer goods industry's ability to navigate these financial considerations was particularly evident during the 2019–2023 period, which included the COVID-19 pandemic. During this time, liquidity fluctuated. While dividend payouts increased despite lower liquidity in 2020 and 2021, they decreased in 2022 despite increased profitability. This deviation from expected patterns challenges existing financial theories regarding the relationship between liquidity, profitability, and dividend distribution. According to Sutrisno's (2017) theory, liquidity and dividend policy should have a positive correlation, yet the data shows inconsistencies. Similarly, despite an increase in capital structure ratios and profitability, some companies in the sector still failed to meet theoretical expectations concerning dividend payouts, suggesting a more complex relationship (Harahap et al., 2021). The relationship between profitability and dividend policy is also contested across various studies. While some suggest that increased profitability leads to higher dividend payouts (Sudana & Sallama, 2015), others found discrepancies, such as in 2020 and 2022, when profitability did not correspond with expected increases in dividends (Vernimmen et al., 2022). This underscores the importance of analyzing how liquidity, capital structure, and profitability interact with dividend policy decisions.

In examining the role of company size in dividend policies, larger companies tend to maintain better financial stability and are more likely to distribute consistent dividends. Firm size

can moderate the effects of profitability, liquidity, and capital structure on dividend policies, with larger companies typically being more capable of sustaining high dividend payouts due to their access to external funding and greater operational efficiency. Despite the valuable insights provided by existing research, inconsistencies remain in understanding how liquidity, capital structure, and profitability influence dividend policies, particularly in the context of Indonesia's consumer goods sector. Some studies suggest a moderating role for firm size, while others highlight the need for further investigation into how different variables interact under varying economic conditions (Yu et al., 2024). This research aims to address these gaps by examining the period from 2019 to 2023, which includes the challenges posed by the pandemic, to provide deeper insights into the dynamics that shape dividend policies in the consumer goods industry.

LITERATURE REVIEW

This theory states that managers use dividend payments as a signal to communicate private information about the company to external investors and shareholders regarding profit prospects and management performance (Rahmawati & Hassan, 2020; Joe & Ginting, 2022). According to Aryani & Fitria (2020), this theory explains why companies provide information about their financial and non-financial statements to external parties, namely shareholders. This is useful for clarifying the acquisition of accurate information about the company to stakeholders, who are generally information users. According to Brigham et al. (2014), internal parties of the company possess more information than external parties. The difference in the amount of information available is called asymmetric information. Signal theory posits that management will send signals in the form of information needed by investors. In this case, the information refers to financial statements and dividend policy.

According to Moloi et al. (2020), agency theory is a relationship or contract between the principal and the agent, where the principal is the party who hires the agent to perform tasks for the benefit of the principal, while the agent is the party who carries out the principal's interests. In this case, the principal is the owner or shareholder, while the agent is the management. According to Meckling and Jensen (1976), an agency relationship is a contract in which one or more people (the principal) hire others (the agents) to carry out a number of services and delegate authority to make decisions to the agent. Agency theory suggests that the conflict between shareholders and management arises due to differences in interests. Shareholders authorize management to carry out business activities, where management indirectly works in the interests of the shareholders. Meanwhile, management not only runs the business in the interests of shareholders but also in their own interests.

Dividend policy is one of the key decisions management must make regarding whether the company's profits will be distributed to shareholders in the form of dividends and how much profit will be retained within the company. According to Gunawan & Harjanto (2019), dividends are the distribution of profits in the form of cash, shares, property, scrip (debt promises), or liquidation, based on the number of shares owned. Meanwhile, according to Sari et al. (2024), profit in the form of money (capital gain) is the profit obtained from investments, documents, or securities, such as those of companies in the Consumer Goods Industry Sector listed on the Indonesia Stock Exchange (IDX), where the value of their shares increases from the purchase price. In determining the distribution of dividends, a company must carefully consider its survival and growth. The amount of dividend distributed to shareholders depends on the policies of each company, as management is highly influenced by the company's dividend policy (Gunawan & Harjanto, 2019; Yefune, 2023).

