Determinants of Dividend Policy in Compass 100 Index Companies

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Abstract

The writing in this study is a quantitative study that has the aim of knowing what are the determinants of dividend policy on the Kompas 100 Index companies. Companies that are included in the Kompas 100 Index during the 2015-2019 period are the objects of this research. A total of 31 companies were used as research samples by using the purposive sampling technique method. The tool used to analyze the data in this research is Microsoft Excel 2010 and test hypotheses using panel data regression analysis with Eviews 12.0 program and a significance level of 5%. The results of the study based on partial sample testing indicate that liquidity and leverage have no effect on dividend policy, and profitability has a significant negative effect on the company's dividend policy.

I. Introduction

In the current era of globalization, many business opportunities are open, thus business competition is becoming increasingly fierce by several parties, therefore the company needs to continue to seek and innovate in product development and also improve operational efficiency. Share buying and selling transactions can be carried out by the company in the capital market. The Indonesian stock exchange is a capital market that provides facilities for conducting stock transactions in Indonesia, where this exchange consists of several stock indices. The compass index of 100 became one of the listed indexes.

The Kompas 100 Index is one of the indexes in the capital market which consists of 100 shares of issuers listed on the Indonesia Stock Exchange. This index selects several companies whose shares are considered very liquid and have a high market capitalization as well as stocks that have fundamentals and have good performance.(kompas.id). The performance of the compass 100 index increased from 2015 to 2019. In 2015 it was 1,052.79; and in 2016 it rose to 1,083.67. In 2017, the compass 100 index increased again, namely 1,212.45 and in 2018 it was 1,252.94 and in 2019 it rose to 1,282.36. However, in 2020 there was a decrease to 1,036.23(id.investing).

The following is the phenomenon of company performance, one of which is included in the compass index of 100. PT Charoen Pokphand Tbk. (CPIN) has approved cash dividends for investors of Rp 1.32 trillion, down from 2018 which was worth 1.93 trillion. The 2019 dividend value is the same as 36.54% of the 2019 net profit which almost earned Rp 3.63 trillion. On the balance sheet, CPIN's total assets reached Rp 32 trillion, up 9.02% from total assets at the end of December 2019 of Rp 29.35 trillion. The total assets include short-term assets of Rp. 15.21 trillion and long-term assets of Rp. 16.79 trillion. In 2020, cash dividends

were distributed to shareholders of share capital of Rp 1.84 trillion. The company recorded sales in 2020 of IDR 42.51 trillion, which only increased slightly from 2019 of IDR 42.501 trillion. Even though, cost of revenue decreased to Rp 34.2 trillion compared to the previous year. On the other hand, CPIN's total liabilities fell to 7.8 trillion at the end of 2020 compared to Rp. 8.21 trillion in 2019. Total assets also managed to increase to IDR 31.15 trillion at the end of 2020 compared to IDR 29.1 trillion at the end of 2019(investasi.kontan.co.id)

Meanwhile, another phenomenon occurred in BBRI which was also included in the compass index of 100. BBRI distributed cash dividends of 65% of the profit achieved in 2020 even though the profit achieved decreased. Meanwhile, in 2019 BBRI only distributed dividends of 60% of the profit for the 2019 fiscal year. BBRI recorded a net income in 2020 of Rp. 18.65 trillion when in 2019 the profit reached Rp. 34.37 trillion. Meanwhile, for 2018, BBRI distributed cash dividends to investors reaching Rp 16.17 trillion. The amount is equivalent to 50% of the 2018 net profit of IDR 32.35 trillion (investasi.kontan.co.id).

Dividends are the return on profits from the company that investors expect to be distributed to those who hold shares. Regarding the distribution of dividends, related to the size and method of dividend distribution, it is decided on the dividend policy of the company (Sugeng, 2019, p. 431). Through activities in the capital market, companies can be able to raise funds that can be used to pay for business activities and expand their business units.

