INVESTMENT OPPORTUNITY SET, MULTIPLE LARGE SHAREHOLDER AND CAPITAL STRUCTURE ON DIVIDEN POLICY THROUGH LIKUIDITY
(Study On Manufacturing Companies Listed On The Indonesian Stock Exchange)

Udyono[1], Cepi Pahlevi[2], H. M. Sobarsyah[3]
[1]Magister Management, Fakultas Ekonomi dan Bisnis, Universitas Hasanuddin.
Email: udyono10@gmail.com
[2]Magister Management, Fakultas Ekonomi dan Bisnis, Universitas Hasanuddin.
Email:cepipahlevi@gmail.com
[3]Magister Management, Fakultas Ekonomi dan Bisnis, Universitas Hasanuddin:
Email:msobarsyah@gmail.com

Abstract
This study aims to determine the effect of Investment Opportunity Set, Multiple Large Shareholders and Capital Structure on Dividend Policy through Liquidity in Manufacturing Companies in Indonesia. This study uses secondary data by taking data from annual reports and financial statements of manufacturing companies listed on the Indonesia Stock Exchange, namely www.idx.co.id. The sampling technique in this study was purposive sampling so that the number of samples used was 41 with 123 observational data. The data analysis technique in this study used Multiple Linear Regression Analysis and Moderate Regression Analysis (MRA) using SPSS assistance which was directed to answer the formula problems or hypotheses that have been formulated in this study and are used to examine the relationship between Investment Opportunity Set, Multiple Large Shareholders and Capital Structure variables on Dividend Policy and Liquidity as a moderating variable in manufacturing companies in Indonesia. The results of this study indicate that Investment Opportunity Set has a significant positive effect on Dividend Policy, Multiple Large Shareholders has a significant negative effect on Dividend Policy and Capital Structure has a significant positive effect on Dividend Policy. In addition, the results of the study using the Moderate Regression Analysis (MRA) test show that Liquidity moderates the relationship between Investment Opportunity Sets and Dividend Policy, Liquidity moderates the relationship between Multiple Large Shareholders and Dividend Policy, and Liquidity also moderates the relationship between Capital Structure and Dividend Policy.

Keywords: *Investment Opportunity Set, Multiple Large Shareholders, Capital Structure, Dividend Policy, Liquidity*

A. INTRODUCTION

The role of the manufacturing industry in contributing to the economy in a country is quite large, both from the consumer tax recipient sector, trade and the workforce. In fact, this industry can support a country's economy because the role of manufacturing is very large in running the wheels of the national economy, even though the variety of these industries is quite large. The expansion of the manufacturing sector continues to increase and contributes to the Gross Domestic Product (GDP) and shows an increase from year to year. Throughout 2021, investment in the manufacturing sector will reach IDR 325.4 trillion. This figure exceeds the manufacturing investment target projected by the Ministry of Industry of around IDR 280 trillion, and an increase of around 19% from 2020 (IDR 272.9 trillion). 2022 will be

a year of expansion for the national manufacturing industry, following the increasingly controlled spread of the Covid-19 pandemic and the downstream project starting to roll.

The explanation above shows that the manufacturing industry contributes greatly to the Indonesian economy. Then the investment realization for manufacturing companies is also quite large, so that the absorption of labor is also large. Particularly in the consumer goods sector, the absorption rate for labor is quite large with a very large trading volume as well, so it's not surprising that some of these sectors have become the target of investors on the stock exchange. This phenomenon is interesting to study related to the policies taken by manufacturing companies, especially regarding the dividend policy set by the company.

One of the decisions that must be considered carefully and in detail by the company is the decision regarding dividend distribution. Dividend distribution often creates problems because the company, in this case its management, must decide whether the profits earned will be retained for investment financing or distributed in the form of dividends to shareholders. In the distribution of dividends, problems that arise are related to agency problems (Agency Conflict) because shareholders will pressure company management to manage the company well to improve shareholder welfare (Imanda & Nasir, 2006). Conflict is usually based on differences in interests where managers will choose to maintain their income while shareholders are more interested in getting dividends (Parmitasari, 2016).

