REVIEW OF INTERNATIONAL GEOGRAPHICAL EDUCATION
ISSN: 2146-0353 • © RIGEO • 11(5), SPRING, 2021
www.rigeo.org
Research Article

The Influence of Firm Size, Leverage, and Liquidity on Company Performance through Dividend Policy in Manufacturing Companies Listed on the Indonesia Stock Exchange 2015 - 2019 Period

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Keywords
Firm Size, Leverage, Liquidity, Company Performance, Dividend Policy

To cite this article: Susanti, N.; Nugraha, M. A. D.; Yaasmin, N. N.; Maghfiroh, N.; Ramadanti, D. Z.; and Nasution, Y. P. (2021) The Influence of Firm Size, Leverage, and Liquidity on Company Performance through Dividend Policy in Manufacturing Companies Listed on the Indonesia Stock Exchange 2015 - 2019 Period. *Review of International Geographical Education (RIGEO)*, 11(5), 3225-3237, doi: 10.48047/rigeo.11.05.213

Submitted: 07-10-2020 • **Revised:** 09-12-2020 • **Accepted:** 11-02-2021

Abstract
This study aims to influence company size, leverage, and liquidity on company performance with dividend policy as an intervention variable in manufacturing sector companies listed on the Indonesia Stock Exchange in 2015 - 2019. This type of research is an associative clause. The population used in this study are manufacturing sector companies listed on the Indonesia Stock Exchange from 2015 to 2019. The type of data used in this study is secondary data and data using the documentation method. While the sampling in this study used purposive sampling technique. The research data were as many as 140 companies and a sample of 42 companies. The analysis technique used is multiple linear regression and multiple test. The results of this study indicate that the company has no effect on dividend policy, leverage affects dividend policy, and affects dividend policy. Whereas its relationship with company performance shows that the results show that the company has no effect on company performance, leverage has an effect on company performance, and has an effect on company performance.

Introduction

Every company that is established must have clear objectives, short-term goals and long-term goals. The company's goal in the short term is to achieve maximum profit by utilizing the available resources. The goal in the long term is to maximize the prosperity of the company's shareholders which can be achieved by increasing the value of the company. To realize the company's goals, it is necessary to have sufficient funds for business capital needs. (Lamtiar et al., 2021) states that to meet the needs of funds in order to increase the value of the company in order to remain good and competitive, one way that can be taken is to issue shares to the capital market.

The company's financial performance describes the implementation of the company's work plan planned by the company so that the performance of management implementation for the following year can be evaluated and improved. The company's financial performance is evaluated through the management decision-making process, because it involves the effectiveness of the use of capital and the efficiency of the company's operations. Companies use performance evaluation to improve their operations in order to compete with other companies.

The performance of a company is a description of the business results that the company has achieved in a period. With an assessment of a company's performance, the company will know how much the results of the efforts have been made and know the weaknesses that exist in the company, so that for the next period it can be corrected for these weaknesses. According to Robinson (2020), information regarding financial performance will be very important for investors as a means of making investment decisions. In investing, investors must be selective in choosing where to invest.

According to Gârleanu, Panageas, and Yu (2020), investment is a commitment to a number of funds or other resources carried out at this time, with the aim of obtaining a number of benefits in the future. Investment decisions are related to the process of selecting one or more investment alternatives that are considered profitable from a number of investment alternatives available to the company (Alshbili, Elamer, & Beddewela, 2019). Investment decisions are influenced by the availability of company funds that come from internal sources of funding and external sources of funding. Making this investment decision is a difficult choice for company management because it will affect the value of the company. The higher the investment decision set by the company, the greater the chance for the company to get a high return (Ramlah, 2021).

Companies that carry out high investment activities are able to influence investors' perceptions of the company, thereby increasing demand for the company's shares. If the investment decisions can be made correctly, then the company's growth will bring benefits in the future. The company's growth is expected to be directly proportional to the movement of company value. This is in accordance with the signaling theory which explains the relationship between investment and firm value, where investment is an important factor in generating company profits, so that in the end the company's value will increase (Mumiati, Mus, Semmaila, & Nur, 2019).

In Indonesia, investor interest in investing continues to increase. This is marked by the increase in the number of Single Investor Identification (SID) from 2016 to mid-2020. Investors are required to have SID since 2012, in accordance with the Decree of the Chairman of the Capital Market and Financial Institution Supervisory Agency No. KEP-327 / BL / 2012.

