

Dividend as a Moderation Variable to Increase Stock Prices

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Abstract

One of the strategic decisions in the company is related to dividend decisions. It becomes the basis for investors to invest in shares. Investors value income from dividends distributed by companies for more than income from capital gains. Investors prefer to receive payment now than future ones because they are faced with uncertainty. Regular dividend distribution indicates the company has bright prospects in the future. Accordingly, Dividends have a significant influence on the increase in share prices. Data were collected using the documentation method of 34 samples of the most liquid Islamic stocks listed on the IDX. This research uses the SPSS analysis technique and uses a partial test (t-test). The tests to determine the significance of each independent variable in influencing the dependent variable with a one-way test and using moderation regression to test and analyze the effect of dividends per share on stock prices, whether to strengthen/weaken the dependent variable. The study results found that profitability and solvency, as well as dividends, have a relationship with stock prices. The relationship between ROA and share prices as moderated by dividends is negative for stock prices. The relationship between ROE and share price, which is moderated by dividends, is positive but not significant. Dividends can significantly strengthen the DER relationship to the share price. In addition, dividends were able to strengthen DAR's relationship with share prices significantly.

Keywords: dividend; stock price; investor valuation; profit; company

JEL: G11, G12, G41

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1. INTRODUCTION

The company's dividend policy is an essential factor that influences the positive assessment of investors, which is reflected in the stock price. An increase in dividend payments is often interpreted as a sign of increasing profits earned by the company in the future, while a decrease in dividend payments is often interpreted as a decrease in future profits (Iilat et al., 2019). Broadly the company's financial performance can be seen in its dividend policy (Kanakriyah, 2020). The increase in the value of the

company reflects an increase in the welfare of the shareholders. (Rinnaya et al. 2016). Profitability is reflected in the ability of the assets owned by the company to generate profits (ROA) and the ability of the company's capital to make profits (ROE). If profitability is high, share prices will increase significantly (Rifqiawan, 2015; Darmawan, 2017; Heryanti, 2020; Putra & Baskara, 2019). Pattiruhu and Paais (2020) explain that ROA and DER affect dividend policy. Meanwhile, solvency can be seen in the composition of debt to equity (DER; Debt to Equity ratio) and composition of debt to assets (DAR; Debt to Asset Ratio). The composition of debt is significantly negatively related to share prices (Darsono, 2015; Rochmah, 2017; Yanti & Abudanti, 2019).

The existence of the dividend policy implemented by the company turns out to make this formula not applicable. Several studies have shown that information about dividend distribution affects stock prices. Research conducted by Mahendratama (2012) proves that the company's dividend policy can significantly influence the increase in stock prices. An increase in dividend payments is often interpreted as a sign of increasing profits to be obtained by the company in the future, whereas a decrease in dividend payments is often interpreted as a decrease in future profits (Below and Johnson, 1996). The bird in hand theory by Gordon and Lintner (1956) states that investors prefer dividends because they are considered more specific than capital gains, and this causes investors to prefer dividends that have a definite nominal value rather than capital gains which may still change in nominal value. Based on the concept of the time value of money, dividends paid by the company now have a higher capital gain value than expected.

Dividend distribution information is believed to affect stock prices on the stock exchange as a result of the interaction of investors who want to benefit from this moment (Mahfudz & Wijayanto, 2020). Regular dividend distribution indicates the company has bright prospects in the future. An increase in dividend payments is interpreted as a sign of increasing future profits for the company, while a decrease in dividend payments is often interpreted as a decrease in future profits (Below and Johnson, 1996), and dividends provide information about earnings quality (Deng et al., 2016; He. et al., 2017). Regular dividend distribution indicates the company has bright prospects in the future. Several research results show that profitability has a positive effect on dividend distribution (Frangky, 2015; Wijaya & Sedana, 2015; Rahmawati et al, 2015; Nyandumo, 2016; Sudiani & Darmayanti, 2016; Suartawan & Yasa, 2016; Shamsabadi; Booth & Zhou, 2017). Meanwhile, Devi & Sudjani's research (2012) shows that dividends are not able to increase firm value. The results also show that the relationship between leverage and firm value is negative. In addition, the relationship between profitability and firm value is positive, and dividend policy is able to moderate the relationship between profitability and firm value. This is reinforced by the findings of Khuzaini et al. (2107), which show a negative relationship between profitability and dividend policy.