There are factors that influence dividend policy, namely the Investment Opportunity Set (IOS). Investment Opportunity Set is a combination of assets in place and investment options in the future with a positive net present value (NPV). An increase in a firm's investment opportunity set results in an increase in the dividend payout ratio and thus an increase in their dividend yield (Abbott, 2001). In contrast Gaver & Gaver, (1993) believe that investment and dividend payout are competitors in using the company's cash resources, it is more likely for companies to reduce their dividend payout to take advantage of the investment opportunities available to them.

According to Jiang et al., (2018), the existence of multiple large shareholders is one of the factors that can affect dividend policy in a company. Multiple large shareholders can be defined as ownership of at least 10% of the company's shares by more than one large shareholder in a company (Attig, 2009). Research conducted by Jiang et al., (2018), suggests that multiple large shareholders have a positive effect on the company's dividend policy. Multiple large shareholders can increase the company's dividend payments because one large shareholder with another large shareholder can work together to force the company's management to distribute dividends. In contrast, Faccio et al., (2001), suggested that multiple large shareholders have a negative effect on the company's dividend policy. This is because blockholders and controlling shareholders will work together to obtain personal benefits by holding company profits and not distributing them as dividends.

Capital structure is a comparison or balance of a company's long-term funding as shown by a comparison of long-term debt to equity Martono and Harjito (2012). According to Lopollusi, (2013) companies with large amounts of debt use, the greater the obligations that must be fulfilled by the company. An increase in debt will affect the level of net income available to shareholders, including dividends to be received because the company will prioritize paying interest and debt obligations rather than paying dividends.

Another factor that influences dividend policy is Liquidity. Liquidity is defined as the ability level of a company to be able to pay its debts when they are due (Kasmir 2013).). The high liquidity value reflects the company's ability to meet its short-term obligations. Companies that have a high liquidity value will be considered to have good performance by investors. Liquidity is one of the manager's considerations when deciding to distribute dividends. Even though the company earns high profits, when liquidity conditions show unfavorable conditions, it is likely that the company will not distribute dividends.

B. METHODOLOGY

In this study the research method used is a quantitative research method. This research examines the effect of investment opportunity set, multiple large shareholders and capital structure on dividend policy with liquidity as a moderating variable in manufacturing companies listed on the Indonesia Stock Exchange in 2019-2021. In this study, the population of all manufacturing companies listed on the Indonesia Stock Exchange (IDX) in 2019-2021 was used. The sampling technique in this study used a purposive sampling technique. The purposive sampling technique is a sampling technique for data sources with certain considerations (Hadi, 2006). The sample criteria are as follows:

1. Manufacturing companies listed on the Indonesia Stock Exchange consecutively for 2019-2021.
2. Manufacturing companies that present their annual complete financial reports in a row for the 2019-2021 period.
3. Manufacturing companies that generate net profit in a row in the 2019-2021 study period.
4. Manufacturing companies that pay dividends consecutively in the 2019-2021 period.
5. Manufacturing companies that have complete data used in research

In this study, researchers used multiple linear regression analysis and moderate regression analysis. Multiple linear regression analysis is measuring the effect of the independent variables on the dependent variable. This analysis is used to determine the direction of the relationship between the independent variables and the dependent variable whether each variable is positively or negatively related. This study uses data processing methods with the SPSS application program.

C. ANALYSIS AND DISCUSSION

1. Descriptive Statistical Anaysis

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
IOS	123	.00	6.00	2.0569	1.32009
MLS	123	1.00	4.00	2.7154	.83490
DER	123	1.00	3.00	1.1545	.47963
CR	123	.00	8.00	2.7236	1.56447
DPR	123	5.00	100.00	47.3496	27.13596
Valid N (listwise)	123				

Based on the descriptive analysis above, it explains that the Investment Opportunity Set in sample companies from 2019-2021 has a minimum value of 0.00, while the maximum value is 6.00, with an average value of 2.0569 and a standard deviation of 1.32009. The minimum value for Multiple Large Shareholders is 1.00, while the maximum value is 4.00, with an average value of 2.7154 and a standard deviation of 0.83490. Capital Structure has a minimum value of 1.00, while the maximum value is 3.00, with an average value of 1.1545 and a standard deviation of 0.47963. Liquidity has a minimum value of 0.00 and a maximum value of 8.00, with an average value of 2.7236 and a standard deviation of 1.56447. Furthermore, the Dividend Policy has a minimum value of 5.00 and a maximum of 100.00 with an average value of 47.3496 and a standard deviation of 27.13596.