Figure 1. Growth in the Number of SID Investors in the Capital Market in 2017 - 30 July 2020
Source: www.bareksa.com

Based on Figure 1, the Indonesia Stock Exchange (IDX) announced that the number of new investors created throughout 2020 on the capital market has grown 21.66% of the total number of investors in 2019. The number of stock investors in mid-year has reached 3,022,366 Single Investor Identification (SID). There is a growth of 538,012 SID when compared to the total number of stock investors at the end of 2019 which amounted to 2,484,354 SID. From this data, it can be said that the potential interest of new investors to invest continues to grow.

Dividend policy is a management policy to decide whether the profits earned by the company will be distributed to shareholders as dividends or retained in the form of retained earnings for future investment financing. There are several important factors that influence dividend policy, namely available investment opportunities, availability and cost of alternative capital, as well as shareholder preferences to receive current income or receive it in the future (Murniati et al., 2019). The achievement of the company's goals for shareholders is done by obtaining optimal profits, then the company's performance will be assessed well by investors and responded positively by the market as indicated by the increasing demand for company shares. So that dividend policy is important for shareholders to meet their expectations and on the other hand it does not hinder the company's growth. Companies use dividends as a way to show outsiders or investors the stability and growth prospects of the company in the future. This is indirectly related to company performance appraisal. Dividend policy is important because it affects the company's investment opportunities, stock prices, asset management and the company's financial performance. In other words, dividend policy provides information about firm value.

Based on this phenomenon, it shows that there is an increase in company performance. The increasing number of capital market investors can be used by companies to obtain additional funds or capital from external parties. In making investment decisions, external parties consider the financial performance stated in the financial statements because the more efficient a company's financial performance is, it is expected that the company will be able to generate maximum profits and be able to provide returns so that it will attract investors to invest. One alternative to investing is in manufacturing sector companies, because investment in this sector still provides opportunities for maximum profit.

The following is the fluctuation of the average ROA in manufacturing companies in the goods and consumer industry sector listed on the Indonesia Stock Exchange (IDX) in 2015 - 2019 which is illustrated in the following graph:

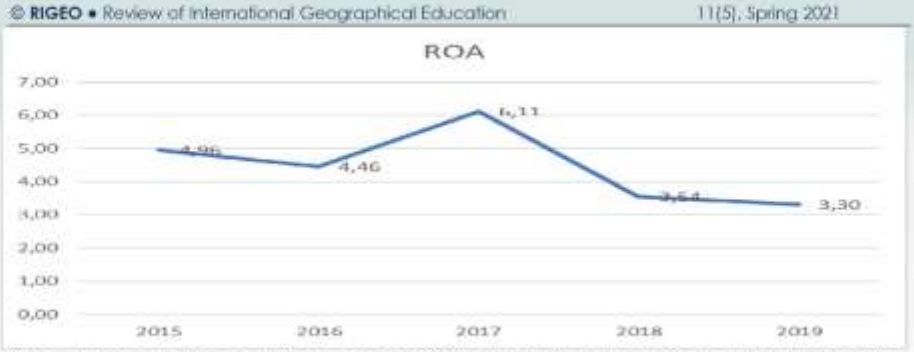

Figure 2 Average Financial Performance (ROA) of Manufacturing Companies Listed on the Indonesia Stock Exchange 2015 - 2019
Source: www.idx.co.id (data reprocessed)

Based on Figure 2 it can be seen that the average Manufacturing company Listed on the Indonesia Stock Exchange in 2015-2019 has fluctuated but tends to decline. In 2015, the financial performance was 4.96%, then in 2016 it decreased to 4.46%. In 2017 average financial performance experienced an increase to 6.11% in 2018 decreased again to 3.54%, then in 2019 the average financial performance continued to decline, namely to 3.30%.
Measurement of financial performance using ROA shows the company's operational ability to generate profits using its assets. High ROA shows the higher the company's ability to generate profits from its assets. This indicates that a good company's financial performance is directly proportional to a high ROA level (Hasanudin, Nurwulandari, Adnyana, & Loviana, 2020). Based on the results of Figure 2, it shows that ROA in manufacturing companies listed on the Indonesia Stock Exchange 2015-2019 has decreased, which means that the company's ability to generate profits is not good. There are several factors that can affect financial performance, including firm size, leverage and liquidity.
The purpose of this research was conducted to find out the influence of firm size, leverage and liquidity of the Company's performance with the dividend policy as an intervening variable in the Manufacturing companies listed on the Stock Exchange in 2015-2019.