Liquidity is the company's ability to pay its obligations that must be met immediately in the short term (Sutrisno, 2017). It is a vital indicator that reflects the company's capacity to meet its short-term obligations, including dividend payments to shareholders. Without adequate liquidity, companies may be forced to withhold profits and sacrifice investor interests for the sake of operational continuity. A higher liquidity ratio indicates that the company is able and skilled at managing various short-term obligations by paying them off. This, in turn, may lead to an improvement in the quality of the company's performance through dividend distribution to shareholders (Sutrisno, 2017). The indicator used to measure the liquidity ratio is the Current Ratio (CR).

Capital structure is a long-term expenditure that can be observed through the ratio between long-term debt and equity. According to Avanzi (2009), investors who wish to invest their capital are advised to assess the company in terms of dividend distribution, as companies that pay dividends indicate good financial health, even though the dividends distributed tend to fluctuate. The higher the debt used, the smaller the portion of the owner's capital. Generally, investors are

more cautious with companies that have a high Debt to Equity Ratio (DER), as the use of high debt increases the risk to their investment funds, which can affect dividend distribution. In other words, companies with high debt levels tend to reduce dividends in order to meet their debt obligations. The indicator used to measure the capital structure in this study is the Debt to Equity Ratio (DER).

Profitability is the company's ability to earn profits for the sustainability of its operational activities. The company has a greater possibility of distributing higher dividends if its profitability conditions are better (Syahwildan et al., 2023). Profitability, as a measure of operational success, is the main foundation of dividend policy. Without sufficient profits, the discussion of dividend payments becomes irrelevant. High profitability not only allows for larger dividend payments but also serves as a strong signal to investors about the company's future prospects. The indicator used to measure profitability in this study is Return on Assets (ROA). By calculating the natural logarithm value of all assets, we can determine the size of the company (Hudson & Gregoriou, 2015). According to Law No. 20 of 2008, firm size is divided into four categories: micro, small, medium, and large. Firm size helps reduce uncertainty that may arise in the future. The larger the size of the company, the more it will affect management decisions in deciding which funding will be used by the company, so that these funding decisions can optimize company value.

METHODS

This study employs a quantitative approach with descriptive and associative methods to analyze the influence of independent variables—namely Liquidity, Capital Structure, and Profitability—on the dependent variable, Dividend Policy, with Company Size as the moderating variable (Sugiyono, 2015). The data collection technique used is documentation, with secondary data sources comprising financial reports (balance sheets, income statements), annual reports, and related literature from companies in the consumer goods industry sector listed on the Indonesia Stock Exchange (IDX) during the 2019–2023 period. The data was obtained through the official IDX website (www.idx.co.id). The population of this study consists of 47 consumer goods industry sector companies listed on the IDX; however, using the Non-Probability Sampling technique, a sample of 19 companies was selected, with an observation period of five years, resulting in 95 data samples. The research instruments include Microsoft Excel and EViews software for data processing, which involves stages such as data checking (editing), coding, tabulation, and verification.

RESULTS

The Chow Test is a statistical method used to detect structural breaks in a regression model, indicating changes in the relationship between independent and dependent variables across different data groups. It works by splitting the dataset into two subgroups and estimating separate regressions for each. The test then compares the sum of squared residuals from these separate regressions with the residuals from a pooled regression using an F-test. If the test result is significant, it suggests that the same regression model cannot be applied to both groups, implying a structural shift in the data, requiring separate modeling approaches.

