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The Role of Company Size Moderation in the Determinants of Dividend Policy (Study of Financial Sector Companies Listed on the Indonesia Stock Exchange in 2019-2022)

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ABSTRACT

The purpose of this study is to determine precisely the influence of leverage, profitability and liquidity on dividend policy, as well as to determine the influence of company size in moderating or strengthening the independent variables of the research, namely *leverage*, profitability and liquidity on the dependent variable, namely dividend policy. The type of research used in this study is quantitative which has a population of all financial sector companies listed on the Indonesia Stock Exchange (IDX) in 2019-2022. The data collection technique in this study is *purposive sampling*. In this study, a sample of 22 financial sector companies listed on the Indonesia Stock Exchange in 2019-2022 was studied. The technique used in analyzing research data is *Moderated Regression Analysis* (MRA) with *Micosoft Excel* Application and SPSS Version 26 for research data processing. Based on the results of the research hypothesis testing that has been carried out, it shows that Profitability has a positive effect on dividend policy, while *Leverage* and Liquidity have no effect on dividend policy. As well as the variable size of the Company can moderate the relationship between Profitability and dividend policy while the Company Size is not able to moderate the relationship between *Leverage* to dividend policy and Liquidity to dividend policy.

Keywords: *Leverage,* Profitability, Liquidity, Dividend Policy, Company Size

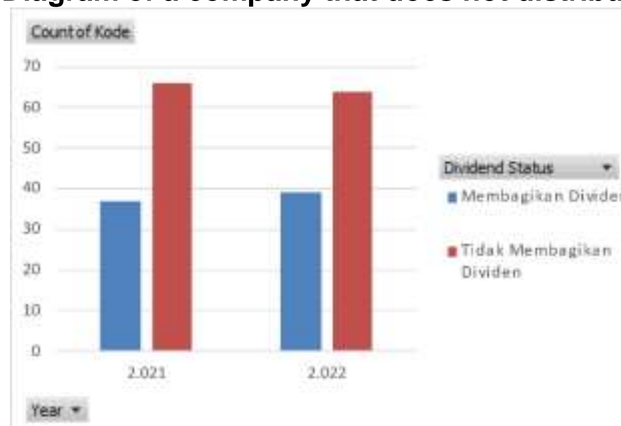
INTRODUCTION

A financial sub-sector company is one of the companies listed on the Indonesia Stock Exchange (IDX). This financial sector consists of the financial institution sector, the insurance sector, the securities sector, and the banking sector (Heze, 2023). The Banking Finance Sector is the core of the financial sector. Through its activities, banking functions to serve various economic and trade needs, such as credit and other services. In addition, banking can also be interpreted as a sector whose business depends on public trust that ensures its health level. Indonesia's financial sector will develop to be able to capture the overall behavior of the capital market. In general, investors put money into the business as part of ownership. Their main concern is the rate of *return* which can be in the form of dividends or capital gains (Sparta and Arbaiya, 2021).

Dividends are a distribution of profits that a company gives to its shareholders or investors (Yolanda and Juwita, 2022). The management of a company will estimate a high dividend when the company generates higher profits, while if the dividend is low, the company is considered to have a decline in the company's prospects (Martini et al., 2022). The company will also decide how dividends are distributed to investors by setting its dividend policy.

The dividend policy is a decision on the profits obtained by the company which will be distributed to shareholders as dividends or may be retained in the form of retained earnings to be used for investment financing in the future (Putri et al., 2022). So the dividend policy is an inseparable part of the company's funding decisions. The dividend payment mechanism is a very interesting research subject because the dividend policy depends on many things such as the bank's health level, capital position, target ratio, projected future capital adequacy, and the company's compliance with applicable regulations. A situation where the company's management considers relevant factors such as plans, prospects, and other factors. After that, the general meeting of shareholders will make a final decision which means that the source of dividend payment comes from the profits earned by a company (Salsabiela, 2020).