Literature Review

Firm Size

Firm Size describes the size of a company in which large companies will find it easier to get loans from outside both in the form of debt and share capital because usually large companies will be accompanied by a fairly good reputation in the eyes of the community. The size of the company can determine the level of investor confidence, with the bigger the company, the more it will be known and recognized by the wider community, which means the easier it is to get information. Basically, the size of the company is only divided into categories, namely large, medium, and small (Hirdinis, 2019).

Leverage

Leverage is a company's ability to meet its financial obligations, both short-term and long-term. Leverage arises because the company in its operations uses assets and sources of funds that cause fixed expenses for the company. According to Huang and Shang (2019) the higher the leverage value shows that the amount of debt owned by the company is greater than the capital, so that the costs that must be borne by the company to fulfill obligations will be even greater, and have an impact on the decrease in the value of the company's profitability.

Liquidity

Liquidity is a ratio that shows a company's ability to meet short-term financial obligations on time (Dwiantari & Artini, 2021). Liquidity is the ability of a company to fulfill its short-term obligations as quickly as possible so that it is easier to get investment from investors. High liquidity will influence

investors to invest so that the demand for company shares will increase. Investors will be attracted to companies with good liquidity levels.

Company Performance

Definition of financial performance is tangible results that can be achieved and used to support the achievement of positive results by the company. Financial performance is the result of decisions based on an assessment of the company's ability both in terms of liquidity, activity, leverage solvency, and profitability made by management as one of the guidelines for describing the company's past financial condition and is used to predict future finances. (Edward & Simorangkir, 2020) The company's financial performance is part of management performance, namely a measure of efficiency and effectiveness in managing invested funds in order to provide maximum profit for managing companies and investors. This can happen if the company feels confident and has certainty that future earnings can be clearly predicted.

Dividend Policy Dividend

policy provides an opportunity to conduct research on how a company manages the interests of shareholders and creditors simultaneously. Dividends reduce shareholder concerns about a takeover by managers, on the other hand intensify creditors' concerns about shareholder takeovers. Dividend policy is a plan of action that must be followed in making dividend decisions. Dividend policy must be formulated for two basic elements of purpose by taking into account the maximization of wealth of company owners and sufficient financing (Triani & Tarmidi, 2019).
Management must make a decision on how much share should be distributed in the form of dividends (Uzomah & Ihe, 2021). Dividend policy is a policy taken by company management to decide to pay part of the company's profits to shareholders rather than holding it as retained earnings to be reinvested in order to get capital gains. Capital gains are the capital gains a shareholder will receive if they reinvest their earnings over the long term. The decision of the management to determine the treatment of earnings after tax (EAT), whether it is distributed as dividends, reinvested, or partially distributed as dividends, partially reinvested in the company is called the dividend policy and the dividend percentage divided from earnings. After tax (EAT) is called the dividend payout ratio (Vágnerová & Horák, 2020).

Research Method

The population in this study were manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the period 2015 - 2019. The sampling technique in this study used a purposive sampling method. According to Campbell et al. (2020) purposive sampling is a technique with certain considerations. The reason for choosing the method is because this method can represent a sample that matches the characteristics of the sample with the sample selection criteria carried out. The sample in this study was selected based on the criteria that the Manufacturing company did not experience a loss during 2015 - 2019 and the Manufacturing company's financial statements are stated in rupiah units. Based on the above criteria, the companies that can be sampled in this study consist of 42 companies from 140 companies.
In this study, the dependent variable is company performance or company financial performance, using the formula return on assets (ROA). Independent variables, firm size or the size of the company using the formula of the natural log of total assets, the leverage using the formula debt to equity ratio (DER), liquidity or the liquidity of the company using the formula of the current ratio (CR). In this study, the intervening variable is dividend policy as measured by using the Dividend Payout Ratio (DPR). Dividend policy is a decision regarding the profit generated by the company to be distributed to shareholders as dividends or to be retained in the form of retained earnings, for investment funding in the future (KANAKRIYAH, 2020). This study uses the classical assumption method and the Sobel Test.