2. Classical Assumption Test
   a. Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		123
Normal Parameters[a]	Mean	.0000000
	Std. Deviation	23.19641808
Most Extreme Differences	Absolute	.100
	Positive	.100
	Negative	-.071
Kolmogorov-Smirnov Z		1.109
Asymp. Sig. (2-tailed)		.171
a. Test distribution is Normal.		

Based on the Normality Test using the One-Sample Kolmogorov-Smirnov Test it shows a significance level of 0.171. So it can be concluded that the data is normally distributed because it has a significance value of 0.171 greater than 0.05.

b. Multicollinearity Test

Coefficients[a]

		Collinearity Statistics	
Model		Tolerance	VIF
1	IOS	.956	1.046
	MLS	.979	1.021
	DER	.858	1.165
	CR	.850	1.177

a. Dependent Variable: DPR

Based on the results of the multicollinearity test above, where the Investment Opportunity Set variable (X1) has a tolerance value of 0.956 > 0.10 and a VIF value of 1.046 <10, the Multiple Large Shareholder variable (X2) has a tolerance value of 0.979 > 0.10 and a VIF value of 1.021 < 10, the Capital Structure variable (X3) has a tolerance value of 0.858 > 0.10 with a VIF value of 1.165 <10 and the Liquidity variable (Z) has a tolerance value of 0.850 > 0.10 with a VIF value of 1.177 <10 Based on these test results it can be seen that the variable X1, X2, X3 and Z do not have multicollinearity.

c. Heteroscedasticity Test

Coefficients[a]

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	18.628	6.531		2.852	.005
	IOS	.468	.984	.045	.476	.635
	MLS	-.813	1.537	-.049	-.529	.598
	DER	.083	2.858	.003	.029	.977
	CR	.388	.881	.044	.441	.660

a. Dependent Variable: APRESID

Based on the results of the heteroscedasticity test above, it shows a significant value of the Investment Opportunity Set variable (X1) of 0.635 > 0.05, the Multiple Large

Shareholder variable (X2) of 0.598 > 0.05, the Capital Structure variable (X3) of 0.977 > 0.05 and the variable Liquidity (Z) of 0.660 > 0.05. Based on the results of the Glejser test above, it can be concluded that there is no heteroscedasticity.

    d.   Autocorrelation Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.519[a]	.269	.245	23.58630	2.185

a. Predictors: (Constant), CR, MLS, IOS, DER

b. Dependent Variable: DPR

Based on the results of the autocorrelation test above, where the Durbin-Watson value is 2.185 for comparison using a significant value of 0.05 or 5%, the number of samples is 123, the number of independent variables is 3 and the Moderating variable is 1, so k = 4, so from the Durbin-Watson table we get the Du value is 1.7733 and the dL value is 1.6392. Since the DW value is greater than the dU value, it can be concluded that the data used does not have autocorrelation.

3. Hypothesis Test
    a.   Determination Coefficient Test (R^2)

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.519[a]	.269	.245	23.58630

a. Predictors: (Constant), CR, MLS, IOS, DER

b. Dependent Variable: DPR

In accordance with the results of the coefficient of determination test for the multiple linear equation above, where the Adjusted R Square number indicates the coefficient of determination or the independent variable in relation to the dependent variable with the Adjusted R Square number of 0.245 this indicates that the contribution of the independent variables is Investment Opportunity Set, Multiple Large Shareholders and Capital Structure and Liquidity on the dependent variable, in this case the Dividend Policy, is 0.245 or 24.5%, while 75.5% is influenced by other factors.

    b.   Simultaneous Test (F Test)

ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	24190.962	4	6047.741	10.871	.000[a]
	Residual	65645.005	118	556.314		
	Total	89835.967	122			

a. Predictors: (Constant), CR, MLS, IOS, DER

b. Dependent Variable: DPR

Based on the results of the Simultaneous test (Test F) above, it can be obtained:
1. From the ANOVA table where the value of Sig. of 0.000. Decision making seen from the value of Sig. if the value is <0.05 then the independent variable has a simultaneous or joint effect on the dependent variable. According to the table above the value of Sig. of 0.000 <0.05 or 5%, which means that the variables

Investment Opportunity Set (X1), Multiple Large Shareholders (X2) and Capital Structure (X3) have a positive effect simultaneously on the Dividend Payout Ratio (Y).

2. Comparison of the calculated F value and F table obtained the calculated F value of 10.871. In accordance with the decision making in the simultaneous test if the calculated F value> F table then the independent variables have a simultaneous influence on the dependent variable. According to the table above, the calculated F value is 10.871 > F table 2.45, according to the basis for decision making, it means that the Investment Opportunity Set (X1) Multiple Large Shareholder (X2) and Capital Structure (X3) variables have a simultaneous positive effect on the Dividend Payout Ratio (Y) .

c. Partial Test (t Test)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	24.636	10.983		2.243	.027
	IOS	7.845	1.655	.382	4.741	.000
	MLS	-5.766	2.585	-.177	-2.231	.028
	DER	11.153	4.806	.197	2.321	.022
	CR	3.435	1.481	.198	2.320	.022

a. Dependent Variable: DPR

Based on the results of the Partial Test (t test) above, it can be obtained:

1. The hypothesis test used is by comparing the Sig. with 0.05. In accordance with the above test results where the significance value (Sig.) Investment Opportunity Set (X1) is 0.000 <0.05 So it can be concluded that H1 is accepted. Which means the Investment Opportunity Set (X1) has an effect on the Dividend Payout Ratio (Y).

2. The significance value (Sig.) of Multiple Large Shareholders (X2) is 0.028 <0.05, so it can be concluded that H2 is accepted. Which means Multiple Large Shareholders (X2) has an effect on the Dividend Payout Ratio (Y).

3. The significance value (Sig.) of Capital Structure (X3) is 0.022 <0.05, so it can be concluded that H3 is accepted. Which means Capital Structure (X3) affects the Dividend Payout Ratio (Y).

4. Hypothesis test by comparing the value of t count with t table. Look at the t table distribution where the t table value is 1.98027. And according to the test results above, it is known that the t values of Investment Opportunity Set (X1), Multiple Large Shareholders (X2) and Capital Structure (X3) are 4.741, -2.231 and 2.321 > 1.98027, so it can be concluded that H1 H2 and H3 are accepted . Which means Investment Opportunity Set (X1), Multiple Large Shareholders (X2) and Capital Structure (X3) have an effect on the Dividend Payout Ratio (Y).

d. *Moderate Regression Analysis* (MRA)

<div align="center">Coefficients[a]</div>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	35.087	4.811		7.294	.000
	CR	-8.862	5.204	-.511	-1.703	.091
	IOS*CR	2.287	.520	.469	4.398	.000
	MLS*CR	-1.878	.816	-.351	-2.302	.023
	DER*CR	12.892	4.773	.695	2.701	.008

a. Dependent Variable: DPR

Based on the results of the Moderate Regression Analysis (MRA) test above, it can be obtained:

1. Moderating variable 1 (X1*Z) is significant with a regression coefficient of 2.287 and a significance value of 0.000 <0.05. This study interprets that the variable Liquidity is a moderating variable that strengthens the effect of the relationship between the Investment Opportunity Set variable and the Dividend Payout Ratio. So the fourth hypothesis (H4) which states that Liquidity strengthens the effect of Investment Opportunity Set on the Dividend Payout Ratio is proven and accepted.

