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The Effect of Profitability, Liquidity, Company Growth, Leverage and Company Size on Dividend Policy

(Empirical Study of Manufacturing Companies in the Consumer Goods Industry Sector Listed on the Indonesia Stock Exchange for the 2018-2021 Period)

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Abstract: This study aims to analyze the effect of profitability, liquidity, company growth, leverage, company size on dividend policy .This type of research uses quantitative methods. The population in this study are consumer goods industry companies listed on the Indonesia Stock Exchange in 2018-2021. The data analysis technique used in this study is multiple linear regression analysis with the help of the SPSS version 25 program. Samples were taken as many as 42 companies with a total of 168 data during four years of observation using purposive sampling method . The results showed that profitability , company growth, company sizesignificant effect on dividend policy. While liquidity, leverage has no effect on dividend policy.

Keywords: profitability, liquidity, company growth, leverage, dividend policy.

1. Introduction

In manufacturing companies listed on the Indonesia Stock Exchange, especially in the consumer goods industry sector, out of 80 companies, especially in the 2018-2021 period, only 23 companies paid consistent dividends and many companies did not pay dividends.In the early days of the Covid-19 pandemic, a number of issuers such as PT Hero Supermarket Tbk (HERO) and PT Pioneerindo Gourmet International Tbk (PTSP) decided not to distribute dividends due to losses due to the pandemic, withholding profits for reserve funds, company expansion. Meanwhile, a company like Berkshire Hathaway led by Warren Buffet also chose not to distribute dividends because they prefer to reinvest the company's net profit each year. Buffet assesses that shareholders will benefit more when they reinvest net income compared to getting it in the form of dividends (https://www.idxchannel.com). PT Gudang Garam Tbk (GGRM) decided not to distribute dividends from net profit for the 2019 financial year. This decision was stipulated at the annual general meeting of shareholders (AGMS) which was held this Friday (28/8/2020). The results of the GMS decided that all of Gudang Garam's profits would be allocated as retained earnings. "Approved the determination of the company's profits for the 2019 financial year to be included in the retained earnings account and will be used to increase working capital so that the company does not distribute dividends to the company's shareholders for the 2019 financial year," stated the third point of the results of the GMS (https://www.cnbcindonesia.com). The same thing happened to PT Kimia Farma Tbk (KAEF) which decided not to distribute dividends for the 2019 financial year, due to a net loss in 2019 of IDR 12.72 billion (https://investor.id).

Based on empirical evidence from research on the topic of dividend policy, there are factors that are thought to influence dividend policy. In previous studies several factors such as opinion (Ratnasari, PENGARUH PROFITABILITAS, LIKUIDITAS, TINGKAT, 2019)Profitability, liquidity is thought to influence dividend policy because profitability is a company's ability to generate profits. The higher the level of company profitability, the higher the company will pay dividends. (BAHRI, 2017). Then according to the research results of (Suci Wahyuliza, PENGARUH PERTUMBUHAN PERUSAHAAN, UKURAN, 2019), (Suharli, 2010), (Purbawangsa, 2019) factors such as company growth rate, leverage, company size can affect dividend policy.

This research is a development of research conducted by (Ratnasari, PENGARUH PROFITABILITAS, LIKUIDITAS, TINGKAT, 2019). The difference between this research and previous research is that this research adds company size as an independent variable. The reason researchers added company size as an independent variable is because company size can show the size of the company from the total assets owned, company size determines the amount of dividends to be paid because the larger the size of the company, the greater the profit generated so that the dividends distributed are also higher. This study aims to analyze the effect of profitability, liquidity, company growth, leverage and company size on dividend policy.