Dividend policy can be factored by several drivers, such as liquidity. In general, companies with high liquidity can pay more cash dividends than issuers with low liquidity requirements. Payment of dividends requires the availability of liquid assets, especially in the form of cash as a means to pay dividends (Sugeng, 2017 p. 125). If the company's liquidation payments increase, the company's dividend policy will also increase. According to the theory of Rohaeni & Ma'mun, (2020) which means the availability of sufficient cash that the company can use to pay dividends to investors. On the other hand, research journals written byAkbar et al., (2021) concludes the test results that liquidity cannot have an effect on the dividend policy of the company under study where the decline in liquidity is not certain in line with the dividend policy, but high liquidity gains reflect if the company has a good condition.

In running its business, the company does not escape debt which is used as additional funds used by the company. In the business world, companies take debt to meet the company's funding needs in managing the company, such as increasing the number of company assets in various forms, such as property, production equipment and investment. The impact on dividend policy will certainly decrease if the company's leverage increases. As said Munawar, (2019) which states that profits will decrease if the company has a greater debt burden while the company's profits are used to pay obligations rather than pay dividends. The increase in the value of the company's shares, the higher the company value, the higher it will be (Katharina, 2021). In the current economic development, manufacturing companies are required to be able to compete in the industrial world (Afiezan, 2020). The existence of the company can grow and be sustainable and the company gets a positive image from the wider community (Saleh, 2019). Leverage basically runs in contrast to the dividend policy where the company will prioritize to fulfill its obligations or it can be said that if the leverage is low, the company will distribute high dividends because the company has minimal liabilities as well as with increased leverage, the company will distribute dividends low because the focus is on on payment of obligations. However, in research conducted by Krisardiyansyah & Amanah, (2020) said dividend policy is not influenced by leverage.

The origin of the distribution of dividends is the profits that have been achieved by the company. This profit is called profitability where the company's profitability reflects how much profit the company has achieved in its operations, this profit is what investors

expect to be distributed by the company in the form of dividends. This is in sync with the journal written by Odiatma, (2020) which draws the conclusion that the increase in profits achieved is in line with the decision to distribute dividends to shareholders. Different things were said bySumanti & Mangantar, (2015) which conveys that profitability does not significantly affect dividend policy, to maintain the company's reputation in the eyes of investors where even though profitability is low the company will still pay high dividends. In other words, there is a phenomenon when a company can provide a fairly high dividend but the profit generated is low.

Based on the explanation above, the researcher is interested in researching with the title "Determinants of Dividend Policy in Companies Included in the Kompas 100 Index".

II. Review of Literature

2.1 Signal Theory and Dividend Policy

The signal theory described byRoss, (1977)caused by the information held by management is more detailed than the information held by shareholders or investors, this is called information asymmetry. Signaling hypothesis according toMiller & Rock (1985), signals regarding the future opportunities of the company are described, in which the information is based on changes in the dividends paid.Akbar et al., (2021)In his research, he concluded that signaling theory with an increase in dividends generally describes a signal to shareholders to invest, because management predicts good future earnings or vice versa. Companies that pay dividends represent an important information signal because it is profitable for the capital market(Nguyen and Bui, 2019). Where this information can minimize the occurrence of asymmetry, managers can send signals to investors through the company's finances.

2.2 Agency Theory and Dividend Policy

Agency theory explains the relationship between shareholders and management. This arises from an agreement between investors (principals) who represent the company's management obligations to management (principals).Jensen & Meckling, 1976). The premise of agency theory is that everyone (principal and agent) is driven for personal pleasure, which causes disputes between principal and agent. Agents are motivated to further expand their business, and clients are motivated to achieve maximum profit for self-satisfaction under contractual agreements.