Figure 1. 1 Diagram of a company that does not distribute Dividends



Source : IDX.com (2023)

The diagram above is a diagram of the distribution of cash dividends in financial sub-sector companies. Based on data from IDX.com (2023), it is explained that there are more than 60 percent of financial sector companies that have not distributed cash dividends to shareholders in 2021-2022, and less than 40 percent of financial sub-sector companies have distributed cash dividends to shareholders in 2021-2022. Usually, companies choose not to distribute cash dividends because the company wants to use its profits for future investments.

In investing their funds, shareholders have a goal, namely to get dividends and capital gains as well as income (return). Revenue (returns) is determined by the success of the company, as shown in published financial records (Ratnasari and Purnawati, 2019). Investors who reject significant risk will choose dividends over potential future capital gains and focus only on current dividends. Now dividends are more profitable than retained earnings because there is a possibility that the remaining profits will not be distributed as dividends in the future. Investors are usually looking for a stable dividend distribution in terms of dividend income. Because dividend stability will increase investor confidence in the company because it reduces investor uncertainty when investing funds (Yolanda and Juwita, 2022).

Figure 1. 2 Company Net Profit Chart in 2022

Source : Bisnis.com (2023)

Based on data from Bisnis.com (2023), it can be seen from the chart above that the total net profit of some companies in the Financial sub-sector that generate profits but choose not to distribute their dividends to shareholders. This phenomenon occurred in several financial sub-sector companies, one of which is PT Bank Sinarmas Tbk, PT Bank China Construction Tbk, PT Bank Nasional Nobu Tbk, Bank Artha Graha Internasional Tbk, and PT Bank MNC Internasional Tbk which chose not to distribute their dividends in 2022 profit from the 2022 financial year (Burhan, 2023). The reason the company does not distribute its cash dividends is because the company uses profits or profits for capital or investment in the future. Because companies that choose to hold their profits will later cause the company's ability to form internal funds will be even greater (Ratnasari and Purnawati, 2019).

The same phenomenon also occurred in 2015-2019 when PT Bank Sinarmas Tbk, PT Bank Nasional Nobu Tbk and PT Bank OCBC NISP did not distribute dividends to their investors and even the company experienced a profit (Salsabiela, 2020). The occurrence of this phenomenon is due to the implementation of the dividend distribution policy implemented by the bank based on the provisions of the company's articles of association regarding the use of profits and dividend distribution. Based on these provisions, the dividend distribution policy is adjusted to the capabilities of the bank or company based on the decision taken at the General Meeting of Shareholders (GMS). Without affecting the right of the company's general meeting of shareholders to make decisions in accordance with the provisions of the company's articles of association and applicable laws and regulations in the banking industry. The amount of cash dividends in the company will be adjusted to the profit earned by the company in the relevant financial year (Salsabiela, 2020). Based on the above phenomena that affect dividend policy, they are *leverage*, profitability, and liquidity.

Leverage in Cahyono's (2021) research is a reflection of a company in completing its responsibilities or debts that use part of its personal capital to pay it off. Debt policy can affect dividend policy. The amount of *leverage* in the company can show how much the company has trust in external parties, namely creditors, which means that the company can make good use of its debts for the company's operational activities, the results of which can increase profits for the company and can distribute dividends to shareholders every year (Aryani and Fitria, 2020).

Based on previous research conducted by Aryani and Fitria (2020), Azizah et al (2020), and Setyaningsih and Sucipto (2021) stated that l*everage* has a positive effect on dividend policy, because if the company's debt is getting larger, it can show that the level of trust in external parties or creditors of a company is also getting bigger, which means that the company can use its debt for operations company and the results can be an advantage for companies that can distribute their dividends to investors and shareholders every year (Aryani and Fitria, 2020). Meanwhile, other studies with conflicting research results, namely the research of Tresnawaty (2021), Hapsari and Fidiana (2020), Setyaningsih and Sucipto (2021) stated that *leverage* has a negative effect on dividend policy, Due to the fact that the main goal of the company is to generate profits, its assets can be used to reduce its debt and interest payments which will later result in a reduction in the amount of dividends that can be distributed company to its shareholders because the profits will be used later to pay off the company's debts and interest. (Hapsari and Fidiana, 2020).