2. Theoretical basis

Agency Theory

The underlying theory in this research is agency theory. In this agency theory contains the agency relationship that occurs between principals (shareholders) who employ agents (company management) to represent decision making in the company. Company management or so-called agents will tend to make decisions that tend to benefit themselves (Ni Putu Nugraheni, 2019). In the shareholding structure, there are groups of controlling shareholders and non-controlling shareholders. Controlling shareholders play a role in monitoring the performance of company managers so that they do not act in their own interests, but also for the shareholders. On the other hand, controlling shareholders want decisions made by management to benefit themselves, such as distributing special dividends to controlling shareholders, which will be detrimental to non-controlling shareholders. Therefore, there will be agency problems between controlling shareholders and non-controlling shareholders (Ni Putu Nugraheni, 2019)

This is reinforced by the opinion put forward. (BAHRI, 2017)In practice, managers as company managers know more internal information and company prospects in the future than the owners of capital or shareholders. Therefore, as a manager, the manager has an obligation to provide information about the condition of the company to the owner. Shareholders expect agents to act on their behalf so that they delegate authority to agents. To be able to carry out its functions properly, management must be given adequate incentives and supervision. Supervision can be carried out through methods such as binding agents, examining financial statements and limiting decisions that can be taken by management.

Hypothesis Development.

1. Effect of profitability on dividend policy

According to (Kasmir, 2019)the profitability ratio is the ratio to assess the company's ability to seek profits or profits in a certain period. This ratio also provides a measure of the effectiveness of a company's management. This is demonstrated by the profit generated from sales and investment income. *Return On Equity* (ROE) is the ratio of net income to total assets and is expressed as a percentage. This ratio shows the percentage of the company to generate profits from the assets used from each sale. The greater this ratio is considered the better the progress of the company to get high profits

Companies that generate profits have the ability to pay dividends as well as store them in the form of retained earnings to finance investments provided that the profits generated by these companies tend to be stable. The higher *the return on equity* of a company, the higher *the dividend payout ratio* distributed, the higher the profit generated by the company, the higher the cash in the company so that the company can pay higher dividends (Ratnasari, PENGARUH PROFITABILITAS, LIKUIDITAS, TINGKAT, 2019). Research conducted by (Agustino, PENGARUH UKURAN PERUSAHAAN, PROFITABILITAS, DAN, 2019), (Ratnasari, PENGARUH PROFITABILITAS, LIKUIDITAS, TINGKAT, 2019), (Purbawangsa, 2019)provides evidence that profitability influences dividend policy. Based on this explanation, this study suggests the following hypothesis:

H_1: Profitability influences dividend policy.

2. The Effect of Liquidity on Dividend Policy

Current Ratio is a liquidity ratio that describes a company's ability to meet its short-term obligations. Company liquidity is one of the factors in determining dividend policy because dividends in a company are cash out, therefore the greater the company's liquidity, the greater the company's ability to pay dividends to shareholders. This is because the higher *the current ratio* in a company shows the company's ability to pay its short-term liabilities using current assets in the form of cash, receivables, short-term investments, inventories, and prepaid expenses (Ni Putu Nugraheni, 2019).

The cash position or liquidity of a company is an important factor that must be considered before making a decision to determine the amount of dividends to be paid to shareholders. Dividends are cash outflows, therefore the stronger the company's liquidity position, the greater the ability to pay dividends. A high current ratio value indicates the ability to utilize the company's current assets and the ability to optimally liquidate current liabilities so that the profits obtained by the company can be distributed in the form of dividends. A high level of company liquidity reflects the company's high ability to pay off maturing debts so that the greater the dividends distributed(Ratnasari, PENGARUH PROFITABILITAS, LIKUIDITAS, TINGKAT, 2019)

Research conducted by (Aditya, Pengaruh Profitabilitas, Likuiditas Dan Ukuran Perusahaan Terhadap Kebijakan, 2018), (Ni Putu Ayu Sinta Pradnya Sari, 2019), (Ni Putu Nugraheni, 2019)provides evidence that liquidity affects dividend policy. Based on this explanation, this research shows the following hypothesis:

H_2: Liquidity has an effect on dividend policy

3. Effect of Company Growth on Dividend Policy

According to (Brigham & Huston, 2011)the growth of the company is the change (increase or decrease) the total assets owned by the company. Company growth is the company's ability to increase the value of company assets from time to time. The faster the growth rate of a company, the greater the need for funds in the future to finance its growth(Pratiwi1, 2020)**.**

According to (Brigham & Houston, 2011)the company's growth will affect the dividend policy, where with a good growth rate the company will certainly allocate the funds obtained by the company for investment so that it will reduce the distribution of dividends to shareholders.