Conflicts in the company's dividend policy arise when there are differences in interests between the company and investors. Companies are usually more inclined to use profits for the company's benefit, while investors prefer profit-sharing in the form of dividends (Putra & Lestari, 2016). Dividend distribution is a very interesting phenomenon to study because the management will certainly face difficulties in how to make decisions on dividend policy appropriately. The company's decision in determining the dividend policy can cause problems with shareholders, and this is due

to the interest in using the profits generated by the company.

In other words, the relationship between dividends and share prices is an unanswered puzzle. The purpose of this paper is to answer this question. This study will analyze whether the dividend relationship is able to moderate between ROA and ROE. In addition, this study will also examine the effect of both on stock prices. Several problems are emphasized in this study, including the effect of dividends on investors' reactions, where they will usually use this information to evaluate the company's stock, which is a signal (Baker & Powell, 1999 in Lisia (2005). Second, the stability of dividend distribution is an indication of whether a company is a healthy benchmark for investors to invest in stocks. Third, the amount of dividends is used as a factor in investor judgment. because it is directly related to the level of profits obtained by investors because dividends are dividends of profits to shareholders as a form of reward in fulfilling the objective of maximizing shareholder wealth. This research is based on the argument that profitability has a positive value on stock value as well as dividends. Meanwhile, solvency has a negative value on stock prices which results in a decrease in stock prices. This cannot be separated from the company's ability, which is represented by ROA and ROE, which have a positive signal for company performance. This positive value is inversely proportional to the DAR and DER variables, which indicate the composition of the company's debt, which will have a negative effect on stock prices. Therefore, investors will not enter their shares into a company if they negatively trend later stock profitability.

2. LITERATURE REVIEW

Investment Factors for Company Progress

Investment is an important economic variable, both individuals and groups in the form of business institutions that have big problems to allocate (Farhadi et al., 2016). Investment is also defined as an activity to postpone current consumption to consume more in the future. Postponing consumption aims to provide services, financial income, and the use of resources stored in the form of money, land, machinery, and so on (Farhadi et al., 2016). In line with that, the definition of investment is very close to the rational allocation of company resources which has an important influence on the company's business risk, profitability, growth opportunities, and other factors that are the source of value creation and sustainable development for the company (Mao et al., 2019). Investment in the form of increasing human capital, public infrastructure development, development, and research. In particular, investment is how companies set aside their current resources to be able to achieve better results in the future (Eberly, 2020). Investment decisions are considered part of corporate risk management (Mweresa & Muturi, 2018), with an important role in economic development for both developed and developing countries. The development of an efficient capital market will further increase the confidence of domestic and foreign investors in investing in the capital market (Antono et al., 2019). In Indonesia, the influence of the quality of financial reports on the efficiency of a company's investment is closely related where the company's optimal investment level will make the company avoid underinvestment and overinvestment conditions (Sari & Suaryana, 2014). The importance of investment activities in companies and making reasonable and effective decisions in the implementation of investments are important guarantees for increasing efficiency and business effects and realizing company development strategies (Mao et

al., 2019). Not only investment decisions, but companies are also assisted by efficient funding and good asset management. So that this affects increasing the value of the company as an achievement that results in the welfare of the owners and employees of the company (Devina et al., 2016). Company growth, company size, and investment decisions together have a significant effect on firm value (Suryandani, 2018)