Agency conflict is formed as a result of a conflict of interest between managers and investors in net income applications. Company managers have expertise in managing the company's sources of funds in activities that have benefits for themselves but not for investors (Jensen, 1986). The risk that the company's management makes bad decisions is borne by the business owner, because the risk is not borne by the company's management, often the decision making is not optimal. (Septiani et al., (2021).Krisardiyansyah & Amanah, (2020)states that if a good relationship is established between the parties, with confidence in the duties assigned by the shareholders to run the business, management will provide more detailed information about the state of the company, unlike the shareholders, in relation to the parent company, only receiving information provided by the company. management. To avoid differences in interests between managers and investors, agency costs are needed which aim to supervise and control the behavior taken by managers in making decisions so that shareholders do not feel that they are harmed from the information they receive.

2.3 Dividends and Dividend Policy

Dividend is a profit received by investors from the company(Musthafa, 2017 p. 141). Dividends are paid to shareholders or investors of an issuer as a result of the profits earned by the company(Pattiruhu and Paais, 2020). The distribution of dividends to investors will be distributed from the company's retained earnings (Odiatma, (2020). There are two types of dividends that are generally distributed, namely cash dividends and stock dividends(Brigham & Houston, 2006 p. 95). Cash dividends, namely the distribution of dividends to investors who provide cash. Usually this dividend is more preferred and more widely used by the company. Then there is the stock dividend, which is the distribution of dividends to investors in the form of shares. The distribution of stock dividends assumes that there is a profit or surplus available, and the distribution of stock dividends can provide an increase in the number of shares outstanding, but the company's liquidity conditions cannot be changed because of the payment of this share dividend. This is not part of the company's cash flow.

2.4 Liquidity and Dividend Policy

Liquidity is the ability that can be issued by the company in order to fulfill short-term obligations smoothly. The function of liquidity is as a tool to measure how the company is able to fund and meet obligations as they fall due (Cashmere, 2016). According to Septiana (2019, p. 65) Liquidity is the ability of the company to pay its obligations in the short term.

Previously Zhang et al., (2020), revealed that one of the methods used to measure the determination of dividends is the current ratio based on the calculation of current liabilities. In line with Lintner, Brav et al. (2008 inpattiruhu & Paais, 2020) which reveals that income earned over a period of time and information disclosure to investors on an ongoing basis, including risk factors and corporate financial expenditures are factors that influence dividend policy. The current ratio is used to calculate this ratio, by making a comparison between current assets and current liabilities. In effect, if the CR is high, the company's current assets are higher than the company's current debt, so the company can manage current assets and current liabilities. So that the company's profits can be used to distribute dividends.

With research fromKrisardiyansyah & Amanah, (2020),Wirawan, (2019),Odiatma, (2020), Hesniati & Hendra, (2019), andRohaeni & Ma'mun, (2020)revealed that liquidity has an influence on dividend policy.

2.5 Leverage and Dividend Policy

Leverage is the amount of borrowed capital used by the company to run the company's operations. The emergence of leverage is due to the company's operations by utilizing assets and sources of funds that incur fixed costs when depreciation occurs on fixed assets, as well as liabilities that carry interest costs (Sudana, 2019 p. 217). Leverage according to Kasmir (2008 in Maulani, 2017)is a comparison used in measuring the company's ability to achieve all commitments in the long term.

2.6 Profitability and Dividend Policy

Profitability is the company's ability to generate profits for the company. Puspaningsih & Pratiwi, (2017) said the company will distribute dividends to shareholders if the company succeeds in making a profit. Increasing or paying dividends can be done if the company has good cash flow or profitability(Handini, 2020 p. 204). If the company's profits are low, the dividends distributed will also be low.

2.7 Research Model

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┌─────────────────┐
│   Liquidity     │─────────┐
└─────────────────┘          \
┌─────────────────┐           ┌─────────────────────┐
│   Leverage      │───────────│  Dividend Policy    │
└─────────────────┘           └─────────────────────┘
┌─────────────────┐          /
│  Profitability  │─────────┘
└─────────────────┘
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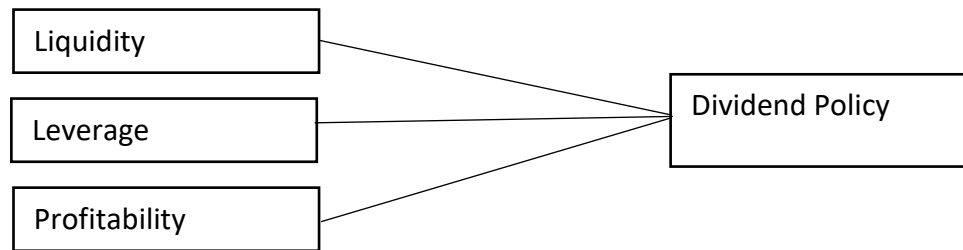
2.8 Research Hypothesis

