ANALYSIS OF FACTORS THAT INFLUENCE DIVIDEND POLICY IN MANUFACTURING COMPANIES PERIOD 2013 - 2016 REGISTERED IN INDONESIA STOCK EXCHANGE

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ABSTRACT
The objective of the research was to examine and analyze the factors that influence Dividend Policy in manufacture companies period 2013 – 2016 listed in Indonesia Stock Exchange. The research used associative research method. The population was 144 manufacture companies listed in BEI in the period of 2013-2016, and 26 of them were used as the samples, taken by using purposive sampling technique. The data were analyzed by using panel regression analysis using Eviews 10 software. The result of the research showed that the variables of profitability, credit policy, firm growth, liquidity and firm size simultaneously had influence on dividend policy. Partially, profitability (ROE) had positive and significant influence on dividend policy, credit policy (DER) had negative and significant influence on dividend policy, firm growth (TAG) had negative but insignificant influence on dividend policy, liquidity (CR) had negative but insignificant influence on dividend policy, and firm size (SIZE) had positive and significant influence on dividend policy.

Key Words : Profitability, Credit Policy, Dividend Policy, Firm Growth, Liquidity, Firm Size

1. INTRODUCTION
The capital market is one of the ways chosen by the company in meeting the needs of additional corporate funds to develop the company's operations in order to survive in the global economy. Capital markets are a means of meeting the demand and supply of various types of long-term financial instruments in the form of equity and debt with maturities of more than one year. Investors tend to choose companies that are able to generate high returns on capital and are able to sustain and increase their growth rates continuously.

Investors have the main goal in investing their funds in the company, namely to look for income or return on investment in the form of dividend income or income from the difference in selling price of shares against the purchase price, but according to the bird in hand theory investors have a greater preference for dividends. This is because dividends are seen as something more certain than capital gains (Gordon and Litner, 1956). Investors generally want a relatively stable dividend distribution, because with the stability of dividends can increase investor confidence in the company thereby
reducing uncertainty investors in investing their funds in the company (Brigham, 2006: 73).

Dividend policy is very important because it affects the company's growth, stock price, financial structure, funding flow and liquidity position. In other words, dividend policy provides information about company performance. A company's dividend policy has an important impact on many parties involved, especially those who have interests in the company. On the other hand, companies are also expected to experience growth as well as to maintain the survival of the company and provide shareholder welfare. Although research on dividend policy has been carried out by many previous researchers, this topic is still interesting to study. This is because there are still phenomena that arise regarding dividend policy. The first phenomenon is the development of Dividend Payout Ratio (DPR) of manufacturing companies listed on the Indonesia Stock Exchange during the 2013-2016 period. Where there are fluctuations in the Dividend Payout Ratio (DPR) during this period, this condition can affect investors' interest in investing their funds into manufacturing companies. We can see this phenomenon in the following graph:

Graph 1 Average Manufacturing Company Dividend Payout Ratio for the 2013-2015 Period (%)

Based on the graph, it has been shown that the development of dividend distribution seen from the dividend payout ratio from 2013-2015 experienced a fluctuating development. It can be seen that during 2013, the DPR was in the range of 16.59% and decreased in 2014 to 8.87%. Even though in 2015 the House of Representatives experienced an increase again to around 14.16%. It can be concluded that the dividend distribution during the period of the year is not shared consistently by the company annually to the shareholders. The size of the dividends distributed by the company to shareholders depends on the dividend policy of each company based on consideration of several factors. From the results of previous studies it can be seen several factors that influence dividend policy.
The second phenomenon is the existence of a research gap from the results of previous studies that are inconsistent with dividend policy, some studies that show this are done by Arilaha (2009) which states that the size of the company's profits will affect the size of the dividend distribution. If the profits of a large company means that the dividends distributed will be even greater, and vice versa. Companies that have profit stability can determine the level of dividend payments well and signal the quality and value of a good corporate company. So that it can be concluded that profitability is a determining factor for dividend policy. The results of the same research were also found by Suharli (2007), Al Najjar (2009), Abor and Bokpin (2010), Bansaleng et al., (2014), Setiawan and Phua (2013), Khalid and Ur Rehman (2015), and Adjaoud and Hermassi (2017). But Dewi (2008)'s research results state something different, there is a negative relationship between profitability and dividend policy. Dewi (2008) argues that the existence of a negative relationship between profitability and dividend policy is emphasized if the company has high profits, the company will use the profit to finance operational activities or to invest, so that it will reduce dividend distribution to shareholders. Or vice versa if the company's profitability is low, the company continues to distribute dividends. With the aim of fulfilling the wishes of stockholders that lead to bird in the hand theory and also to maintain the company's reputation among capital market players. The results of this study were supported by Nuringsih (2005).