The greater the funds needed for the future, the company prefers to retain its profits rather than paying them in the form of dividends to shareholders. This is because the cost of capital using retained earnings is cheaper compared to various other financing sources such as the issuance of new shares or bonds. A company that has a high growth rate tends to require large funds and make decisions related to how the funds obtained are invested (Ratnasari, PENGARUH PROFITABILITAS, LIKUIDITAS, TINGKAT, 2019). Research conducted by (Ni Putu Ayu Sinta Pradnya Sari, 2019), (Pratiwi1, 2020)and (Ratnasari, PENGARUH PROFITABILITAS, LIKUIDITAS, TINGKAT, 2019)provides evidence that company growth affects dividend policy. Based on this explanation, this research shows the following hypothesis:

H_3: Company growth affects dividend policy

4. Effect of Leverage on Dividend Policy

According to (Sabrina, Pengaruh Leverage dan Pertumbuhan Aset Terhadap Kebijakan Dividen, 2017) put forward the leverage ratio is the ratio that measures how far the company uses debt. The higher the company's *leverage* , the higher the debt to the company, which will result in a lower company's ability to pay dividends. if the company determines that the repayment of its debts is obtained from retained earnings, it means that the company must retain a large part of its income for this purpose, this means that only a small portion of the income can be paid as dividends. So that any increase in the debt to equity ratio will result in a lower dividend payout ratio. Debt to Equity Ratio (DER). DER is a leverage ratio that describes the extent to which a company uses its debt compared to its own capital.

According to Suharli, (Agustino, PENGARUH UKURAN PERUSAHAAN, PROFITABILITAS, DAN, 2019)companies with high operating or financial *leverage* will provide low dividends. The higher capital structure owned by debt causes management to prioritize paying off obligations before distributing dividends. Companies that have higher debt ratios will pay smaller dividends because the profits earned are used to pay off obligations. Creditors usually limit dividend payments, purchase outstanding shares, and increase debt to guarantee payment of principal and interest.

Companies will prioritize internal funding, compared to external funding because the level of funding is increasingly expensive. External funding usually prefers debt financing over equity. Company leverage is used for dividend payments in order to maintain performance and investor confidence. The higher the leverage ratio indicates the greater the obligations that must be met by the company and vice versa. The high and low levels of obligations to be paid will reduce the profit earned, and will have an impact on dividend distribution (BAHRI, 2017). Research conducted by (Zulvia, PENGARUH STRUKTUR KEPEMILIKAN, LEVERAGE, UKURAN, 2020), (Purbawangsa, 2019) and (Sabrina, Pengaruh Leverage dan Pertumbuhan Aset Terhadap Kebijakan Dividen, 2017)provides evidence that *leverage* affects dividend policy. Based on this explanation, this research shows the following hypothesis:

H_4: Leverage has an effect on dividend policy

5. The Effect of Company Size on Dividend Policy

According to (Firlana Akbar1, 2020) the size of the company shows the activities of the company owned by the company. The larger the size of the company means the greater the assets that can be used as collateral to obtain debt so that debt will increase. Large companies are usually able to pay a higher dividend ratio than small companies and increase the value of the company so that many investors are interested in investing in companies that have good prospects.

One of the scales measuring the size of a company is seen from the total value of the company's assets, the value of total assets is considered more stable in indicating the size of a company. The size of the company also determines the amount of dividends that will be paid because the larger the size of the company, the turnover and profit generated will also be higher, if the profit is high, the dividends distributed will also be higher (Dwi Febrianti1, 2020). Research conducted by (Aditya, Pengaruh Profitabilitas, Likuiditas Dan Ukuran Perusahaan Terhadap Kebijakan, 2018), (Zulvia, PENGARUH STRUKTUR KEPEMILIKAN, LEVERAGE, UKURAN, 2020)and (Firlana Akbar1, 2020)provides evidence that company size has an effect on dividend policy. Based on this explanation, this research shows the following hypothesis:

H_5: Firm size has an effect on dividend policy

3. Methodology

This research is a quantitative research. The data used is secondary data in the form of financial reports obtained from consumer goods industry companies on the Indonesia Stock Exchange in 2018-2021. The data analysis technique used in this study is multiple linear regression analysis. Sampling in this study used a *purposive sampling* method with certain criteria; (1) Consumer goods industry companies distributing dividends for 2018-2021 (2) Consumer goods industry companies distributing financial reports for 2018-2021. The population of this study is 75 data and based on these criteria obtained 42 samples of company data. So that in four years of observation, namely 2018-2021, 168 samples were obtained with 14 outlier data, so that the total sample after being outlier was 154 companies that could be used in research.