Based on empirical and theoretical studies that have previously been described, in this study the researcher has the following hypothesis:

- H1 : Liquidity affects the dividend policy of the compass index company 100
- H2 : Leverage has an effect on dividend policy of compass index companies 100
- H3 : Profitability affects the dividend policy of the compass index company 100

III. Research Methods

3.1 Population and Sample

The population used in this study are companies that are included in the Kompas 100 index which are listed on the Indonesia Stock Exchange during the period 2015 to 2019 which consists of 60 stock issuers. The sample was selected using the purposive sampling technique and based on the sampling criteria, a sample of 31 companies were obtained that were included in the Kompas 100 index that distributed dividends for the period 2015 to 2020.

Purposive sampling is a technique to determine the sample by considering several things and based on certain conditions (Sugiyono, 2014 p. 122). The conditions used to take the sample are companies that distribute dividends for five consecutive years for the 2015 to 2019 research period.

3.2 Variable Measurement
a. Dependent Variable

Dividends to investors depend on the ability of the company itself. Dividend policy can be calculated using the formula:

$$DPR = \frac{DPS}{EPS} \tag{1}$$

b. Independent Variable

a. Liquidity (X1) is a comparison that can measure the company's ability to meet its short-term debt. This calculation is by proxying the current ratio, by comparing current assets with current liabilities.

$$Current\ Ratio = \frac{aktiva\ lancar}{hutang\ lancar} \tag{2}$$

And the loan to deposit ratio for liquidity at the bank

$$LDR = \frac{Kredit\ yang\ diberikan}{dana\ pihak\ ketiga} \tag{3}$$

b. Leverage (X2) is a calculation ratio that measures the company's ability to pay all of its obligations. Leverage in this study is proxied on DER. Where is the calculation by comparing the total debt and total equity of the company.

$$DER = \frac{Debt}{Equitas} \qquad (4)$$

c. Profitability (X3) is a ratio that measures the company's ability to obtain profits or company profits in a period. This study is a proxy for profitability with ROE. Where to calculate the comparison of profit after tax with company equity.

$$ROE = \frac{EAT}{Equitas} \qquad (5)$$

c. Data Collection Technique

In this research, the type of data that the researcher uses to compile is the type of secondary data. This research uses data sources obtained from the Indonesia Stock Exchange (IDX) website at www.idx.co.idIn addition, through scientific journals, articles, textbooks, and other sources of textual information needed as a source of data collection.

d. Analysis Techniques and Hypothesis Testing

In carrying out the analysis and hypothesis testing, the mechanism used is by using Microsoft Excel and Eviews 12.0 applications.

The general form of panel data regression is as follows:(Basuki & Prawoto, 2017 p. 276)

$$Y_{it} = \beta 0 + \beta 1 X1 + \beta 2 X2 + \beta 3 X3 + \varepsilon \qquad (6)$$

Information:
Yit   :*Dividend Payout Ratio (DPR)*
B   : Constant
X1   : Liquidity (*CR*)
X2   : leverage (*DER*)
X3   : Profitability (*ROE*)
ε   :*error*

IV. Results and Discussion

4.1 Results
a. Descriptive Statistical Analysis

Table 1. Descriptive Statistics

	DPR	LIQUIDITY	LEVERAGE	PROFITABILITY
mean	0.476172	1.836098	2.596974	0.203071
median	0.449700	1.500321	1.012129	0.157192
Maximum	1.762653	5.522597	13.54323	1.399659
Minimum	0.011800	0.279643	0.153487	0.009635
Std. Dev.	0.278133	1.159922	3.072336	0.228972
Observations	155	155	155	155

Source: eviews 12.0 program output (processed data)

From table 9 on descriptive statistics in understanding how much the level of dividend policy, liquidity, leverage, and profitability. The following is the application form of descriptive statistics from the table above.