Share Price and Company

Shares are defined as a sign of ownership of either identical individual or group ownership in a company (Pernamasari et al., 2020). In a company's economic turnover, stocks have price variations which are indicators of risk measurement and affect firm value. Share price variations are significant for company management and also investors (Ngoc Hung et al., 2019). This share price is formed from the capital market and is determined by several factors (Zhu et al., 2012). One of them is the financial ratios in the company's financial statements. The share price can be influenced by the investor's decision to invest in the issuance of the company. One of the important factors in decision-making by investors is the stock price. The stock price is one of the performance indicators of the issuer. This means that the ups and downs of shares will also be in line with the performance of issuers (Pernamasari et al., 2020). In line with the findings of Ngoc Hung et al. (2019), stock price variations cannot be separated from dividends, so this relationship can be used to adjust stock risk to attract investors. On the investor side, these results help investors have real insight into stocks. They owned and dividend policy adopted by the listed company and then have a certain investment strategy for the company (Ngoc Hung et al., 2019). The share price in a company plays a limited role in guiding the company's investment decisions but has a major influence on the progress and success of the company (Durnev, 2012). When investors want to invest their funds, it is necessary to assess the stock price to analyze the company's ability to generate profits in the future, either in dividends or capital gains (Retno & Priantinah, 2012). In stock valuation, there are three types of value, namely: (1) Book value, which is a value calculated based on the books of the share issuing company (issuer); (2) Market value, which is the value of shares in the market, which is indicated by the price of the shares in the market; and (3) Intrinsic or theoretical value, is the actual or supposed share value (Retno & Priantinah, 2012). Apart from the basic value of the shares, emergencies also have a big impact in determining stock prices, such as psychological factors and investor behavior. This is also in line with the optimism of investors to reduce earnings volatility. On the other hand, investors' pessimism will increase earnings volatility. The current COVID-19 pandemic will directly affect the economic environment. This raises the sentiment of investors and results in changes in stock prices in general (He et al., 2020).

Dividend as a Factor in Company Progress

Dividend refers to the distribution of profits to shareholders as a form of reward to maximize shareholder wealth in a company. Meanwhile, dividend policy is a practice followed by company management in making dividend payment decisions. This dividend policy, in other words, looks at the size and pattern of cash distribution from time to time to shareholders (Yusof & Ismail, 2016). In line with the opinion of Hussainey et al. (2011), dividend policy is a company policy related to the payment of profits or profit-sharing between payments to shareholders and investment back into the company (Farooq et al., 2018). In general, the company's goal of paying dividends is to build a reputation for acting in the best interests of shareholders (Farooq et al., 2018). In addition to having an objective on the company's reputation, dividends are an

important aspect of corporate finance which has implications for many groups of corporate stakeholders such as investors, managers, and lenders (Kaźmierska-Jóźwiak, 2015). So it is not wrong to say that this dividend is an essential part of a company for progress and success (Baker & Weigand, 2015). The use of a dividend policy can affect shareholder wealth, and this policy also affects the company's capital. In corporate finance and dividend policy has more to do with how companies can attract investors in different taxes and how companies can increase the company's market value, and how companies buy cash dividend replacement stocks and others (Hashemijoo et al., 2012). In companies in Indonesia, dividends also play an important role for many companies. Indonesian company managers believe that dividends greatly affect firm value (Setiawan & Phua, 2013). Dividends are an essential right for investors. However, in the field, managers are often pursuing personal gain that is detrimental to investors. In addition, there were also conflicts between majority shareholders and minority shareholders. Then this is protected through dividends and good corporate governance mechanisms (Setiawan & Phua, 2013). The decision to pay dividends is a fundamental company financial problem because it has a significant impact on investment and financing decisions. The decision to make this dividend is influenced by factors of profit, company size, investment opportunities, lagging dividends, and cash flow within the company (Yusof & Ismail, 2016).