The company's growth also influences dividend policy. Company growth and dividends are two things that are desired by the company, but are conflicting. To meet the growth of the company, large funds are needed so that it can reduce the available funds in the company, and will have an impact on the decrease in the amount of dividends that will be distributed to shareholders. The negative relationship between company growth and dividend policy is in accordance with the results of research conducted by Jannati (2012) where the higher the growth rate of the company, the greater the level of funding needs to finance the total assets of the company. So that the company will be more happy to hold its profits to finance the expansion or growth of the company rather than being paid in the form of dividends to shareholders. The results of this study are supported by Sari (2015), Amidu and Abor (2006), and Fira (2009).

Setiawan and Phua (2013) stated differently, they found a positive relationship between company growth and dividend policy, which means that companies that have higher growth rates provide higher dividends to investors. Because high-growth companies need funds to expand their operations, they need more capital, but at the same time they have to gain trust from investors. Dividend payment is a signal from a company that is believed to have good prospects in the future. Another argument why companies with higher growth pay higher dividends is presented by Gul (1999). Gul (1999) argues that higher dividends can be associated with higher growth opportunities based on signaling theory (Miller and Rock, 1985). Companies that pay higher dividends send signals that they have a higher chance of growth. Therefore, companies that have higher growth opportunities pay more dividends.
2. LITERATURE REVIEW AND HYPOTHESIS

Dividend policy is one of the policies that must be taken by management to decide whether the profits obtained by the company for one period will be divided all or divided in part and partly not divided into retained earnings (Tampubolon, 2005). If the company decides to divide the profits obtained as dividends, it means that it will reduce the amount of retained earnings which ultimately also reduces the internal funding sources that will be used to develop the company. If the company does not share its profits as dividends it will be able to enlarge the company's internal funding sources and will increase the company's ability to develop the company, so that it will increase the value of the company.

Dividend announcement is one of the information that the market will respond to. Companies that pay dividends stably from time to time may be considered better than companies that pay fluctuatively dividends. This is because companies that pay dividends stably reflect the company's financial condition is also stable and vice versa, companies with unstable dividends reflect the company's financial condition that is not good (Sudana, 2011: 171).

According to Tampubolon (2013: 201) The company's dividend policy is very important for the following reasons:

1. Maintain the interests of investors as shareholders and who will become shareholders. If the stockholders are disappointed, then the stockholders will release their stocks by selling, which in turn will reduce the stock price in the stock market.
2. Dividend policy will affect the company's financial program and capital budgeting.
3. Dividend policy will affect the company's cash flow. Companies with low liquidity positions will be forced to limit dividend payments.
4. Dividend policy can reduce the value of the company's share capital, because dividends will be paid from retained earnings, so that it will increase the debt / capital ratio of the company.

Various theories and empirical findings relating to dividend policy are found in the financial literature, continue to grow and experience progress and to date there are several theories of dividend policy that have been put forward.

1. Dividend Irrelevance Theory
   This theory was introduced by Miller and Modigliani (1961) which stated that stockholders' prosperity was not affected by current and future dividend policies.
2. Bird in The Hand Theory
   Gordon and Lintner, Bird in The Hand Theory, argue that dividends are better than capital gains. Dividend income has properties that are more predictable than capital gains.
3. Tax Preference Theory
It is a theory which states that because of the difference in tax on dividend profits and capital gains, investors prefer capital gains because they can delay payment of taxes.

4. Clientele Effect Theory
As stated by Miller and Modigliani, this theory states that there are differences in the characteristics of the company's stockholders in terms of income and other things, so that the shareholders have their own views on their investments. In terms of income, low income groups want high dividends to increase their income, while high income groups want low dividends and high capital gains. So that there is a group difference in the owner of the company called clientele.

5. Signaling Hypothesis Theory
As stated by Miller and Modigliani, this theory argues that dividend payments are used by company management to convey information / signals about the company's financial condition, where the information will be responded by investors.