Profitability according to Cahyono's research (2021) is the ability of a company to generate profits relative to sales, total assets and equity. Profitability affects how investors evaluate a company's ability to make a profit. The higher the profit of a company, the higher the dividends will be distributed, because the size of the profit obtained by the company is the basis for dividend distribution (Aryani and Fitria, 2020). If the greater the profit obtained by the company, the greater the company will be in distributing the company's dividends to investors and shareholders. However, if the profits obtained by the company are small, the company also distributes dividends in small amounts to investors and shareholders.

Based on previous research conducted by Sudiartana et al (2020), Aryani and Fitria (2020), and Horas and Purba (2020) stated that profitability has a positive effect on dividend policy, because if the profit level is larger, the amount of dividends that will be distributed by the company will also be greater (Hapsari Fidiana, 2020). However, this is contrary to the research of Tresnawaty (2021), Wulandari (2023), Wiyogo and Ekadjaja (2023) stating that profitability has a negative effect on dividend policy, because if the profit level is high, it can cause a decrease in dividends. This happens if the additional profits obtained by the company will mostly be allocated as business growth opportunities (Sparta and Arbaiya, 2021).

According to Sartono (2011) in the research of Putri et al (2022), liquidity is the ability of a company to fulfill its short-term obligations smoothly and on time based on the company's cash outflows. Because a company with its liquidity will find it easier to maintain its trust that is given. The company always manages its liquidity risk in various possible ways. The amount of liquidity affects the size of the dividend policy that will be distributed to investors or shareholders (Aryani and Fitria, 2020). A high liquidity position in a company indicates that the company is able to pay dividends to investors compared to companies with a low liquidity position. The dividends paid to investors are linked to the company's cash flow because it can show the company's ability to pay dividends (Sparta and Arbaiya, 2021).

In previous research conducted by Aryani and Fitria (2020), Tresnawaty (2021), Yusuf and Suherman (2021) Liquidity has a positive effect on dividend policy, Because companies with high liquidity usually have current assets greater than current debt, which will be faster to determine policies in their investments in the form of dividends without any obstacles regarding funding problems, the higher the company's liquidity, the greater the likelihood will be able to pay their debts within the specified time. (Aryani and Fitria, 2020). In contrast to the research of Sudiartana et al (2020), Septika et al (2021) and Apriliyona and Asyik (2021) stated that liquidity has no effect on dividend policy, This statement can occur if the company's liquidity is not used to predict the return on investor investment in the form of dividends, and if the issuer's high liquidity is not used to pay dividends but to settle all outstanding debts, allocating funds for the acquisition of fixed assets, or covering the company's operating costs (Apriliyona and Asyik, 2021).

Many studies on dividend policy have been carried out by previous researchers, but inconsistent results are still found. Therefore, the researcher wants to re-examine the company size variable as a moderation variable. Moderation variables are variables that function as variables that strengthen or weaken independent variables with dependent variables. Company size is used as a moderation variable because it strengthens the influence of leverage, profitability and liquidity on dividend policy. Company Size as a moderation variable because company size is also a factor that can affect the implementation of dividend policies in a company (Salsabilah 2023).

The size of the company in some studies was able to moderate *leverage*, profitability and liquidity against dividend policies. Based on previous research conducted by Harahap et al (2023), Azrah et al (2023), Widiantari and Wiguna

(2023) Company Size is able to moderate Leverage, Profitability and Liquidity. This is because if the Company has high debt, it has the responsibility to pay large debts as its external funding, which is the influence of the payment of a dividend. Therefore, only large companies are able to pay their debts without affecting their dividend policies, while small companies will reduce their dividend payments because the company's high debt results in an increase in the company's external costs (Harahap et al., 2023). As well as a large company is usually more liquid than a small company, which means they have more cash to pay dividends and also have more asset resources to optimize operations to make a profit. (Rozi and Almurni, 2020).