Results And Discussion

Results

Table 1
Descriptive Statistics

Ket	ROA	DPR	Firm Size	DER	CR
N Valid	42	42	42	42	42
Missing	0	0	0	0	0
Mean	0.0848	0.4293	26.39115	1.2128	1.8192
Median	0.065	0.2	27.899	0.812	1.28
Std. Deviation	0.26291 3.9376 0.8725 1.61263				0.04293
Variance	2.726	0.076	2.979	0.819	0.002
Minimum	0.01	0.05	16.58	0	0.54
Maximum	0.21	0.66	32.20	3.51	7.6

Table 1 can be seen that all variables in this study can be seen that all of them have an average value (mean) greater than the standard deviation value (Std. Deviation). So it can be concluded that the distribution of data from all variables in this study shows normal results and does not cause bias.

Normality test

Table 2
DPR Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		42
Normal Parameters[a, b]	Mean	.0000000
	Std. Deviation	.56280594
Most Extreme Differences	Absolute	.201
	Positive	.201
	Negative	-.081
Test Statistic		.201
Asymp. Sig. (2-tailed)		.000[c]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

Based on Table 2, it is known that the results of data normality testing using the method Kolmogorov-Smirnov (KS). Obtained a significance value (Asymp.Sig 2-tailed) of 0.201. In relation to the significance value greater than 0.05 (0.201> 0.05), it is concluded that the data is normally distributed.
Based on Table 3, it is known that the results of data normality testing using the method Kolmogorov-Smirnov (KS). Obtained a significance value (Asymp.Sig 2-tailed) of 0.200. In relation to the significance value greater than 0.05 (0.200> 0.05), it is concluded that the data is normally distributed.
Based on the calculation shown in the above table, the result tolerance value in above 0.1 and the value of VIF (Value Inflation Factor) below 10. Thus, it can be concluded that there is no multicollinearity among the independent variables.
Based on the calculation results shown in the table above, the tolerance value is above 0.1 and the VIF value (Value Inflation Factor) below 10. Thus, it can be concluded that there is no multicollinearity among the independent variables.

Table 3
ROA Normality

One-Sample Kolmogorov-SmirnovTestTest		
		Unstandardized Residual
N		42
Normal Parameters[a, b]	Mean	.0000000
	Std. Deviation	4.82645177
Most Extreme Differences	Absolute	.101
	Positive	.069
	Negative	-.101
Test		.101
AsympStatistic. Sig. (2-tailed)		.200

a. Test distribution is Normal.
b. Calculated from data.

Table 4
Test Multicolinearity Parliament

Model	Tolerance	VIF
(Constant)		
Firm Size	.732	1.366
DER	.972	1.029
CR	.412	2.426

Source: Output SPSS (Statistics Program for Social Science)25.0

Table 5
ROA Multicollinearity Test

Model		Tolerance	VIF
1	(Constant)		
	Firm Size	.827	1.728
	DER	.718	1.126
	CR	.518	2.627
	DPR	.508	1.968

Table 6
DPR t test

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	6.106	1.736		4.729	.100
	Firm Size	.160 .551.876			3.765	.482
	DER	.280	.142	.380	3.972	.021
	CR	.206 .237.065			3.621	.428

Table 7
Test t ROA

Model		Coefficients unstandardized B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	.461 .870 .679				(Constant)	.100
	Firm Size	.556.757 .876		.126		.687
	DER	.328 .350		.410	2.346	.021
	CR	.816 .371.008			3.216	.651
	Parliament.	.305	263	.215	3.075	.000

Figure 3
Sobel Test

Sobel Test Statistic: 0.067283627
One-Tailed Probability: 0.61728929
Two-Tailed Probability: 0.38291283

Figure 4
Sobel Test

Sobel Test Statistic: 0.02718492
One-Tailed Probability: 0.47382931
Two-Tailed Probability: 0.42738462

Figure 5
Sobel Test

Sobel Test Statistic: 0.08719234
One-Tailed Probability: 0.32948128
Two-Tailed Probability: 0.28492102

Figure 1 above Sobel test value one tailed probability that is equal to 0.617 value is greater than 0.05 means that the dividend policy can not affect firm size against ROA. Whereas in Figure 2 the single test above the one-tailed probability value, which is 0.02, the value is less than 0.05, which means that dividend policy can affect DER on ROA. Then in Figure 3 the single test above the one-tailed probability value of 0.087, the value is greater than 0.05, which means that dividend policy can affect CR on ROA.