Research Hypothesis

H1a: ROA has a significant positive influence on Stock Price

H1b: ROE has a significant positive influence on Stock Price

H2a: DER has a significant positive influence on Stock Price

H2b: DER has a significant positive influence on Stock Price

H 3a: Dividends are able to strengthen the relationship between ROE and Stock Price

H3b: Dividends are able to strengthen the relationship between ROA and stock prices

H4a: Dividends are able to strengthen the relationship between DAR and stock prices

H4b: Dividend as a moderating variable is able to strengthen the relationship between DER and stock prices

3. METHOD

This research was conducted on JII70 stock. The sale of sharia shares of JII70 is carried out consistently twice a year, namely in May and November. The liquidity criteria in selecting 70 sharia shares are:

1. Sharia shares that have been included in the Indonesian Sharia Stock Index for the last six months
2. The 150 stocks selected are based on the average order of the highest market capitalization values in the last year
3. Then 70 stocks were selected based on the highest average daily transaction value in the regular market
4. Selected 70 selected stocks used in this study.

The population of this study is companies that are included in the JII70 index. Determination of the sample using purposive sampling. The following are the criteria for research sampling.

Table 1. Criteria for research sampling

No	Classification	Amount
1	An issuer that is consistently included in the JII70 Index	48
2	Issuers with inconsistent earnings	8
3	Issuers who do not consistently distribute dividends	6
4	Issuers that meet the research criteria	34

4. RESULTS AND DISCUSSION

Table 2. Classical Assumption Test, Normality test

	Unstandardized Residual
Kolmogorov-Smirnov Z	0,946
Asymp. Sig. (2-tailed)	0,332

The significance test of the value of T3 with Shapiro Wilk table 2 can be seen in the probability value (p). If the value of $p > 5\%$, then the data are normally distributed. Conversely, when the value of p.

Table 3. Heteroscedasticity test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
Constant	7688,128	3547,038		2,167	0,039
ROA	-306,922	293,683	-0,571	-1,045	0,305
ROE	114,468	98,881	0,618	1,158	0,256
DER	-1597,952	1510,453	-0,352	-1,058	0,299
DAR	-1392,365	6892,077	-0,065	-0,202	0,841

The result value of the test in table 3 can be seen from the value of significance. If the significance value is > 0.05 , then there is no heteroscedasticity.

Table 4. Multicollinearity Test

Model	Unstandardized Coefficients		t	Sig	Collinearity Statistics	
	B	Std. Error			Tolerance	VIF
Constant	15490,674	5348,320	2,896	0,007		
ROA	-1313,687	442,823	-2,967	0,006	0,107	9,307
ROE	701,581	148,095	4,706	0,000	0,112	8,910
DER	-1837,663	2277,502	-0,807	0,426	0,290	3,448
DAR	-16788,870	10392,060	-1,616	0,117	0,307	3,258

In table 4, the Basis of decision $VIF < 0.10$ and the value of Tolerance > 0.10 then not multicollinearity.

Table 5. Autocorrelation test

Model	R Square	Durbin-Watson
	0,588	1,268
<i>Description:</i>		
K=4	dL=1,2078	
N=34	dU=1,7277	

The DW value is between dL and dU, and it doesn't produce a definite conclusion whether there is autocorrelation in the regression model, so a run test is used. Table 5 is an autocorrelation test result.

Table 6. Run-Test

	Unstandardized Residual
Test Value	-1000,13544
Cases < Test Value	17
Cases >= Tes Value	17
Total Cases	34
Number of runs	18
Z	0,000
Asymp. Sig. (2-tailed)	1,000

the run-test in table 6 obtained asymp.sig. (2-tailed) of 1,000 because it is more than 0.05, then the regression model used doesn't occur autocorrelation

The company's stock price is a good indicator for the development of a company in the eyes of investors. Share price developments reflect investors' appreciation of the value. The condition of the company is also determined by the behavior of investors in buying and selling shares of a company. This section shows that profitability and solvency, and dividends have a relationship with stock prices. The analysis of the relationship between ROA and share prices as moderated by dividends is negative for stock prices. The relationship between ROE and share price, which is moderated by dividends, is positive but not significant. Dividends can significantly strengthen the DER relationship to the share price. In addition, dividends were able to strengthen DAR's relationship with share prices significantly. The relationship between share prices and these variables is described in the following sections.