1. Dividend Policy (DPR)
    The mean of 155 observations is 0.476172. The highest payout ratio is 1.762653 for INTP companies in 2018 while the lowest payout ratio is 0.011800 for SRIL companies in 2019. The standard deviation is 0.278133 which means that the distribution of dividend payout ratio is below the average so the data used is in good condition.
2. Liquidity
    The mean of 155 observations is 1.836098. The highest liquidity of LSIP issuers in 2017 was 5.522597 and the lowest liquidity was JSMR issuers in 2019 of 0.279643. The standard deviation is 1.159922, which means that data using below-average liquidity spreads is good.
3. Leverage
    The mean of 155 observations is 2.596974. The highest leverage was 13,54323 for TBIG issuers in 2016 while the lowest leverage was 0.153487 for INTP issuers in 2016. The standard deviation is 3.072336, which means that the spread of leverage is above the average so that the data used is not in good condition.
4. Profitability
    The mean of 155 observations is 0.203071. The highest profitability of UNVR issuers in 2019 was 1.399659 and the lowest profitability of SSIA issuers in 2018 was 0.009635. The standard deviation is 0.228972 which means the spread of profitability is above the average so that the data used is not in good condition.

b. Partial Test (t Test)

Table 2. Partial Test

Variable	Coefficient	Std. Error	t-Statistics	Prob.
C	0.729635	0.075529	9.660321	0.0000
LIQUIDITY	-0.054061	0.033761	-1.601296	0.1119
LEVERAGE	-0.009541	0.018762	-0.508515	0.6120
PROFITABILITY	-0.637331	0.200872	-3.172817	0.0019

Source: Output Eviews 12 (processed data)

Based on table 2 the results of the t test, it can be seen that the relationship between the independent variables on the dependent variable is as follows:

a. Effect of liquidity on dividend policy (DPR). Based on the results of the processed data listed above, liquidity results are obtained which show a significance level of 0.1119 > 0.05 which means it is greater than . The coefficient value is -0.054061 and the t-count value is -1.601296 <1.97569 which indicates it is smaller than the t table with df = 155-3 = 152 and a significant level of 5%, so this study accepts H0 and rejects Ha. So it can be concluded that liquidity has no effect on dividend policy.
b. The effect of leverage on dividend policy (DPR). Based on the results of the table above, the leverage value is calculated by the debt to equity ratio (DER). Shows the results of a significance level of 0.6120 > 0.05, which is greater than . The coefficient value is -0.009541 and the t-count value is smaller than the t-table, namely -0.508515 < 1.97569 with df = 155-3 = 152 and a significant level of 5%, so this study can accept H0 and reject Ha. So it can be concluded that leverage has no effect on dividend policy.
c. The effect of profitability on dividend policy. Based on the processed results of table 13, the profitability results can be calculated by return to equity (ROE). Shows the

results of a significance level of 0.0019 < 0.05, which is smaller than . The coefficient value is -0.637331 and the t arithmetic value is -3.172817 < 1.97569 which shows it is smaller than the t table with df = 155-3 = 152 and a significant level of 5%, so this study rejects H0 and accepts Ha. The negative sign illustrates that there is a negative effect between profitability and dividend policy. So it can be concluded that profitability can have a significant negative effect on dividend policy.

c. Coefficient of Determination Test (R^2)

Table 3. Coefficient of Determination Test (R^2)