Table 1. Chow Test and Lagrange Multiplier Tests for Random Effects

Effects Test	Statistic	d.f.	Prob.	Test Hypothesis Cross-section	Time	Both
Cross-section F	1.346622	(18,69)	0.1879			
Cross-section Chi-square	28.600864	18	0.0535			
Breusch-Pagan				0.128215	0.163686	0.291901
				(0.7203)	(0.6858)	(0.5890)

The results of the estimation using the Chow test indicate that the Chi-square probability is 0.07, which is greater than 0.05. This suggests that the CEM model is the selected model. Additionally, the cross-section F probability is 0.1879, which is also greater than 0.05, further confirming the selection of the CEM model. Moreover, the results of the estimation using the Breusch-Pagan test show that the probability is 0.7203, which is greater than 0.05, indicating that the CEM model is the appropriate model for this study.

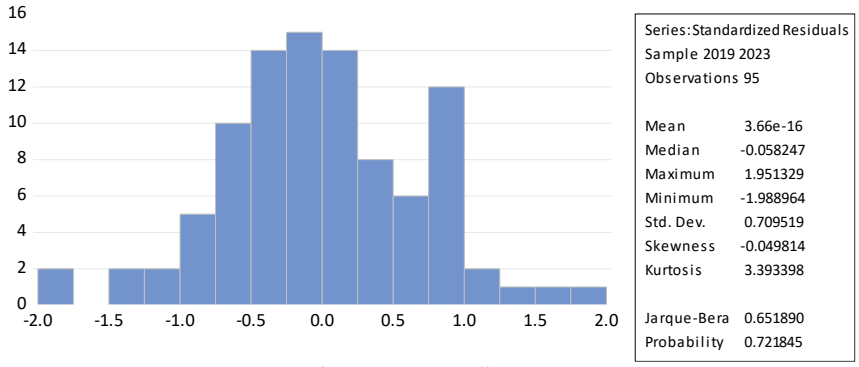

Figure 1. Normality Test

The Jarque-Bera test value in this study is 0.651890, with a probability value of 0.721845. Since the probability value is greater than 0.05, it indicates that the residuals in this study are normally distributed.

Table 2. Multicollinearity Test

	CR	**DER**	**ROA**	**SIZE**
CR	1.000000	-0.504782	0.063519	-0.237434
DER	-0.504782	1.000000	0.358472	0.215237
ROA	0.063519	0.358472	1.000000	-0.005838
SIZE	-0.237434	0.215237	-0.005838	1.000000

The results of the correlation analysis between the Current Ratio (CR), Debt to Equity Ratio (DER), Return on Assets (ROA), and company size (SIZE) reveal interesting relationships within the financial aspects of a company. CR has a negative correlation with DER (-0.5048), indicating that higher liquidity is associated with lower debt usage in the capital structure. The correlations of CR with ROA (0.0635) and SIZE (-0.2374) are relatively weak, suggesting that liquidity has no significant relationship with profitability or company size. Meanwhile, DER shows a positive correlation with ROA (0.3585), implying that an increase in debt relative to equity can impact profitability, although the relationship is not particularly strong. Additionally, DER is positively correlated with SIZE (0.2152), suggesting that larger companies tend to have higher leverage levels. ROA itself exhibits an almost neutral correlation with SIZE (-0.0058), indicating that company size does not directly influence profitability. Overall, these findings confirm that capital structure and liquidity policies play a crucial role in determining a firm's profitability, while company size tends to have no direct impact on financial performance.

Table 3. Autocorrelation Test

Root MSE	0.701184	**R-squared**	0.150499
Mean dependent var	-0.726010	**Adjusted R-squared**	0.112744
S.D. dependent var	0.764801	**S.E. of regression**	0.720398
Akaike info criterion	2.233171	**Sum squared resid**	46.70766
Schwarz criterion	2.367586	**Log likelihood**	-101.0756
Hannan-Quinn criter.	2.287485	**F-statistic**	3.986152
Durbin-Watson stat	1.753103	**Prob(F-statistic)**	0.005046