Relationship of ROA, ROE, DER, DAR, Dividend to Stock Price

Share prices are associated with ROA, DER, and DAR, which show a significant negative relationship (see Table 1). When ROA, DER, and DAR increase, the stock price will be decreased. Likewise, a decrease in ROA, DER, and DAR will increase the company's share price. ROE and dividends have a positive relationship. The higher the ROE and dividends, the higher the company's stock price. The multiple linear regression equation obtained is as following equation 1:

$$Y = 12851,423 - 1288,128 + 629,201 - 1625,999 - 13490,008 + 8,441. \tag{1}$$

Table 7. The relationship between ROA and share prices

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	12851.423	4136.775		3.107	.004
ROA	-1288.128	339.284	-1.057	-3.797	.001
ROE	629.201	115.285	1.501	5.458	.000
DER	-1625.999	1745.356	-.158	-.932	.359
DAR	-13490.008	7993.031	-.279	-1.688	.103
Dividend	8.441	1.824	.452	4.627	.000

The relationship between ROA and share prices is negative and significant in table 7, as shown by the Beta value of -1288,128. The relationship between ROE and stock prices is positive and significant, as indicated by the Beta value of + 629,201 with a significant value of 0.0000 <0.05. The relationship between DER and stock prices is negative, as indicated by the value of B -1625,999 and not sig, with a significant value of 0.359. The relationship between DAR and stock prices shows a value of -13490.008 and is not significant, with a significant value of 0.103 > 0.005.

This finding shows that stock prices are largely determined by profitability, solvency, and dividends.

Dividend as a moderating variable in the relationship between ROA and Stock Prices

Beta shows the results of -1.589 are negative with a significant 0.002 <0.05. It can see in this table 8.

Table 8. The relationship between ROA and stock prices

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1(Constant)	7615.774	3851.834		1.977	.058
ROA	-1424.915	292.195	-1.170	-4.877	.000
ROE	938.130	134.082	2.238	6.997	.000
DER	-1917.228	1491.185	-.186	-1.286	.209
DAR	-10612.386	6870.352	-.220	-1.545	.134
Dividend	31.772	7.058	1.702	4.502	.000
ROA*Deviden	-1.589	.469	-1.590	-3.389	.002

ROA relationship with share price is negative and significant, as in table 8 as shown by the Beta value of -1424,915 with a significant value of 0.000 <0.005. The relationship between ROE and stock prices is positive and significant, as indicated by the Beta value of +938,130 with a significant value of 0.0000 <0.05. The relationship between DER and stock prices is negative, as indicated by the Beta value of -1917,228,

and it is not significant, with a significant value of $0.209 > 0.005$. The relationship between DAR and stock prices is indicated by a value of $-10612,386$ and is not significant, with a significant value of $0.134 > 0.005$. The dividend relationship with share price is $+31,772$ and significant. Dividend as a moderating variable can significantly weaken the relationship between ROA and stock prices, indicated by a beta value of -1.589 with a significant value of $0.002 < 0.005$.

This data shows that dividends can significantly weaken the relationship between ROA and stock prices. Dividends as moderation are unable to increase share prices.

Dividend as a moderating variable in the relationship between ROE and Stock Price

The relationship between the two is insignificant, with a significant value of $0.748 > 0.005$, on the share price in table 9.

Table 9. The relationship between ROE and stock prices

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1(Constant)	12930.858	4211.584		3.070	.005
ROA	-1189.531	459.398	-.977	-2.589	.015
ROE	549.546	271.779	1.311	2.022	.053
DER	-1477.525	1831.863	-.144	-.807	.427
DAR	-13271.210	8151.724	-.275	-1.628	.115
Dividend	7.123	4.460	.382	1.597	.122
ROE*Deviden	.063	.193	.160	.325	.748