6. Residual Dividend Theory
The essence of this theory is that the company will make dividend payments after the funds for investment needs are met. In other words, only if there is "residual income" or residual income, then the dividend will be paid.

Some previous studies that can be used as the basis for conducting this research are as follows:

Adjaoud and Hermassi (2017) conducted a study entitled the impact of corporate governance mechanisms on dividend policy of canadian firms: empirical studies. The population of this research is companies listed on the Toronto Stock Exchange 2008-2011 period. Where this study gets results that managers distribute dividends to reduce agency costs from free cash flow. Overall conclusions: board size and independence, CEO duality and family ownership as well as fundamental variables such as leverage, profitability, corporate governance mechanisms and company size greatly influence the company's dividend payments positively and significantly.

Khalid and Ur Rehman (2015) conducted a study with the title Determination of factors effecting the dividend policy of organizations in Pakistan. The study sample was 50 non-financial companies listed on the Karachi Stock Exchange 2004-2009 period. The results of this study state that the ownership structure has a large impact on determining the dividend payment policy in Pakistan. Companies with high external ownership will pay more dividends than companies with high internal ownership. Companies that have high profitability will make high dividend payments, which means companies pay dividends according to their income. Firm size has a negative effect on dividend policy which shows companies prefer to invest in their assets rather than paying dividends.

Abor and Bokpin (2010) conducted research entitled Investment opportunities, corporate finance, and dividend payout policy evidence from emerging markets. The population of this research is companies listing in emerging markets in 34 countries. This study states that the investment opportunity set is the main determinant of the
company's dividend payment policy. In addition, the results of this study indicate no significant relationship between all measures of corporate finance with dividend payments. It is clear from the results of this study, that in emerging markets the main factor in dividend policy decisions is investment opportunity set, company profitability, and market development.

**Graph 2. Conceptual Framework**

From the conceptual framework and the theoretical foundation described above, the hypotheses that will be presented in this study are as follows: Profitability, debt policy, company growth, liquidity and company size partially and simultaneously affect dividend policy in manufacturing companies listed on the Indonesia Stock Exchange.

### 3. METHOD

The population in this study were manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2013 - 2016, which amounted to 144 companies. The sampling technique in this study used purposive sampling. Based on predetermined criteria, the number of manufacturing companies listed on the Stock Exchange in 2013 - 2016, which have met the criteria for sampling as many as 26 companies. The number of years of observation used in this study is 3 consecutive years so that the number of observations in this study is 78 observation samples. The data used is an annual financial report that is listed on the Indonesia Stock Exchange (IDX) by accessing the official IDX website, www.idx.co.id.

Operational definitions and measurements for each variable in this study are:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Operational Definition</th>
<th>Measurement Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profitability</td>
<td>Profitability is the company's ability to earn profits. In this study a Return On Equity proxy is used</td>
<td>Ratio</td>
</tr>
<tr>
<td>Debt</td>
<td>Debt policy is the company's</td>
<td>Ratio</td>
</tr>
</tbody>
</table>
Policy (X2) | ability to pay off its debts with existing capital or equity. In this study, the proxy Debt to Equity Ratio (DER) was used.
---|---
Company Growth (X3) | Company growth is increasing or decreasing the total assets owned by a company.
Liquidity (X4) | Liquidity is proxied by a cash ratio, namely the ratio of the company's ability to fulfill short-term obligations through a number of cash and cash equivalents owned by the company.
Company Size (X5) | Company size is the scale of the company seen from Natural Logarithm of Total Assets.
Dividend Policy (Y) | Dividend policy is a profit distributed to shareholders as dividends and how much is stored in the company. In this study the Dividend Payout Ratio (DPR) proxy was used.

In this study, researchers analyzed the effect of the variables ROE, DER, TAG, CR and SIZE on the DPR variables, which will be analyzed using panel regression analysis, because the data in this study are panel data which is a combination of time series data and cross section data. Then the panel regression model equation formed is as follows:

\[ Y = \beta_0 + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + \beta_5 X_{5it} + \epsilon_t \]

4. RESULT AND DISCUSSION

Descriptive statistic
Descriptive statistical results provide a general description of the data used in this study before conducting hypothesis testing of the quality of the data used to ensure the fulfillment of assumptions needed for the regression model. Descriptive statistical analysis of each variable used in the research is in table 5.1 as follows:

<table>
<thead>
<tr>
<th>DPR</th>
<th>ROE</th>
<th>DER</th>
<th>TAG</th>
<th>CR</th>
<th>SIZE</th>
</tr>
</thead>
</table>

Table 2
Descriptive Statistics
Mean | 0.428976 | 0.225207 | 0.808341 | 0.174365 | 0.876554 | 29.73093
Median | 0.429200 | 0.164900 | 0.688000 | 0.150000 | 0.275000 | 30.19426
Maximum | 1.000000 | 1.258100 | 2.260000 | 1.260000 | 11.42000 | 33.13405
Minimum | 0.000800 | 0.012900 | 0.080000 | -0.100000 | 0.005000 | 26.56275
Std. Dev. | 0.247912 | 0.265047 | 0.568144 | 0.180174 | 1.881782 | 1.759237

Classical Assumption Test
The normality test in panel data regression can be done by looking at the probability value and residual Jarque Bera (JB) value of the regression results, obtained by probability values of $0.6792 > 0.05$ which indicates that the residual data is normally distributed. This means that the panel data regression model has met the assumptions of normality.

The multicollinearity test was carried out by looking at the correlation coefficient between the independent variables, the results showed that there was no correlation between the independent variables $> 0.9$. This shows that there is no multicollinearity in the model. Heteroscedasticity test can be done using the White test, the results of the Obs * R-squared probability value are $0.5392 > 0.05$, which means there is no heteroscedasticity in the model. Autocorrelation test can be done by doing the Lagrange Multiplier test, obtained by the results of the Chi Square probability value of $0.5721 > 0.05$, which means there is no autocorrelation in the model.

Selection of Panel Regression Model
The Chow test is used to determine the best model between the Common Effect and Fixed Effect models.

<table>
<thead>
<tr>
<th>Tabel 3. Hasil Uji Chow</th>
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</thead>
<tbody>
<tr>
<td>Redundant Fixed Effects Tests</td>
</tr>
<tr>
<td>Equation: Untitled</td>
</tr>
<tr>
<td>Test cross-section fixed effects</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Effects Test</th>
<th>Statistic</th>
<th>d.f.</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
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</table>
Chow test is used to determine the best model among the models. Based on the results of the chow test, obtained the probability of cross section F test results of 0.0191 <0.05, which means that the best Fixed Effect model. The Hausman test is used to determine the best model between the Random Effect and Fixed Effect. Common Effect and Fixed Effect models.

**Table 4 Hausman Test Result**

<table>
<thead>
<tr>
<th>Correlated Random Effects - Hausman Test</th>
<th>Test cross-section random effects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equation: Untitled</td>
<td></td>
</tr>
<tr>
<td>Chi-Sq. Statistic</td>
<td>Chi-Sq. d.f. Prob.</td>
</tr>
<tr>
<td>Test random</td>
<td>9.778396 5 0.0818</td>
</tr>
</tbody>
</table>

Based on the results of the chow test, the probability of cross section F is 0.0818 > 0.05, which means that the best Random Effect model.

**Hypothesis testing**

The results of panel regression analysis include the results of partial test (t test), simultaneous test (F test) and coefficient of determination. The results of the regression model selection indicate that the random effect model is the best, so in this study hypothesis testing is based on the results of the estimation of the random effect regression model.

**Tabel 5. Results of the Panel Regression Model Estimation**

Dependent Variable: DPR
Method: Panel EGLS (Cross-section random effects)
Date: 01/01/18 Time: 18:35
Sample: 2013 2015
Periods included: 3
Cross-sections included: 26
Total panel (unbalanced) observations: 74
Swamy and Arora estimator of component variances

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROE</td>
<td>0.550185</td>
<td>0.101836</td>
<td>5.402673</td>
<td>0.0000</td>
</tr>
<tr>
<td>DER</td>
<td>-0.186328</td>
<td>0.054852</td>
<td>-3.396918</td>
<td>0.0011</td>
</tr>
<tr>
<td>TAG</td>
<td>-0.007661</td>
<td>0.131673</td>
<td>-0.058184</td>
<td>0.9538</td>
</tr>
<tr>
<td>CR</td>
<td>-0.020216</td>
<td>0.015585</td>
<td>-1.297155</td>
<td>0.1990</td>
</tr>
<tr>
<td>SIZE</td>
<td>0.035435</td>
<td>0.016246</td>
<td>2.181223</td>
<td>0.0326</td>
</tr>
<tr>
<td>C</td>
<td>-0.577794</td>
<td>0.474863</td>
<td>-1.216759</td>
<td>0.2279</td>
</tr>
</tbody>
</table>