MSE root	0.133591	R-squared	0.767800
Mean dependent var	0.476172	Adjusted R-squared	0.704473
SD dependent var	0.278133	SE of regression	0.151200
Akaike info criterion	-0.749355	Sum squared resid	2.766225
Schwarz criterion	-0.081765	Likelihood logs	92.07500
Hannan-Quinn Criter.	-0.478195	F-statistics	12.12432
Durbin-Watson stat	1.856922	Prob(F-statistic)	0.000000

Source: Output Eviews 12 (processed data)

Based on table 3, it can be seen that the coefficient of determination used is an Adjusted R-squared with a value of 0.704473. This states that the independent variables namely liquidity, leverage and profitability are able to explain 70.4473% of the total variance of the dependent variable, namely dividend policy and is explained by other variables that are not used in this study of 29.5526%.

4.2 Discussion
a. Effect of Liquidity on Dividend Policy
The liquidity results obtained are based on panel data regression results such as the t-count table, it is found that there is a comparison between t-count and t-table of -1.601296 <1.97569. This means that liquidity does not depend on dividend policy. The level of significance seen from the probability is 0.1119 > 0.05 in the sense that liquidity is not significant to dividend policy. Therefore, the first hypothesis (H1) in this study is rejected, which means that partially the company's liquidity value does not affect dividend policy.

The results of this study indicate that dividend policy is not influenced by liquidity. Companies that are considered liquid cannot be used as a basis for dividend distribution. This is because the company's working capital is prioritized for short-term obligations and for other purposes that can increase the company's business activities. In providing dividends with a high amount, it is not necessarily influenced by the high level of company liquidity. It can be seen that TBIG issuers in 2016 experienced a decrease in the current ratio of 68.5% from 2015 which was originally 136.09%. however, the DPR that year experienced an increase of 58.81% from the previous year to 77.13%. Then in 2017 the current ratio rose to 99.16%, different things happened to the dividend policy which decreased by 44.75% to 32.38%. In 2018 the current ratio again decreased by 67.6% to 31.56% but the company's dividend policy increased by 55.78% from 2017 to 88.16%. In 2019, the change in the current ratio increased by 21.1% to 52.66%, and was not in line with the dividend policy which fell 14.25% to 73.91%. This proves that the increase in the current ratio has not been confirmed to be in line with the dividend policy, but it is a signal that the company is in good condition.

The results of this study are in accordance with and are supported by previous research conducted byPattiruhu & Paais (2020),Sari et al. (2021),Akbar et al. (2021), andSeptiani et al.

(2021) who said that liquidity had no effect on dividend policy. This can happen because when using cash, the company allocates it to several parts, not only to distribute dividends, but also to spend assets and invest by increasing the company's income.

b. Effect of Leverage on Dividend Policy

Based on the panel data regression calculation in the t test table, the leverage results show that the comparison value of t count is smaller than t table, namely -0.508515 < 1.97569 in the sense that leverage does not affect dividend policy as indicated by a probability of 0.6120 > 0.05, namely leverage does not significant to dividend policy. So the second hypothesis (H2) of this study is thus rejected, meaning that the influence of leverage partially has no effect on dividend policy.

The leverage generated by the company does not fully allow a high dividend policy. A high DER illustrates that the company has a high level of debt but even so, it will not prevent the company from distributing dividends because the company also needs to pay attention to the interests and welfare of shareholders so that dividend policy is not influenced by DER. It can be seen in CTRA issuers that in 2016 the company had a DER which rose 1.6% from the previous year to 102.81% and DER in 2017 also increased by 2.1% to 104.96%. With a 2016 liability value of Rp. 14,786,855 and equity of Rp. 14,382,478. This increase could be due to the high liabilities used for funding derived from advances received in 2016 of Rp 5,850,600. Then in 2017 liabilities amounted to Rp 16,321,729 and equity amounted to Rp 15,550,573 with an advance received of Rp 6,458,632. Meanwhile, the 2016 and 2017 DPR also experienced an increase which is certainly contrary to theory. DPR in 2016 was 11.62%, an increase of 1.8% from the previous year of 9.82%. The DPR in 2017 again increased by 8.07% to 19.69%. This proves that the increase in the debt to equity ratio (DER) has no effect on dividend policy, but with high leverage, it illustrates that the company uses liquidity as a source of funding for the company. DPR in 2016 was 11.62%, an increase of 1.8% from the previous year of 9.82%. The DPR in 2017 again increased by 8.07% to 19.69%. This proves that the increase in the debt to equity ratio (DER) has no effect on dividend policy, but with high leverage, it illustrates that the company uses liquidity as a source of funding for the company.