LITERATURE REVIEW

Signal theory according to Michael Spence (1973) said "By providing a signal, the owner of the information will try to provide information that will later be able to be used by the recipient of the information". This theory was first introduced by Michael Spence in 1973. Signal theory is the delivery of information about the success or failure of a company to parties outside the company such as investors regarding capital market prices including stock prices, bonds and so on (Najiyah and Idayati, 2020). Signal theory is used to estimate the reality that people in a company generally have better and faster information about the latest condition of a company and its future developments compared to information from investors outside the company. This signal theory is based on the fact that changes in cash dividends have information content that causes a reaction to the company's stock price.

This signal theory explains that information about cash dividends that will be paid will be considered by investors as a signal of the company's development in the future. This assumption is due to the asymmetry of information between companies and outside parties such as investors, so investors use dividend policies as a signal about the company's development (Najiyah and Idayati, 2020). Investors of a company will consider a positive signal if the company has good prospects such as profit growth generated by the company so that it becomes an increase in the dividend policy. so that it causes a positive reaction. On the other hand, if there is a decrease in dividend policy, it will be considered a negative signal which means that the company has not so good prospects such as a decrease in corporate profits which makes the company's dividend policy decrease (Najiyah and Idayati, 2020).

Effect of *leverage* on dividend policy

Leverage is the use of assets or finances against a business when doing so involves fixed expenses (Ardiningrum, 2021). *Leverage* in business is often associated with borrowing money to finance the purchase of a company. Signal theory reveals that if the *resulting leverage* is high, it will give a positive signal, because assuming the company has the ability to attract shareholders for its prosperity, stock buyers will be motivated to buy shares, thereby increasing the willingness of other stock buyers to buy into the company. When a company's ability to generate profits increases, so does its stock price (Ardiningrum, 2021).

Tresnawaty (2021), Hapsari and Fidiana (2020), Setyaningsih and Sucipto (2021) stated that *leverage* has a negative effect on dividend policy, Due to the fact that the company's main goal is to generate profits, its assets can be used to reduce its debt and interest payments which will later result in a reduction in the amount of dividends that the company can distribute to its shareholders because of the profits that will be used later to pay off the company's debts and interest (Hapsari and Fidiana, 2020). Based on signal theory and previous research, the research hypothesis is formulated as follows:
H1 : *Leverage* has a negative effect on dividend policy

The effect of profitability on dividend policy
Profitability is the company's ability to generate revenue, total assets, shareholder equity, and the company's ability to generate profits (Ardiningrum, 2021). Thus this profitability analysis will be very attractive to long-term investors. For example, shareholders will see the income they will actually receive in the form of dividends (Ardiningrum, 2021). The signal theory reveals that if the Profitability is higher, this profit shows a positive signal because the greater the profit or profit generated by the company, it can attract more stock buyers to buy shares because it is considered profitable in its dividend distribution.

Based on previous research conducted by Sudiartana et al. (2020), Aryani and Fitria (2020), and Horas and Purba (2020) stated that profitability has a positive effect on dividend policy, because if the profit level is larger, the amount of dividends that will be distributed by the company will also be greater (Hapsari and Fidiana, 2020). Based on signal theory and previous research, the research hypothesis is formulated as follows:
H2 : Profitability has a positive effect on dividend policy.

Effect of Liquidity on Dividend Policy
According to Ardiningrum (2021), liquidity is when a company can prove that it has the resources to continue operating and pay its direct debts. Because a company's cash position has a significant impact on its ability to pay dividends, because dividends are paid in cash rather than retained earnings. Companies must have cash to pay dividends. As a result, cash-rich companies are more likely to pay dividends. Signal theory reveals that the higher the liquidity, the more positive the signal, because the higher the liquidity of a company, the better its ability to pay dividends.