Table 1 Sample selection process

No	Information	
Population: Consumer goods industry companies listed on the Indonesia Stock Exchange in 2018-2021		75
Sample criteria:		
1	Companies in the consumer goods industry sector that do not pay dividends in 2018-2021	(32)
2	Companies in the consumer goods industry sector that do not share financial reports for 2018-2021	(1)
Amount company		42
Total sample (nx study periods) (42 x 4)		168
Outliers		(14)
Final sample quantity		154

In this study the independent variables used were profitability, liquidity, company growth, and company size, while the dependent variable used was dividend policy. Based on the description above, the framework can be structured as follows:

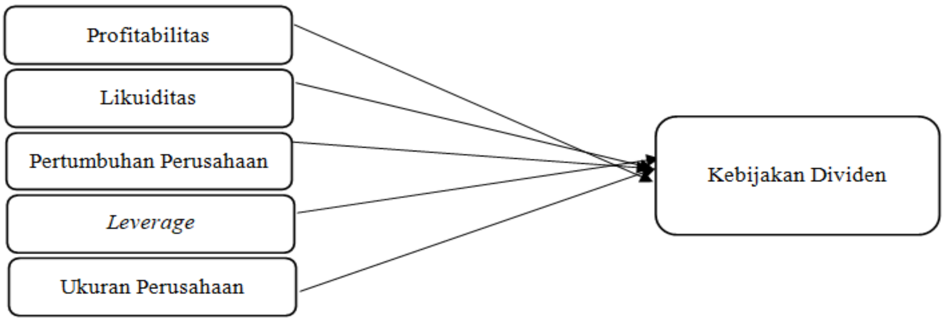

Figure 1.1 Thinking Framework

Variable Operational Definitions

Dividend Policy

Dividend policy is a decision whether the profits earned by the company at the end of the year will be distributed to shareholders in the form of dividends or will be withheld to increase capital to finance investment in the future (Sabrina, Pengaruh Leverage dan Pertumbuhan Aset Terhadap Kebijakan Dividen, 2017). Dividend policy in this research is measured using *the Dividend Payout Ratio,* which is the ratio between dividends per share and earnings per share in manufacturing companies listed on the Indonesia Stock Exchange (IDX) for 2018-2021. The dividend policy calculation formula in this study refers to the (Ratnasari, PENGARUH PROFITABILITAS, LIKUIDITAS, TINGKAT, 2019)following research:

$$\text{Dividend Payout Ratio} = \frac{\text{Dividend Per Share}}{\textit{Earning Per Share}} \times 100\%$$

Profitability

Profitability is a company's ability to generate profits. The higher *the return on equity* of a company*, the higher the dividend payout ratio* distributed (Ratnasari, PENGARUH PROFITABILITAS, LIKUIDITAS, TINGKAT, 2019). In this study, profitability is measured using *Return On Equity* (ROE), which is the ratio between net profit after tax and own capital in manufacturing companies listed on the IDX for the period 2018 to 2021. The formula for calculating profitability in this study refers to research (Suci Wahyuliza, PENGARUH PERTUMBUHAN PERUSAHAAN, UKURAN, 2019)as follows:

$$ROE = \frac{Earning\ \ After\ Tax}{Equity} \times 100\%$$

Liquidity

Liquidity is the company's ability to pay off all of its short-term obligations and fund business operations (BAHRI, 2017). In this research, liquidity is measured by *the current ratio. The current ratio* is the ratio between current assets and current liabilities in manufacturing companies for the period 2018 to 2021, the calculation of *the current ratio* refers to (Firlana Akbar1, 2020)what is formulated as follows:

$$Current\ ratio = \frac{\text{Aktiv a Lancar}}{\text{Hutang Lancar}}$$

Company growth

The company's growth is a ratio that describes the company's ability to maintain its financial position in the midst of economic growth. Companies that grow require a lot of funds in carrying out activities (Bella Ayuningthias, 2019). The company's growth is measured by *sales growth*is the growth of assets owned by the company from year to year, the calculation of *sales growth* refers to (Bella Ayuningthias, 2019)the formula as follows:

$$Growth = \frac{Total\ \ Aset\ t - Total\ \ aset\ t-1}{\text{Total Aset t}-1}$$

Leverage

Leverage ratio in this study is the Debt to Equity Ratio which compares total debt to total capital. The use of DER in this study is because DER is the most appropriate ratio to describe the company's capital structure and can indicate the company's financial condition, so that it can affect the amount of dividends paid. The calculation of the Debt to Equity Ratio refers to (Ratnasari, PENGARUH PROFITABILITAS, LIKUIDITAS, TINGKAT, 2019)what is formulated as follows:

$$\text{DER} = \frac{\text{Total Utang}}{\text{Total Ekuitas}} \times 100$$

Company size

The size of the company shows the size of a company as indicated by the total assets, the number of sales and the average total assets owned by the company. The size of the company in this study is measured by the natural logarithm (Ln) of total assets, calculating the sizerefers to (Purbawangsa, 2019) those formulated as follows:

Company Size = Ln (Total Assets)

Data analysis technique

This study uses data analysis techniques, namely descriptive statistics, classical assumption tests, and hypothesis testing. Descriptive statistics describe a data seen from the average value (mean), median, mode, standard deviation, maximum and minimum. The classic assumption test used in this study includes tests for normality, multicollinearity, heteroscedasticity, and autocorrelation. Hypothesis testing is done to test the effect of two or more independent variables on the dependent variable. This study uses multiple linear regression equations which are described as follows:

$$Y = \alpha + \beta X_1 + \beta X_2 + \beta X_3 + \beta X_4 + \beta X_5 + \varepsilon$$

Information:
Y = dividend policy
βX_1 = Profitability
βX_2 = Liquidity
βX_3 = company growth rate
βX_4 = *Leverage*
βX_5 = Firm size
ε= Errors

4. Results and Discussion

Descriptive statistics

Table 2
Descriptive analysis results

Variable	N	Minimum	Maximum	Average	std. Deviation
Profitability	154	-0.47	1.27	0.1461	0.21272
Liquidity	154	0.00	13,27	2.7889	2.43045

Company Growth	154	-1.00	4,16	0.1282	0.48373
leverage	154	0.00	13.55	0.9615	1.67964
Company Size	154	0.00	32,82	27.0197	7.31808
Dividend Policy	154	-1.36	2.53	0.3368	0.46112

Source: Processed data, 2023

From the table above, it can be seen that the amount of data used in this research is 154 companies. From the results of the data above, it can be seen that company size has the highest standard deviation, namely 7.31808, meaning that company size has the highest data diversity, while profitability has the lowest standard deviation, namely 0.21272, which means profitability has low data diversity.

Classic assumption test

1. **Test normality**

   Test data normality using the One-Sample Kolmogrov Smirnov Test shows results not normal with Asymp. Sig. as big as0.000, Asymp value . Sig less than 0.05 or 5%. Furthermore, researchers using Monte Carlo show results are not normal with Asymp either . Sig. as big as0.013 Asymp value. Sig less than 0.05 or 5%. If the normality test results in research that tends to be abnormal, then the Central Limit Theorem assumption can be used, namely if the number of research data is quite large (n> 30), then the assumption of normality can be ignored.

2. **Multicollinearity test**

Table 4
Multicollinearity test results

Variable	**tolerance**	**VIF**	**Information**
Profitability	0.937	1,067	There is no multicollinearity
Liquidity	0.942	1,062	There is no multicollinearity
Company Growth	0.965	1.036	There is no multicollinearity
leverage	0.938	1,066	There is no multicollinearity
Company size	0.920	1,087	There is no multicollinearity

Source: Processed data, 2023

Based on the test results in table 4 it is known that profitability, liquidity, company growth, leverage, and company size show a Tolerance value of more than 0.10 and a Variance Inflation Factor (VIF) value of less than 10, it can be concluded that the data does not show symptoms of multicollinearity.