The Durbin-Watson (dW) test results indicate that the dW value is 1.7531, while the lower bound (dL) is 1.6233, the upper bound (dU) is 1.7091, and the critical value (4 - dU) is 2.2909. Since the dW value falls within the range of dU < dW < 4 - dU (1.7091 < 1.7531 < 2.2909), it confirms the absence of autocorrelation in the study. This result suggests that the residuals in the regression model are randomly distributed, meaning there is no systematic pattern of correlation among them. The absence of autocorrelation enhances the reliability of the regression estimates, ensuring that the model does not suffer from biased or inefficient parameter estimates. Consequently, the findings of the study can be considered statistically robust and suitable for further interpretation and decision-making.

Table 4. Heteroscedasticity Test, Multiple Linear Regression Test and Moderating Regression Analysis

Variable		Coefficient	Std. Error	t-Statistic	Prob.
Heteroscedasticity Test	C	0.111516	0.078922	1.412990	0.1611
	CR	0.003401	0.013915	0.244439	0.8074
	DER	0.019775	0.025754	0.767848	0.4446
	ROA	0.111916	0.087807	1.274565	0.2057
	SIZE	-0.003069	0.002638	-1.163283	0.2478
Multiple Linear Regression Test	C	-1.308283	0.217791	-6.007070	0.0000
	CR	0.058571	0.048452	1.208846	0.2299
	DER	0.028827	0.128219	0.224831	0.8226
	ROA	2.973650	0.982627	3.026225	0.0032
Moderating Regression Analysis	C	-1.308283	0.217791	-6.007070	0.0000
	CR	0.058571	0.048452	1.208846	0.2299
	DER	0.028827	0.128219	0.224831	0.8226
	ROA	2.973650	0.982627	3.026225	0.0032

Based on Table 4, it shows that the probability values of all independent variables are greater than 0.05, indicating that there is no heteroscedasticity in the residuals of the estimation model. The equation reveals that if the independent variables—liquidity, capital structure, and profitability—are each set to zero or ignored, the dividend policy will have a value of -1.308283 units. When liquidity is not held constant, an increase of 1 unit in liquidity leads to an increase of 0.058571 units in dividend policy, while a 1-unit increase in capital structure results in a 0.028827-unit increase in dividend policy. Similarly, an increase in profitability by 1 unit results in a 2.973650-unit increase in dividend policy. The constant value of -0.317901 indicates that if variables such as ROA, CR, DER, and their interactions with SIZE are set to zero, the dividend payout ratio (DPR) will be -0.317901. The first moderating variable, the interaction of CR with SIZE, shows a negative coefficient of -0.058238, indicating a negative relationship with DPR. A 1% increase in this interaction results in a decrease of -0.058238 units in DPR, holding other variables constant. The second moderating variable, the interaction of DER with SIZE, has a negative coefficient of -0.169439, suggesting a negative relationship with DPR. A 1% increase in this interaction leads to a decrease of -0.169439 units in DPR. Lastly, the third moderating variable, the interaction of ROA with SIZE, has a positive coefficient of 0.498501, indicating a positive relationship with DPR. A 1% increase in this interaction results in an increase of 0.498501 units in DPR. This analysis helps to understand how liquidity, capital structure, profitability, and their interactions with SIZE influence dividend policy.

Table 5. Partial T Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.308283	0.217791	-6.007070	0.0000
CR	0.058571	0.048452	1.208846	0.2299
DER	0.028827	0.128219	0.224831	0.8226
ROA	2.973650	0.982627	3.026225	0.0032
C	-6.627608	5.824220	-1.137939	0.2583
CR	1.749208	1.297396	1.348246	0.1811
DER	5.085711	4.189482	1.213924	0.2281
ROA	-11.35499	26.38629	-0.430337	0.6680
SIZE	0.180228	0.195338	0.922650	0.3587
CR_SIZE	-0.058238	0.044800	-1.299954	0.1971
DER_SIZE	-0.169439	0.139566	-1.214048	0.2280
ROA_SIZE	0.498501	0.902243	0.552513	0.5820