This statement is supported by previous research conducted by Aryani and Fitria (2020), Tresnawaty (2021), Yusuf and Suherman (2021) Liquidity has a positive effect on dividend policy, because companies with high liquidity usually have current assets greater than current debt, which will be faster to determine policies in their investments in the form of dividends without any obstacles regarding funding problems, The higher the company's liquidity, the more likely it is to be able to pay its debts within a predetermined time. (Aryani and Fitria, 2020). Based on signal theory and previous research, the research hypothesis is formulated as follows:
H3 : Liquidity has a positive effect on dividend policy

The effect of leverage on dividend policy with company size as a moderator
Small-scale companies have the potential to grow larger compared to large-scale companies. The company's growth rate has a direct relationship with funding needs. This means that the higher the company's growth rate, the greater the level of need for funds (Rozi and Almurni, 2020). Small-scale companies have the capacity to grow faster than large-scale companies. In other words, if the level of the company is larger, the amount of funds needed will also increase. Signal theory explains the preference for the funding source chosen to support business operations, which will further influence the investor's decision to make an investment. Managers will prioritize using retained earnings or internal funds rather than external ones. Comparatively, small businesses are less profitable than large ones. In other words, small companies will lack the internal resources necessary to fund resource acquisition and other needs for the smooth running of the business. Invest in highly leveraged companies.

The results of research conducted by Rozi and Almurni (2020) revealed that company size strengthens the relationship between Leverage and dividend policy. A company with a high level of debt means that it has a large fixed payment for its external funding, which is a substitution for dividend payments. Therefore, only large companies can afford to pay their debts without reducing their dividend policies, while small companies will reduce their dividend payments because an increase in corporate debt results in an increase in the company's external costs (Rozi and Almurni, 2020). Based on signal theory and previous research, the research hypothesis is formulated as follows:
H4: Company Size can moderate the relationship of Leverage to dividend policy.

The effect of profitability on dividend policy with company size as a moderator
The size of a company can be determined by looking at its overall assets, investment size, number of shares outstanding, sales volume, and workforce. Based on the company's asset ownership, sales volume, and human resource ownership, larger organizations have more room to grow the company's revenue (Rozi and Almurni, 2020). This is due to the fact that businesses with abundant resources are usually better prepared to meet market demands. In addition, there is a great opportunity for companies of large size to enter the capital market. Signal theory reveals that companies with large sizes have a higher level of profitability than small ones. This is due to the fact that larger companies usually have larger resources that can increase the company's operational activities with the aim of increasing revenue. From the summary given above, it can be concluded that large companies are very profitable which means that later the dividend payment that will be distributed will be larger. This can encourage investors to choose to invest in companies with higher income and more assets.

The results of research conducted by (Azrah et al., 2023) reveal that company size strengthens the relationship between profitability and dividend policy. This is because large companies use larger company resources and assets to optimize their operational activities with the aim of generating more profits. Based on signal theory and previous research, the research hypothesis is formulated as follows:

H5: The size of the company can moderate the relationship of profitability to the dividend policy.

The effect of liquidity on cash dividend policy with company size as a moderation variable

The number of outstanding shares is one way to determine the size of a company among other factors (Rozi and Almurni, 2020). Larger companies have a higher number of shares outstanding than smaller companies. This is due to the fact that large businesses have greater access to the capital market than emerging companies and small companies. Large companies have higher liquidity compared to small companies because there is a higher level of demand for shares. Based on signal theory, companies prefer funds sourced from internal parties to meet the funding needs of a company. Companies that have large total assets have the ability to meet the financing of corporate activities from higher internal funds compared to companies that have small total assets. This is so that businesses have high cash availability and can finance business operations using larger internal funds compared to external financing because organizations with large total assets also have the potential to generate large profits (Rozi and Almurni, 2020). The company's high liquidity can convince investors of its ability to pay dividends.

The results of the research conducted by Azrah et al (2023) stated that Company Size can strengthen the relationship of Liquidity to dividend policy. Because large companies are more liquid than small companies, large companies have more availability that can be used to distribute dividends to shareholders or investors. Based on signal theory and previous research, the research hypothesis is formulated as follows:

H6: The size of the company can moderate the liquidity relationship to the dividend policy.