3. **Heteroscedasticity test**

Table 5
Heteroscedasticity test results

Unstandardized residual	Correlation Coefficient	Sig. (2-tailed)	N	Information
Profitability	0.007	0.935	154	There is no heteroscedasticity
Liquidity	0.30	0.709	154	There is no heteroscedasticity
Company growth	-0.036	0.660	154	There is no heteroscedasticity
leverage	0.067	0.412	154	There is no heteroscedasticity
Company size	0.110	0.176	154	There is no heteroscedasticity

Source: Processed data, 2023

Based on the results of heteroscedasticity testing using the Rank Spearman Rho test in the table above shows that it can be seen in the significant value of the correlation results of the Profitability, Liquidity, Company Growth, *Leverage*, and Firm Size variables each having a value of more than 0.05 so it can be concluded that the model is not heteroscedasticity occurs.

4. **Autocorrelation test**

Table 6
Autocorrelation test results

Durbin-Watson values	1,437

Source: Processed data, 2023

Based on the results in the table above from the autocorrelation test using the Durbin Watson test with a benchmark DW number between -2 to +2 it can be seen in the column table Durbin Watson has a number of 1.437. It can be concluded that in the model there is no autocorrelation so there is no correlation between data, so that the regression model is feasible to use.

Hypothesis test

Table 7
Multiple Linear Regression Test Results

Variable _	**B**	**Q**	**Sig**	Information
Constatnt	-0.015	-0.101	0.920	
Profitability	0.361	2,085	0.039	H1 Accepted _
Liquidity	0.004	0.266	0.791	H_2 Rejected
Company Growth	-0.164	-2.146	0.034	H_3 Accepted
leverage	-0.036	-1.635	0.104	H_4 Rejected
Company Size	0.013	2,396	0.018	H_5 Accepted
Adjusted R Square			0.092	
F			4,065	
Sig			0.02	

Source: Processed data, 2023

Based on the results of the F test, it is known that the calculated F value is 4.065 with a significance value of 0.02 <0.05 so it can be concluded that the regression model is feasible to use. Based on the results of testing the coefficient of determinant (Adjusted R^2) the value of Adjusted R^2 is 0.092 which means that the independent variables (profitability, liquidity, company growth leverage and company size) are able to explain the dependent variable of 9.2% while the rest is influenced by other variables outside the study.
Based on the test results obtained the following results:

1. Profitability (X1)

Based on the results of the significance test t test states that profitability proxied by ROE has a significant effect on dividend policy so that H_1 is accepted. The test results show that $t_{\text{count is}}$ 2.085 with a significance value of 0.039 < (Sig 0.05). The test results show that the higher the company's ability to generate profits, the company will increase dividend payments.

Profitability also reflects the effectiveness of company management because a *profitable company* indicates that management is able to manage the company well so as to increase prosperity for shareholders. Companies that have managed to collect large profits are considered capable of increasing dividend payments and providing positive information to shareholders. Shareholders will then assess the company's worth as a place to invest which will have an impact on increasing the company's share price (Purbawangsa, 2019).

The profitability factor also influences dividend policy because dividends are the net profit earned by the company, therefore dividends will be distributed if the company makes a profit. The results of this study are in line with research conducted by (Ratnasari, PENGARUH PROFITABILITAS, LIKUIDITAS, TINGKAT, 2019)which states that profitability has a significant effect on dividend policy.

2. Liquidity (X2)

Based on the results of the partial test of liquidity, it has no effect on dividend policy. This is proven by the results of the t-test research, which obtained a coefficient value of 0.266 with a significance value of 0.791 > (Sig 0.05). It can be concluded that liquidity has no effect on dividend policy, because the high or low value of liquidity owned by the company does not affect the amount of dividends paid to the company's shareholders in paying dividends regardless of the condition of its short-term debt and focuses more on earning profits. If the company's liquidity is too high, it also results in smaller dividend payments. Liquidity that is too high indicates the company's ineffectiveness in using working capital caused by an unprofitable proportion of current assets, for example, the amount of inventory is relatively high compared to the estimated level of future sales. so that the inventory turnover rate is low and indicates there is over investment in the inventory or there is a large balance of accounts receivable which may be difficult to collect and the impact on dividend payments to investors is getting smaller. The size of liquidity has no effect on dividend payments because high company liquidity does not guarantee high cash either, but is caused by other instruments such as inventory and receivables. This result indicates that the dividend payout is not affected by the company's liquidity.