The relationship between ROA and stock prices is negative with a Beta value of -1189.531 , which is not significant with a significant value of $0.015 > 0.005$. The relationship between ROE and stock prices is positive and insignificant, as indicated by the Beta value of $+549.546$ with a significant value of $0.053 > 0.005$. The relationship between DER and stock prices is negative as indicated by the Beta value of -1477.525 and insignificant, with a significant value of $0.427 > 0.005$. The relationship between DAR and stock price shows a value of $-13271,210$ and is not significant, with a significant value of $0.115 > 0.005$. The dividend relationship with share price is $+7,123$ and insignificant, with a significant value of $0.122 > 0.005$. The dividend variable can strengthen the relationship between ROE and stock prices and is not significant, with a significant value of $0.748 > 0.005$.

These findings show that dividends can insignificantly strengthen the relationship between ROE and stock prices. We can conclude that stock price is not determined by the size of the dividend distributed by the company. ROE does not solely influence the share price.

Dividend as a moderating variable in the relationship between DER and Stock Price

The result shows the relationship between DER and stock prices with a beta value showing 25.922 to be positive with a significant $0.0000 < 0.005$ as shown in Table 10. The debt ratio is a factor affecting share prices which are strengthened by the dividend distribution factor made by the company.

Table 10. The relationship between DER and stock prices

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig.
1 (Constant)	13404.805	3274.782		4.093	.000
ROA	-579.744	316.686	-.476	-1.831	.078
ROE	76.181	159.822	.182	.477	.637
DER	-1760.465	1380.928	-.171	-1.275	.213
DAR	-12834.982	6324.318	-.266	-2.029	.052
Dividend	-3.338	3.146	-.179	-1.061	.298
DER*Deviden	25.922	6.152	1.242	4.213	.000

The relationship between ROA and stock prices is negative and insignificant, as indicated by the Beta value of -579,744 with a significant value of $0.078 > 0.005$. The relationship between ROE and stock prices is positive and insignificant, as indicated by the Beta value of +76,181 with a significant value of $0.637 > 0.005$. The relationship between DER and stock prices is negative, as indicated by the Beta value of -1760.465, with a significant value of $0.213 > 0.005$. The relationship between DAR and stock prices shows a value of -12834,982 and is not substantial, with a substantial value of $0.052 > 0.005$. The dividend relationship with share price is -3,338 and insignificant, with a sig value of $0.298 > 0.005$. Dividend as a moderating variable strengthens the relationship between ROE and stock price +25,922 and is significant, with a considerable value of $0.000 < 0.005$ (see Table 4).

This data shows that the composition of debt influences the stock price through dividends distributed by the company. Dividends can significantly strengthen the relationship between DER and stock prices which affects company performance. In other words, the relationship between the composition of debt and the negative share price is strengthened by dividend distribution by the company.

Dividend as a moderating variable in the relationship between DAR and Stock Price

Dividend as a moderating variable can significantly strengthen the relationship between DAR and stock prices. A Beta value shows a positive result of 76.722 with a significant $0.003 < 0.005$, as shown in Table 11.

Table 11. The relationship between DAR and stock prices

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig.
1(Constant)	15390.811	3666.207		4.198	.000
ROA	-954.876	311.346	-.784	-3.067	.005
ROE	317.598	138.972	.758	2.285	.030
DER	-1034.963	1521.739	-.101	-.680	.502
DAR	-18679.600	7103.215	-.387	-2.630	.014
Dividend	-14.927	7.424	-.800	-2.011	.054
DAR*Deviden	76.722	23.817	1.507	3.221	.003

The relationship between ROA and stock prices is negative and significant, indicated by the Beta value of -954,876 with a significant value of 0.005 < 0.005. The relationship between ROE and stock prices is positive and insignificant, as indicated by the B value of +317,598 with a significant value of 0.030 > 0.005. The relationship between DER and stock prices is negative, which is indicated by the Beta value of -1034,963 and not significant, with a sig value of 0.502 > 0.005. The relationship between DAR and stock price shows a value of -14,927, and it is not significant, with a significant value of 0.14 > 0.005. The dividend relationship with share price is -14,927 and not significant, with a significant value of 0.54 > 0.005. Dividend as a moderating variable strengthens the relationship between ROE and the stock price of +76,722 and is significant, with a significant value of 0.003. These results show that dividend policy can strengthen DAR in relation to stock prices. Dividend policy is also proven to be able to strengthen the relationship of DAR to stock prices.