RESEARCH METHOD

This study uses a causality research strategy. Sejati et al (2020) define causality research as a type of research that seeks to show the causal relationship between the variables being studied. The data used in this study are secondary data, especially quantitative data. This study uses quantitative data extracted from the financial statements of companies in the financial industry. Data was collected from *the* IDX website for the period covering 2019 - 2022. The population of this study is financial sector companies listed on the Indonesia Stock Exchange (IDX) in 2019-2022. The measurement of the variables of this study are:

Table 1 Measurement of Research Variables

No	Research Variables	Variable Measurement
1	Dividend Policy	$DPR = \frac{DPS}{EPS}$ Information: DPS : Dividen Per Share EPS : Earning Per Share

	Leverage	$DER = \frac{Total\ Debt}{Total\ Equity}$
3	*Profitability*	$ROE = \frac{Net\ Profit}{Total\ Equity}$
4	Liquidity	$LDR = \frac{Total\ Loans}{Total\ deposit}$
5	Company Size	*Size*= *Ln (Total Assets)*

The data analysis of this study is using, the regression equation *of Moderated Regression Analysis* (MRA) is as follows: DPR = α + β1 Lev + β2 Prof + β3 Lik + β4 Lev*Size+ β5 Prof*Size+ β5 SLik*Size+ e

Caption: DPR : *Dividend Payout Ratio* ; α : Constant; β :Regression Coefficient; Lev:*Leverage;* Lik :Liquidity; Pros :P rofitability; Size: Company Size : *error.*

RESULTS

Table 2 Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Dividend Policy	88	0.02	1.02	0.4415	0.20782
Leverage	88	0.07	11.29	3.9093	2.68683
Profitability	88	0.01	0.28	0.1196	0.06763
Liquidity	88	0.00	0.32	0.0716	0.07117
Company Size	88	26.37	35.23	31.5112	2.39008
Valid N (Listwise)	88				

The results of the descriptive statistical analysis test, as presented in table 2, show that *the Leverage* variable, based on the number of samples of 88, has a minimum value of 0.07. The maximum value is 11.29, the mean value is 3.9093, and the standard deviation is 2.68683. This indicates that the data deviation is relatively small, as the standard deviation is smaller than the mean value.

The results of the descriptive statistical analysis test, as presented in table 2, show that the profitability of financial sector companies listed on the Indonesia Stock Exchange, based on a sample of 88, ranges from a minimum value of 0.01 to a maximum value of 0.28. The average value of profitability is 0.1196, which represents the average profitability of these companies. Further, a standard deviation of 0.06763 indicates that the data points deviate less from the mean due to their smaller values.

The results of the descriptive statistical analysis test in table 2, show that the liquidity with a sample of 88 has a minimum value of 0.01, a maximum value of 0.32, a mean value that illustrates that the average liquidity in financial sector companies listed on the Indonesia Stock Exchange is 0.0716 and the standard deviation is 0.07117 which shows that the data deviation is smaller because the value is smaller than the mean value.

The results of the descriptive statistical analysis test presented in table 2, show that the dividend policy variable, based on the number of samples as many as 88, has a minimum

value of 0.02 and a maximum value of 1.02. The average value of 0.4415 indicates the average dividend policy of financial sector companies listed on the Indonesia Stock Exchange. In addition, a standard deviation of 0.20782 indicates that the data points deviate less from the mean due to their smaller values.

The results of the descriptive statistical analysis test in table 2, show that the size of the company, based on a sample of 88, ranges from a minimum value of 26.37 to a maximum value of 35.23. The mean value of 31.5112 indicates the average company size among financial sector companies listed on the Indonesia Stock Exchange. A standard deviation of 2.39008 indicates that the data points deviate from the mean by a relatively small amount.

Tabel 3 Tabel Moderated Regretion Analysis

Model	*B*	**Std.Error**	**T**	Sig
(Constant)	1.232	0.429	2.872	0.005
Leverage	-0.159	0.132	-1.206	0.231
Profitability	1.302	0.375	3.473	0.001
Liquidity	-4.353	3.922	-1.110	0.270
Company Size	-0.036	0.014	-2.583	0.012
Leverage x Size	0.005	0.004	1.274	0.206
Profitability x Size	0.028	0.011	2.636	0.010
Liquidity x Size	0.141	0.127	1.115	0.268