Effect of Firm Size on DPR

Company size has no significant effect on Dividend Payout Ratio (DPR). This means that the larger the company size, the smaller the Dividend Payout Ratio (DPR). An established company does not necessarily have easy access to the capital market because the risks faced by large companies are quite high. The large number of assets owned by large companies is not

necessarily a guarantee for making dividend payments to investors. The results of this study are in accordance with the research conducted by Septiani, Ariyani, and Ispriyahadi (2020) and Odum, Odum, Omezin, and Egbunike (2019) which states that company size does not have a significant effect on the DPR.

Effect of Firm Size on ROA

In the above study, the results show that firm size has no effect on ROA. It can be concluded that the more maximum the company's assets, the maximum profit will be obtained, because the company's assets are used by the company for the company's operational activities which aim to generate profits. It can be said that the size of the company as measured by total assets cannot determine the company's financial performance. this is because the total assets owned do not run efficiently and produce high profitability. This is supported by Dyah (2020) which states that company size has no influence on ROA, while research conducted by Setiadharma and Machali (2017) concluded that company size has a positive effect on ROA, and research according to Fatihat (2021) states that company size has a negative effect, on financial performance.

The Effect of DER on-Dividend Policy

The above research shows that the results show that leverage has a positive effect on dividend policy. This states that each increase in the leverage will increase the dividend distribution. Based on the tests that have been done, the hypothesis which states that leverage has a positive effect on ROA is accepted. This indicates that leverage can measure the amount of dividends that will be distributed to shareholders. The higher the leverage, the higher the level of the company's ability to distribute dividends, so that the dividend payout ratio will be even higher. The results of this study are in line with research conducted by Sasongko (2019) that leverage has a positive effect on dividend policy.

Effect of DER on ROA

The results of this test indicate that DER has a significant and significant effect on ROA. The higher the value DER indicates that the amount of debt owned by the company is greater than the capital, so that the costs that must be borne by the company to fulfill obligations will be even greater, and have an impact on decreasing the value of the company's profitability. These results indicate that the size of the DER affects the fluctuation of the company's financial performance as proxies by ROA. The higher the DAR will affect the amount of a company's financial performance. The influence of DER on financial performance is due to the fact that in using debt as a source of funding, the company is able to handle the risks arising from the use of debt. With the ability to handle corporate debt, it can maximize the role of debt as a source of funding to generate profitability so that the company's financial performance is good. This is supported by research conducted by Ayuba, Bambale, Ibrahim, and Sulaiman (2019) which states that DER has an influence on ROA while research conducted by Hasanudin et al. (2020) states that DER has no effect on the company's financial performance. And the results of Kurniawan (2021) state that DER has a negative and insignificant effect on ROA.

The Effect of CR On The DPR

The results of the analysis show that the current ratio has no effect on dividend policy. This means that no matter how big or small the change in current ratio will not affect the level of the company's dividend policy. It is assumed that the high liquidity of the company is not used to pay cash dividends, but is allocated to purchase assets or use it for business expansion. In addition, high current debt will result in the company's operational activities being widely used to pay debts to third parties as a result, reducing the company's ability to obtain optimal net income which has an impact on dividend payments. Liquidity is indeed one of the factors that influence dividend policy, but that does not mean that the smooth payment of debt can conclude that the company will pay dividends. The results of this study are consistent with research conducted by Nurhikmawaty, Isnurhadi, and Widiyanti (2020) which states that the greater the overall cash position and liquidity of the company, the greater the company's ability to pay dividends.

The Effect of CR On ROA

The results of this test say that CR has an effect on ROA in manufacturing companies. The significant influence shows that the percentage of Current Ratio generated by the company will affect the company's ability to pay off its short-term debt. ratio A low current can be said that the company lacks capital to pay its short-term debt. However, if the Current Ratio is too high, it does not mean that the company is in good condition, because the company does not use cash effectively so there is a lot of idle cash. To say the condition of the company is good or not, there is a ratio standard that is used. This is in accordance with research conducted by Husna and Satria (2019), Bustani, Kurniaty, and Widyanti (2021), and Irman and Purwati (2020) which states that CR has a positive and significant effect on ROA. However, the results of this study are not in line with the research conducted by Nurlaela, Mursito, Kustiyah, Istiqomah, and Hartono (2019) which states that CR has no effect on ROA.