Based on Table 5, the probability value of the independent variable CR (liquidity) is 0.2299. When compared with α = 5% or 0.05, since 0.2299 > 0.05, it can be concluded that the CR (liquidity) variable does not influence DPR (dividend policy). Similarly, the probability value of the independent variable DER (capital structure) is 0.8226, and because 0.8226 > 0.05, it can also be concluded that the DER (capital structure) variable has no effect on DPR (dividend policy). In contrast, the probability value of the independent variable ROA (profitability) is 0.0032, which is less than 0.05 (0.0032 < 0.05). Therefore, it can be concluded that the ROA (profitability)

variable has a positive effect on DPR (dividend policy). Based on the test results, the probability value of the independent variable CR (liquidity) moderated by SIZE (company size) is 0.1971. When compared with α = 5% or 0.05, since 0.1971 > 0.05, it can be concluded that company size cannot moderate the effect of liquidity on dividend policy. Similarly, the probability value of the independent variable DER (capital structure) moderated by SIZE is 0.2280, and because 0.2280 > 0.05, it can be concluded that company size cannot moderate the effect of capital structure on dividend policy. Furthermore, the probability value of the independent variable ROA (profitability) moderated by SIZE is 0.5820, which is also greater than 0.05, indicating that company size cannot moderate the effect of profitability on dividend policy.

Table 6. Simultaneous test and Determination Coefficient Test

Root MSE	0.705775	**R-squared**	0.139340
Mean dependent var	-0.726010	**Adjusted R-squared**	0.110967
S.D. dependent var	0.764801	**S.E. of regression**	0.721120
Akaike info criterion	2.225169	**Sum squared resid**	47.32122
Schwarz criterion	2.332701	**Log likelihood**	-101.6955
Hannan-Quinn criter.	2.268620	**F-statistic**	4.910949
Durbin-Watson stat	1.747438	**Prob(F-statistic)**	0.003298

The probability value of 0.003298 is smaller than the α value of 0.05. Therefore, it can be concluded that liquidity, capital structure, and profitability simultaneously affect dividend policy. The adjusted R-squared value is 0.110967, or 11.10%. This means that liquidity, capital structure, and profitability can predict dividend policy by 11.10%, while the remaining 88.90% is influenced by other factors not examined in this model.

DISCUSSION

The first hypothesis is rejected; in other words, liquidity does not affect dividend policy. The dividend payout ratio is not affected by higher levels of liquidity. There is no effect because liquid companies use their funds to fulfill long-term obligations. Companies that are liquid or have a lot of current assets will prioritize fulfilling their long-term obligations over distributing their current assets as cash dividends. The results of this study are inconsistent with the signaling theory by Lintner (1956), which suggests that the amount of dividends can signal a company's financial condition, or in this case, its liquidity. However, in the consumer goods industry, the practical implications for investors do not always focus on observing an increase in the current ratio (CR) value. An increase in CR value does not affect the amount of dividends a company will pay, so investors in the consumer goods industry do not always focus on increasing CR value. The results of this study are consistent with previous research by Syahwildan et al. (2023); Anggoro et al. (2022), which state that dividend policy is not influenced by liquidity.

The second hypothesis is rejected; in other words, dividend policy is not influenced by capital structure. The company's payment policy is not affected by an increase or decrease in the value of the DER, because the company has the right to distribute dividends if future dividend payments are obtained from profits after net working capital exceeds the set limit. The results of this study align with the pecking order theory by Myers (1984), which states that when companies choose to pay dividends to investors, they prefer internal sources over debt. The findings of this study have practical implications for investors in the consumer goods industry: they do not need to monitor changes in the DER value, as fluctuations in DER will not impact the amount of dividends paid by the company. Companies in the consumer goods industry should focus on the balance between capital structure and net working capital when signaling to investors. The results of this study are consistent with research by Yefune (2023); Purwaningsih & Lestari (2021), which state that capital structure has no significant effect on dividend policy.