Effects Specification

<table>
<thead>
<tr>
<th></th>
<th>S.D.</th>
<th>Rho</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross-section</td>
<td></td>
<td></td>
</tr>
<tr>
<td>random</td>
<td>0.080689</td>
<td>0.1653</td>
</tr>
<tr>
<td>Idiosyncratic</td>
<td>0.181302</td>
<td>0.8347</td>
</tr>
</tbody>
</table>

Weighted Statistics

| R-squared        | 0.319864 | Mean dependent var | 0.342868 |
| Adjusted R-squared | 0.269854 | S.D. dependent var | 0.221788 |
| S.E. of regression | 0.187643 | Sum squared resid | 2.394273 |
| F-statistic      | 6.396001 | Durbin-Watson stat | 2.128081 |
| Prob(F-statistic) | 0.000063 |                  |          |

Unweighted Statistics

| R-squared        | 0.379153 | Mean dependent var | 0.428976 |
| Sum squared resid | 2.785504 | Durbin-Watson stat | 1.829187 |

Coefficient Determination

The coefficient of determination in panel regression analysis is used to determine the amount of contribution given by independent variables to the dependent variable. The results of the panel regression analysis in table 5 show that the value of the R Square panel regression model obtained is 0.319864. Which means that the variables ROE, DER, TAG, CR, SIZE are able to explain the DPR variable by 31.99%.

T-Test
Based on the results of the panel regression model estimation in table 5, some results are obtained as follows:

1. The significant value of the effect of the ROE variable on the company's dividend policy (DPR) is 0.0000 with a regression coefficient marked positive. Because the significant value obtained is <0.05 and the regression coefficient is positive, it is concluded that the company's ROE has a positive and significant effect on the company's dividend policy. The higher the company's ROE, the higher the company's dividend policy, and vice versa. This result is in line with the signaling theory which states that dividend payment is a source of information that the company is in a very good condition, even investors consider dividend distribution due to good corporate performance. The results of this study support the results of research conducted by Suharli (2007), Al Najjar (2009), Abor and Bokpin (2010).

2. The significant value of the influence of the DER variable on dividend policy (DPR) of the company is 0.0011 with a regression coefficient marked negative. Because the significant value obtained is <0.05 and the regression coefficient is negative, it is concluded that the company's DER has a negative and significant effect on the company's dividend policy. The higher the company's DER, the lower the company's dividend policy, and vice versa. These results indicate that the higher the level of debt the company will reduce the amount of dividends that will be distributed to shareholders, this is because debt is a company obligation that must be paid on time and preferred over other things, the greater the debt will reduce the amount of profit available to shareholders. Companies with lower debt levels are better able to pay dividends than companies with high debt levels. The results of this study are in line with Bansaleng et al., (2014), Jannati (2012) and Nuringsih (2005).

3. The significant value of the effect of the TAG variable on dividend policy (DPR) of the company is 0.9538 with a regression coefficient marked negative. Because the significant value obtained > 0.05, it was concluded that the company's TAG had a negative effect not significantly on the company's dividend policy. Companies with high growth rates tend to give low dividends. This is because in order to meet the growth of company companies need more funds, so that profits or profits of the company are more detained in the form of retained earnings to fulfill the company's growth rather than being distributed to shareholders in the form of dividends. This is in line with the Pecking Order Hypothesis proposed by Meyrs and Majluf (1984), which states that companies prioritize internal funds rather than external funds in their funding activities. And it is also in line with the Residual Dividend Theory which states that dividend payments will be made after the funds for investment needs are met, in other words only if there is residual income, then the dividend will be paid.

4. The significant value of the influence of the CR variable on dividend policy (DPR) of the company is 0.1990 with a regression coefficient marked negative.
This result can be interpreted that companies with good liquidity do not reflect that the company will be able to distribute high dividends. Companies with high liquidity, this means that the company has a high free cash flow, where with high free cash flow the company manager will not distribute dividends but tends to make investments that do not benefit the company or use it for personal gain. On the other hand if the company's liquidity ratio is low but the company continues to distribute dividends to shareholders, this is in accordance with the sample data of this study, where the company's liquidity ratios show a low level of company liquidity but the company continues to distribute dividends to shareholders, this is due to fulfill the wishes of shareholders and increase the confidence of prospective investors about good corporate performance and maintain the reputation of the company, so that the company continues to distribute dividends even though the company's liquidity is low. The results of this study support the research conducted by Sunarya (2013) and Basana (2015).