The Effect of ROA On The DPR

The results of this test show that ROA has an effect on the DPR. ROA is a ratio used to measure a company's ability to generate profits from investing in companies in the Consumer Goods Industry sector. Return On Asset (ROA) is a ratio used to measure a company's ability to generate profits from investing activities. This ratio is used to measure the ability of management to obtain profits (profits) as a whole. The greater the ROA, the greater the level of profit achieved by the company and the better the position of the company in terms of asset use. ROA is a ratio of net tax returns which also means a measure to assess how much the rate of return of assets owned by the company. A positive return on assets (ROA) shows that the total assets used for the company's operations are able to provide profits for the company. Conversely, if the ROA is negative, it shows that the total assets used are not profitable. In other words, the higher this ratio, the better the productivity of assets in obtaining net profits. This in turn will increase the company's attractiveness and increase the distribution of dividends to investors. This research is in line with research conducted by Ramadani and Jumono (2020), where the results of her research show that the return on assets variable has a significant effect on the dividend payout ratio variable.

Effect Of Firm Size on ROA Intervened by the DPR.

The results of the above research are: Firm size has no effect on firm value through dividend policy as an intervening variable. So it can be concluded that the size of the dividends distributed by the company cannot influence investors to invest. This is because the profits derived from the increase in share prices as a result of dividend payments will be offset by a decrease in share prices due to the sale of new shares. This is in line with research conducted by Sondakh (2019), Arsyad, Haeruddin, Muslim, and Pelu (2021), and Rahmadi (2020) who found that the intervening variable, namely dividend policy, cannot intervene in the relationship between firm size and ROA.

The Effect of DER on ROA Intervened by DPR

The above research found that DER has no effect on ROA through dividend policy as an intervening variable. This shows that the size of the dividend policy value cannot be a link between leverage and ROA. In addition, it can also be possible because the company continues to pay dividends with a small percentage when using relatively large debt to pay attention to the interests of creditors and holders. The results of this study are in line with research conducted by Bustani (2020), and Lamtiar et al. (2021), namely the intervening variable, namely dividend policy cannot intervene in the relationship between leverage and ROA.

The Effect of CR on ROA Intervened by DPR

Liquidity is the company's ability to pay off its short-term obligations, such as paying off debts and in terms of dividend payments. Dividends will be paid greater if the level of company liquidity is higher because dividends are cash outflows. Sufficient cash is not necessarily owned by companies with high profits, so if the company wants to distribute dividends, the company needs to have sufficient cash because dividends are generally distributed in the form of cash dividends

(Sari & Sedana, 2020). In companies with a high level of profitability and good liquidity, the amount of dividends to be distributed is also getting bigger (Zuhroh, 2019). The results of this study are in line with research conducted by Casriningrum, Hutomo, and Hikmah (2019), namely the intervening variable, namely dividend policy can intervene in the relationship between liquidity and ROA. To maintain the value of liquidity, companies need to manage current assets and current liabilities efficiently by selling inventory and collecting accounts receivable that are due, which will generate cash and be used to pay short-term obligations.

Conclusion and Recommendations

Conclusion

Based on research firm size has no effect on ROA and DPR, leverage has an effect on ROA and DPR, while the liquidity variable has an effect on ROA and has no effect on the DPR. Then the firm size variable has no effect on firm value through dividend policy as an intervening variable. Then the variable leverage has no effect on ROA through dividend policy as an intervening variable. And after doing a sobel test of dividend policy that can affect CR on ROA.

Suggestion

1. If the company is going to pay dividends, it must pay attention to the net profit that the company can generate, and be able to manage its assets effectively and efficiently.
2. For investors who want to get dividends, you should pay attention to the company's financial ratios in choosing issuers, especially the level of profit earned by the company, cash availability, and the company's debt position.
3. For further research, it is better to use a broader variable considering that there are many other financial factors.
4. For further research, it is necessary to use different research samples such as companies engaged in retail, banking, and so on.

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