The third hypothesis is accepted; in other words, profitability has a positive influence on dividend policy. Based on the partial hypothesis testing conducted in this study, it is

evident that profitability affects dividend policy. This influence suggests that the high or low value of ROA can impact the dividend policy of companies in the consumer goods industry sector listed on the Indonesia Stock Exchange. The results of this study align with research conducted by Erliana et al. (2023) and Anggoro et al. (2022), which state that return on assets has a positive effect on the dividend payout ratio. The third hypothesis is accepted; in other words, profitability has a positive influence on dividend policy. Based on the partial hypothesis testing conducted in this study, it is evident that profitability affects dividend policy. This influence suggests that the high or low value of ROA can impact the dividend policy of companies in the consumer goods industry sector listed on the Indonesia Stock Exchange. The results of this study align with research conducted by Erliana et al. (2023) and Anggoro et al. (2022), which state that return on assets has a positive effect on the dividend payout ratio.

Company size does not moderate the effect of capital structure on dividend policy. Even though a company may have a large amount of debt or a high DER value, both large and small companies will still pay dividends to maintain their reputation in the eyes of investors. The results of this study are consistent with several previous studies conducted by Azizah & Paramita (2023) and Rozi (2020), who state that company size can moderate the effect of DER on dividend policy. The practical implication of this study's results is that both large and small companies should focus on regulating their use of debt to control the profits distributed and maintain their reputation.

Company size cannot moderate the effect of liquidity on dividend policy. In the consumer goods industry, the amount of assets owned by a company does not affect its dividend distribution decisions or how it pays off its current debt. Company size is included in the moderating homologizer category, meaning that company size has no significant effect on dividend policy. Research by Takarini (2022) aligns with the results of this study. However, it contradicts research by Rozi (2020), which states that company size strengthens the effect of liquidity on dividend policy. The practical implication of the results of this study is that businesses, both large and small, should focus on maintaining a balance in their cash flow so they can effectively manage their internal funds to be distributed in the form of dividends.

Based on the simultaneous hypothesis testing conducted in this study, it is found that liquidity (CR), capital structure (DER), and profitability (ROA) simultaneously have a significant effect on dividend policy (DPR). This result is supported by a p-value of 0.003298, which is smaller than the significance level of 0.05. The adjusted R-squared value is 0.110967, or 11.10%, indicating that liquidity, capital structure, and profitability can predict dividend policy by 11.10%, while the remaining 88.90% is influenced by other factors not examined in this study. Therefore, the seventh hypothesis in this study, which states that liquidity (CR), capital structure (DER), and profitability (ROA) simultaneously affect dividend policy (DPR), can be accepted. This implies that companies can use liquidity, capital structure, and profitability as a basis for assessing their dividend policy.

CONCLUSION

The conclusion of this study is to examine the effect of independent variables on dividend policy. The independent variables are liquidity, capital structure, and profitability. In addition to the influence of these independent variables on the dependent variable, this study also uses company size as a moderating variable. The results of the data analysis indicate that the classical assumption tests have been met, namely: the data are normally distributed, free of heteroscedasticity, without multicollinearity, and without autocorrelation. Based on the partial test results, liquidity and capital structure have no effect on dividend policy. However, profitability has a positive effect on dividend policy. Additionally, company size is not able to moderate the effect of liquidity, capital structure, and profitability on dividend policy. Based on the results of the simultaneous testing, liquidity, capital structure, and profitability do affect dividend policy. For future researchers who will use the same research, it is

recommended to add non-financial factor variables that were not included in this study, as the variables in this study only focus on financial factors, including liquidity, capital structure, profitability, company size, and dividend policy. Furthermore, future research can also include longer periods to obtain statistically better results.

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