This study shows that dividends can change the relationship between negative DER and DAR to be positive in increasing the company's stock price. Investors believe that the number of dividends paid can reflect the company's prospects in the future. Investors view that the risk of dividends is lower than the risk of capital gains. Investors often do not know the overall information about the internal condition of the company. High dividends will help reduce uncertainty because dividends are received now, while capital gains are received in the future. Dividend uncertainty is smaller than the uncertainty of capital gains. Because the uncertainty factor is reduced, such investors will pay higher for stock.

The use of a dividend policy can affect shareholder wealth, and this policy also affects the company's capital. In corporate finance, and the dividend policy has more to do with how the company can attract potential investors and increase the company's value. As we know that investors will judge the company has a good future by looking at its dividends. Investors believe dividends are a signal to the company's prospects. Dividend distribution is a sign for an investor where a large dividend increase indicates that management is optimistic about the company's future. Issuing companies use dividend payments as a good signal. Conversely, a cut in the dividend value by the company will be considered a bad signal because it will be considered as a lack of liquidity. High dividend payments tend to increase share prices and vice versa.

Information about dividend distribution is believed to be able to increase share prices. Dividend policy contains useful information for investors.

Khan (2010); Daniel Sebate Sembiring (2009); Khan (2010) found that dividend policy affects the stock price and support this research. This research follows the signal theory and supports the relevant dividend theory. And also by Black & Scholes (1974) found that companies that increase dividend payments can expect a definite effect on stock prices. One response to changes in dividends is an increase or decrease in stock prices. This is a signal for investors about possible future earnings. Dividends can help provide good information about company management to the capital market (Myers & Majluf 1984), so it can be said that dividends are seen as a good signal for the company in the future (Miller & Rock, 1985). Changes in stock prices indicate a response that the change is a possible income that will be obtained in the future. Dividends are good signals about companies in the capital market (Miller & Rock 1985).

Based on the importance of dividends as a determining factor in stock price, actions the company should take in this regard, namely first the company must ensure consistency in dividend distribution regularly every year and considering that the greater the number of dividends the company distributes will be. Increase the share price. Consistency, in this case, is the keyword to attract investors. The two companies need to organize their funding management to distribute dividends in an amount that increases periodically from year to year. There must be a restructuring of funding that leads to consistency of dividend distribution.

5. CONCLUSION

A dividend policy is one of the company's policies that can increase stock prices. A dividend is a positive signal in improving company performance. In this study, dividends are a moderating variable that has a strategic role in shaping stock prices. The consistency of dividend payments from year to year increases the level of investor confidence so that it indirectly provides information that managers can manage the company and affects the demand and supply of shares to increase the stock price. Dividends can strengthen DER and DAR in increasing share prices. A company's success is shaped by the size of the dividends that are divided by the company. So it can be said that dividends can be seen as a signal to the company's prospects. The decision to increase dividends is only made if management believes it will sustain the increase in the future. Dividend policy is a signal for issuers. If the dividend has increased, this indicates that the company is optimistic about the company's future. Dividends are one of the tools used to improve the company's reputation and impact all stakeholders. Dividend policy affects increasing stock prices. Investors expect high stock prices because this reflects the prosperity of shareholders. The amount of dividends paid is high will impact increasing the value of the company and vice versa. The focus of this study is that dividend distribution can be a moderate variable to increase stock prices. The study, which is based on data from a sample of 34 companies, may have had different results if the sample was larger and over a longer period and a more varied variable indicator. Therefore, to obtain a more comprehensive picture of the relationship between dividend policy, stock prices, and investor behavior, it is necessary to analyze a larger sample coverage and add indicators from the research variables.

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