DISCUSSION

The Effect of *Leverage* on Dividend Policy in Financial Sector Companies Listed on the Indonesia Stock Exchange in 2019-2022

Based on the results of statistical testing findings, leverage has nothing to do with dividend policy. The findings presented in Table 3 show the results with a significant value of 0.231>0.05 with an *unstandardized coefficients* value (-0.159). From this statement, it shows that it is concluded that *Leverage* has no effect on the Dividend Policy. Greater debt will indicate a leverage proportion in the company's capital structure, which will lead to an even higher level of financial risk for the companies involved. The large amount of debt use will affect the capital structure of the business as well as interest and debt costs, which will reduce the net profit of a company. Because the higher the company's debt, it illustrates the greater financial risk because the capital owned by a company is not able to cover the debt to the company.

The results of this study are supported by research conducted by Alawiyah et al. (2021), Ilham and Suwarno (2021), Anggara and Dwirandra (2020) which stated that l*everage has no* effect on dividend policy. Because larger debt will show a leverage proportion in the Company's capital structure, which will lead to an increase in financial risk for the companies involved. The large amount of debt use will affect the capital structure of the business as well as interest and debt costs, which will reduce the net profit of a company. However, a net profit obtained by a company does not mean that the company is followed in paying its dividends, because the company's obligation to pay its debts will take precedence compared to paying its dividends (Alawiyah et al., 2021).

The Effect of Profitability on Dividend Policy in Financial Sector Companies Listed on the Indonesia Stock Exchange in 2019-2022

Based on the findings of statistical testing, Profitability is related to dividend policy. The findings presented in Table 3 show the results with a significant value of 0.001< 0.05 with *an unstandardized coefficients* value (1.302). From this statement, it shows that it is concluded that Profitability partially has a positive effect on the Dividend Policy. Profitability calculation involves dividing a business's net profit by the average of its total assets. This indicator shows that a company's ability to pay dividends to investors and shareholders increases with its profit margin. On the other hand, if the business generates minimal revenue, the company will also pay minimal dividends to its owners and investors.

The results of this study are supported by research conducted by previous research conducted by Sudiartana et al (2020), Aryani and Fitria (2020), and Horas and Purba (2020) stating that profitability has a positive effect on dividend policy, because if the profit level is larger, the amount of dividends that will be distributed by the company will also be greater (Hapsari and Fidiana, 2020).

Effect of Liquidity on Dividend Policy in Financial Sector Companies Listed on the Indonesia Stock Exchange in 2019-2022

Based on the findings of statistical testing, liquidity has nothing to do with dividend policy. The findings presented in Table 3 show the results with a significant value of 0,270 > 0,05 with *an unstandardized coefficients* value (-4,353). From this statement, it shows that it is concluded that Liquidity has no effect on the Dividend Policy. This statement can occur if the company's liquidity is not used to predict the return on investors' investments in the form of dividends, and if the issuer's high liquidity is not used to pay dividends but rather to settle all outstanding debts, allocate funds for the acquisition of fixed assets, or cover the company's operating expenses.

The results of this study are supported by the research of Sudiartana et al (2020), Septika et al (2021), Apriliyona and Asyik (2021) stating that liquidity has no effect on dividend policy, This statement can occur if the company's liquidity is not used to predict the return on investor investment in the form of dividends, and if the issuer's high liquidity is not used to pay dividends but to settle all outstanding debts, allocating funds for the acquisition of fixed assets, or covering the company's operating costs.

Company Size Moderates the Effect *of Leverage* on Dividend Policy in Financial Sector Companies Listed on the Indonesia Stock Exchange in 2019-2022

Based on the results of the statistical test conducted above in table 3, it can be stated that the size of the company is not able to moderate the influence of *Leverage* on the dividend policy, where the value of the coefficient of the result of the MRA test is positive, namely in the result of *unstandardized coefficients* of 0.005 where the significant value is 0.206 > 0.05, so it can be concluded that the size of the company is partially unable to moderate between *leverage* against dividend policy. These findings suggest that the relationship between *leverage* and company size does not influence dividend policy decisions. Large businesses or established businesses prefer internal funding over borrowed funds from outside sources. The distribution of dividends to shareholders will be determined by this internal funding.