5. Significant value of the influence of SIZE variable on dividend policy (DPR) of the company is 0.0326 with a regression coefficient marked positive. Because the significant value obtained is <0.05, it is concluded that the SIZE of the company has a positive and significant effect on the company's dividend policy. This means that the larger the size of the company, the greater the company's dividend policy, and vice versa. This is because the risk of large companies is more diversified than small companies, because large companies can share the risk with companies in the group of companies so that large companies are less financially risky, so large companies will share high dividends compared to small companies. The results of this study support the research conducted by Al-Najjar (2009), Adjiaoud and Hermassi (2017).

Panel Regression Model
The equation of the panel regression model formed is as follows:

\[
DPR = -0.577794 + 0.550185 \text{ROE} - 0.186328 \text{DER} - 0.007661 \text{TAG} - 0.020216 \text{CR} + 0.035435 \text{SIZE}
\]

The equation can be explained as follows:

1. The constant value of -0.577794 occurs if there is no change in profitability (X1), debt policy (X2), company growth (X3), liquidity (X4) and firm size (X5), then the amount of dividend policy (Y) is -0.577794 assuming other factors are constant.

2. Profitability regression coefficient (X1) of 0.550185 states that every increase in profitability (X1), then the amount of dividend policy (Y) will increase by 0.550185 assuming other factors are constant.

3. The debt policy regression coefficient (X2) of -0.186328 states that every change in debt policy (X2), the amount of the dividend policy (Y) will decrease by 0.186328 assuming other factors are constant.
4. The company growth regression coefficient (X3) of -0.007661 states that every change in company growth occurs (X3), then the amount of dividend policy (Y) will decrease by 0.007661 assuming other factors are constant.

5. The liquidity regression coefficient (X4) of -0.020216 states that whenever there is a change in liquidity (X4), then the amount of dividend policy (Y) will decrease by 0.020216 assuming other factors are constant.

6. The company size regression coefficient (X5) of 0.035435 states that every change in company size (X5), then the amount of dividend policy (Y) will increase by 0.035435 assuming other factors are constant.

**Simultaneous Test (Test F)**

Simultaneous influence test in panel data regression analysis is used to test the simultaneous effect of independent variables on the dependent variable. The results of the regression analysis panel in table 5 show that the significant value of the simultaneous test results obtained is 0.000063. Because the significant value obtained is <0.05, it can be concluded that the independent variables (ROE, DER, TAG, CR and SIZE) simultaneously influence the Dividend Policy (DPR) of manufacturing companies listed on the Stock Exchange in 2013 - 2016.

**5. CONCLUSION AND RECOMMENDATION**

**Conclusion**

This study aims to analyze the effect of profitability, debt policy, company growth, liquidity and firm size on dividend policy in manufacturing companies listed on the Indonesia Stock Exchange for the period 2013-2016. Based on the results of panel regression analysis, it can be concluded as follows:

1. Profitability has a positive and significant effect on dividend policy. Profitability (ROE) is the most dominant independent variable strengthening dividend policy (DPR).

2. Debt policy influences variables and is significant for dividend policy. Debt Policy (DER) is the most dominant free variable that weakens dividend policy (DER).

3. The company's growth has no significant effect on dividend policy.

4. Liquidity has no significant effect on dividend policy.

5. Company size has a positive and significant effect on dividend policy.

6. Simultaneously, profitability, debt policy, company growth, liquidity and company size together have a significant effect on dividend policy in manufacturing companies listed on the Indonesia Stock Exchange for the period 2013-2016.

**Recommendation**
The researcher realizes that this research has limitations, so the researcher gives suggestions for further researchers so that the results are better, as for the suggestions in this study:

1. The next researcher is expected to be able to add other independent variables not used in this study such as free cash flow, institutional ownership and ownership structure.
2. The next researcher can use the same independent variable as this research but using other proxies such as liquidity is proxied by the current ratio.
3. Add another population in future studies such as all companies listed on the Indonesia Stock Exchange not only in the manufacturing sector.

REFERENCE


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