The results of this study are supported by previous research bySari et al. (2021), Krisardiyansyah & Amanah (2020),Akbar et al. (2021), andNuraini (2021)which says that leverage does not affect dividend policy. A higher DER ratio indicates a high amount of debt but does not prevent the company from continuing to distribute dividends because the welfare and interests of shareholders also need to be considered by the company.

c. The Effect of Profitability on Dividend Policy

Based on the results of data processing from panel data regression from table 13 t test results, the profitability results show that t count has a value smaller than t-table, namely -3.172817 < 1.97569 which means that profitability has no effect on dividend policy and the significance of probability 0 .0019 < 0.05 means significant profitability for dividend policy. For the third hypothesis (H3) in this study can be accepted, so partially profitability can affect dividend policy negatively.

The results of this study conclude that profitability affects dividend policy negatively. The decrease in net income does not reduce the company's dividend payment rate. The company's net profit is not used to pay dividends, but is used as retained earnings so that the company can roll back to fund the company's operational activities. Significant negative profitability illustrates that management has not succeeded in improving the performance of companies financed by capital. So that the prospect of the company's activities needs to be evaluated to be more productive so that shareholders can receive a DPR that is greater than

the cost of capital. It can be seen from RALS issuers in 2016 that profitability increased from the previous year to 12, 24% but not in line with the company's dividend policy of 59.25%, a decrease from the previous year. Then in 2017 the company's dividend policy rose 6.89% to 66.14% but the company's ROE fell 0.6% to 11.64%. In 2018 the ROE generated by the company again increased to 15.34% but the company's DPR decreased by 8.72% to 57.42%. In 2019 the DPR again fell to 52.03% while the company's ROE moved in the opposite direction, which increased by 0.2% to 15.54%. This proves that the increase in ROE has not been confirmed to be in line with the dividend policy, but it is a signal that the company is doing well.

The results of this study are in accordance with and are supported by previous researchSari et al. (2021)andAnggraeni et al., (2018)which concludes that profitability affects dividend policy significantly negatively. The company's increased profits will be used by the company to refinance its operations and precede paying the company's obligations as well as adding assets with its own capital so that dividend payments will decrease.

V. Conclusion

The following are conclusions that can be drawn based on the results of research and hypothesis testing using panel data regression analysis in 31 companies indexed by Kompas 100 for the period 2015 to 2019.
a. The processed results that were tested on the Liquidity variable measured using the current ratio (CR) and Loan to Deposit Ratio (LDR) showed that the company's liquidity had no effect on dividend policy on the Kompas 100 index company. The conclusion was drawn that the hypothesis of this study accepted H0. This happens because the company's cash is used for various kinds, not only the distribution of dividends but can also be used to buy assets or invest in increasing company income.
b. The test results of the Leverage variable measured using the Debt to Equity Ratio (DER) show that the company's leverage does not affect dividend policy. The conclusion of this research hypothesis is that it accepts H0. This can happen because the company will prioritize payment of obligations that are due immediately or other payments, so that funds for dividend distribution can be reduced.
c. The results of the test of profitability variables calculated by Return on Equity (ROE) show results which state that the level of profitability has a significant negative effect on dividend policy produced by the Kompas 100 index company. It is concluded that the hypothesis of this study accepts Ha. The net profit generated by the company is not always a part to be distributed to shareholders, but can be allocated as retained earnings so that it can be turned back into funds for purchasing assets or to pay obligations so that funds for dividend distribution are reduced.

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