The results of this study are in line with research conducted by which (BAHRI, 2017)states that liquidity has no effect on dividend policy.

3. Company Growth (X3)

Based on the partial test results, the company's growth has a significant effect on dividend policy. This is proven by the results of the t-test research, which obtained a coefficient value of **-2.146** with a significance value of 0.034 < (Sig 0.05). So it can be concluded that the company's growth has a significant effect on dividend policy. This is because the higher the company's growth rate, the greater the level of need for funds to finance the company's total assets, so the company will prefer to retain its profits to finance the company's growth compared to paying dividends. The greater the company's growth rate, the greater the company's ability to obtain funding sources because it has easy access to the capital market, the greater the company's growth rate, the more flexible the company's ability to obtain funds in the long term so that the company can seek to make payments This larger dividend also aims to maintain the company's reputation among shareholders. Companies that tend to pay dividends to shareholders are a matter of concern to investors, because with this tendency investors are more likely to consider investing in companies with large scale or company growth.

The results of this study are also in line with research conducted by which (Sabrina, Pengaruh Leverage dan Pertumbuhan Aset Terhadap Kebijakan Dividen, 2017)states that company growth has a negative and significant effect on dividend policy.

4. Leverage (X4)

Based on the results of the partial test *Leverage* has no effect on Dividend Policy. This is proven by the results of the t-test research, which obtained a coefficient value of -1.635 with a significance value of 0.104 > (Sig 0.05). So it can be concluded that *leverage* has no effect on dividend policy. *Leverage* has no effect on Dividend Policy. Because the high debt ratio causes the company to pay off its obligations first. In this case, the company tends to provide low dividends because the profit earned by the company is used to pay off its debts. In accordance with agency theory concerned with the problem of risk sharing (risk problem). The difference in risk seen from two different perspectives, namely the shareholders and the company's management that the company's management prioritizes and protects creditors, because creditors are parties who lend funds for the company's survival. The funds obtained are used for the company's operational activities, construction, and others. The interests of creditors are prioritized so that in the future creditors continue to lend funds to the company. Meanwhile, the shareholder risk in the outcome control problem is that the shareholder must be prepared when the company does not distribute its dividends stably (Putri, Pengaruh Kesempatan Investasi, Leverage, dan Likuiditas Terhadap, 2020).

The results of this study are also in line with research conducted by which (BAHRI, 2017)states that *leverage* has no effect on dividend policy.

5. Company Size

Based on the results of the partial test, Company Size has a significant effect on Dividend Policy. This is proven by the results of the t-test research, which obtained a coefficient value of **2.396** with a significance value of 0.018 < (Sig 0.05). So it can be concluded that company size has a significant effect on dividend policy. This is because company size is an important factor for a company or a measuring tool in making dividend payment decisions to shareholders because the size of the company is seen from the total assets owned by a company. Large companies tend to pay higher and more stable dividends because large companies are deemed capable of generating more stable profits as well. So the bigger the size of a manufacturing company, the bigger the dividend that will be distributed. Companies with a larger size do have the potential to provide dividends in large amounts as well.

The results of this study are also in line with research conducted by which (Dwi Febrianti1, 2020)states that company size has a significant effect on dividend policy.

5. Conclusion

The conclusions of this study are as follows:

1) Profitability has a significant effect on the dividend policy of consumer goods industry companies listed on the Indonesia Stock Exchange (IDX) in 2018-2021
2) Liquidity has no effect on the dividend policy of consumer goods industry companies listed on the Indonesia Stock Exchange (IDX) for 2018-2021
3) Company growth has a significant effect on the dividend policy of consumer goods industry companies listed on the Indonesian Stock Exchange (IDX) in 2018-2021
4) Leverage has no effect on the dividend policy of consumer goods industry companies listed on the Indonesia Stock Exchange (IDX) for 2018-2021
5) Company size has a significant effect on the dividend policy of consumer goods industry companies listed on the Indonesia Stock Exchange (IDX) in 2018-2021

6. Suggestion

Suggestions for further research are as follows:

1) For future researchers, it is hoped that they can use other financial proxies *price earning ratio* (PER) and Market Book Ratio (MBR) so that they can obtain maximum research results.
2) For future researchers, it is hoped that they can add other variables that can influence the dividend *price earning ratio* (PER) policy.

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