The results of this study are supported by research conducted by Rozi and Almurni (2020) and Octaviani from Hastuti (2024) which states that the Company Size cannot moderate the influence of *Leverage* against dividend policy. leverage Which means the relationship between *leverage* and the size of the company does not affect the dividend

policy decision on a company. Large companies or established businesses prefer internal corporate funding to borrowed funds from external sources of the company. The distribution of dividends to shareholders will be determined by the Company's internal funding.

Company Size Moderates the Effect of Profitability on Dividend Policy in Financial Sector Companies Listed on the Indonesia Stock Exchange in 2019-2022

Based on the results of the statistical test conducted above in table 3, it can be stated that the size of the company is able to moderate the influence of profitability on the dividend policy. where the value of the coefficient of the result of the MRA test has a positive value, namely in the result *of unstandardized coefficients* of 0.028, and has a significance < 0.05, namely 0.010 < 0.05, so it can be concluded that the size of the company can strengthen and moderating the influence of profitability on dividend policy. The company's profit will be withheld as retained earnings and distributed to shareholders as dividends. Investors will receive smaller dividends if the company makes a small profit, and larger payments if the company makes a significant profit. Large businesses will have an easier time getting funding than small businesses, which will be used for business operations to increase revenue. Huge profits are anticipated to result in higher dividends paid to investors, which should attract more capital to the business and increase the profitability impact on dividend policy. This is especially true for large companies. Because small businesses usually have difficulty raising finances, retained earnings are used to expand the Company's assets.

The results of this study are supported by research conducted by Harahap et al (2023) and Rozi and Almurni (2020), which states that the size of the company is able to moderate the influence of profitability on dividend policy. Which means that larger companies usually have more resources large can improve the company's operational activities with the aim of increasing revenue. From the summary given above, it can be concluded that large companies are very profitable which means that later the dividend payment that will be distributed will be larger.

Company Size Moderates the Effect of Liquidity on Dividend Policy in Financial Sector Companies Listed on the Indonesia Stock Exchange in 2019-2022

Based on the results of the statistical test that has been carried out above in table 3, it can be stated that the size of the Company is not able to moderate the influence of liquidity on the dividend policy, where the value of the coefficient of the result of the MRA test has a positive value, namely in the results *of unstandardized coefficients* 0.141, and has a significance of >0.05, namely 0.268 > 0.05, so it can be concluded that the size of the company is not able to moderate the influence of liquidity on the dividend policy. This is because large and small companies cannot promise that they will pay dividends to shareholders because a company's liquidity is high or low, does not affect the amount of dividends paid. Because usually the Company will choose to withhold profits to cover its direct liabilities.

Result research this is supported by research conducted by Harahap et al., (2023) Octaviani from Hastuti (2024) said that the size of the Company is not able to moderate liquidity to the dividend policy because a company's high or low liquidity, does not affect the amount of dividends paid. Because usually the Company will choose to withhold profits to cover its direct liabilities.

CONCLUSION

This study aims to empirically prove the correlation of leverage, profitability and liquidity to dividend policy, with company size as a moderation variable, in financial sector companies listed on the Indonesia Stock Exchange during the 2019-2022 period. Based on the results of the research, conclusions can be drawn, namely:

1. *Leverage* is partially ineffectual on the Dividend Policy.
2. Profitability partially has a positive effect on the Dividend Policy.
3. Liquidity has no effect on the Dividend Policy.
4. The size of the company is partially unable to moderate between *Leverage* and dividend policy.
5. The size of the company can moderate and strengthen the influence of profitability on dividend policy.
6. The size of the company is not able to moderate the influence of liquidity on the dividend policy.

LIMITATION

The limitations of this study are:

1. The sample used is too small because in financial sector companies in 2019-2022 and there are some who do not report financial statements.
2. The resulting determination coefficient value is 60% which has reflected if the value of the predictor variable is still considered to be less than large or less than optimal in explaining the variation of dividend policy variables.

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