2. Moderating variable 2 (X2*Z) is significant with a regression coefficient of -1.878 and a significance value of 0.023 <0.05. This study interprets that the variable Liquidity is a moderating variable that strengthens the influence of the relationship between the Multiple Large Shareholder variable and the Dividend Payout Ratio. So the fifth hypothesis (H5) which states that Liquidity strengthens the influence of Multiple Large Shareholders on the Dividend Payout Ratio is proven and accepted.

3. Moderating variable 3 (X3*Z) is significant with a regression coefficient of 12.892 and a significance value of 0.008 <0.05. This study interprets that the variable Liquidity is a moderating variable that strengthens the effect of the relationship between the Capital Structure variable and the Dividend Payout Ratio. So the sixth hypothesis (H6) which states that Liquidity strengthens the effect of Capital Structure on the Dividend Payout Ratio is proven and accepted.

D. CONCLUSION

1. The research results obtained for the Effect of Investment Opportunity Set on the Company's Dividend Policy, namely the Investment Opportunity Set has an effect on the company's Dividend Policy. In this case the effect is positive, which means that the higher the Investment Opportunity Set will affect the increase in the company's dividend distribution, but conversely the lower the Investment Opportunity Set will affect the decrease in the company's dividend distribution.

2. The research results obtained for the Effect of Multiple Large Shareholders on the Company's Dividend Policy, namely that the Multiple Large Shareholders have an effect on the company's Dividend Policy. However, in this case the effect is negative, which means that the higher the Multiple Large Shareholder, the lower the dividend distribution of the company, but conversely, the lower the Multiple Large Shareholder, the higher the dividend distribution of the company.

3. The research results obtained for the effect of capital structure on company dividend policy, namely capital structure influence company dividend policy. In this

case the effect is positive, which means that the higher the Capital Structure, in this case the Debt To Equity Ratio, will affect the increase in the company's dividend distribution, but conversely, the decrease in the Debt To Equity Ratio will affect the decrease in the company's dividend distribution.

4. The results of the Moderated Regression Analysis show that the interaction of Liquidity and Investment Opportunity Set on the company's Dividend Policy is a moderating variable with significant results. This means that the hypothesis which says that Liquidity moderates the effect of Investment Opportunity Set on the company's Dividend Policy is proven.

5. The results of the Moderated Regression Analysis show that the interaction of Liquidity and Multiple Large Shareholders on the company's Dividend Policy is a moderating variable with significant results. This means that the hypothesis which says that Liquidity moderates the effect of Multiple Large Shareholders on the company's Dividend Policy is proven.

6. The results of the Moderated Regression Analysis show that the interaction of liquidity and capital structure on the company's dividend policy is a moderating variable with significant results. This means that the hypothesis that liquidity moderates the effect of capital structure on the company's dividend policy is proven.

REFERENCE

Abbott, L. J. (2001). Financing, dividend and compensation policies subsequent to a shift in the investment opportunity set. *Managerial Finance*.

Attig, N. (2009). *Do multiple large shareholders play a corporate governance role? evidence from east asia. XXXII*(4), 395–422.

Faccio, M., Lang, L. H. P., & Young, L. (2001). Dividends and expropriation. *American Economic Review*, *91*(1), 54–78.

Gaver, J. J., & Gaver, K. M. (1993). Additional evidence on the association between the investment opportunity set and corporate financing, dividend, and compensation policies. *Journal of Accounting and Economics*, *16*(1–3), 125–160.

Imanda, F. P., & Nasir, M. (2006). Analisis Persamaan Simultan Kepemilikan Manajerial, Kepemilikan Institusional, Risiko, Kebijakan Utang dan Kebijakan Dividen dalam Perspektif Teori Keagenan. *SNA 9 Padang*.

Jiang, F., Cai, W., Wang, X., & Zhu, B. (2018). Multiple large shareholders and corporate investment: Evidence from China. *Journal of Corporate Finance*, *50*(71432008), 66–83. https://doi.org/10.1016/j.jcorpfin.2018.02.001

Parmitasari, R. D. A. (2016). Ownership Structure, Financial Decisions And Their Impact On Firm Value: Jakarta Islamic Index. *Mani in India*, *96*(11), 4483–4502.