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DETERMINING FACTORS OF DIVIDEND POLICY AND ITS EFFECT ON STOCK PRICE IN THE BANKING SECTOR

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ABSTRACT

This study aims to determine and analyze the effect of profitability and firm size on stock prices with dividend policy as an intervening variable. The population in this study were 47 banking companies listed on the Indonesia Stock Exchange during the 2017-2021 period using the saturated sample method. Data analysis used panel data regression which was processed using Eviews version 12. The results of this study include; 1). Profitability has no effect on stock prices, 2). Company size affects stock prices, 3). Dividend policy is not proven to be an intervening variable because it cannot support the effect of profitability and company size on the share prices of banking companies on the Indonesia Stock Exchange during the 2017-2021 period.

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1. INTRODUCTION

Company purpose *Go public* Always want to increase the value of the company which is reflected in its share price and factors that affect stock price volatility including fundamental strengths. Hence the significant relationship between fundamental strength and corporate value (Tarczynski, et al, 2020). Since 2019, there has been an increase in daily transactions of shares on the Indonesia Stock Exchange and there have been daily transactions of up to IDR 21 trillion throughout January 2021. In May 2021, there were seven banks that received approval from the OJK as digital banks, but only five issuers were listed on the Indonesia Stock Exchange, including MNC Bank (BABP), Bank Aladin (BANK), Bank BTPN (BTPN), Bank KB Bukopin (BKBP), Bank Jago (ARTO) (Supriyatna, Iwan, suara.com, June 14, 2021). A total of 12 banks will follow suit to become digital banks and are in the process of obtaining permission from the OJK (including five issuers that *listed* on IDX), namely Bank BCA Digital, Bank BRI Agroniaga Tbk (AGRO), Bank Neo Commerce Tbk (BBYB), Bank Capital Tbk (BACA), Bank Harda Internasional Tbk (BBHI), Bank QNB Indonesia Tbk (BKSW), KEB Hana Bank (Alfi, Azizah Nur, financial bisnis.com, June 10, 2021). The current rise of digital banks in Indonesia is due to the Covid-19 pandemic which demands that banks continue to provide optimal services to customers by utilizing technological sophistication. The results of research by Dadoukis et al stated that the increasing use of information technology at the beginning of the Covid-19 pandemic would maintain bank resilience during the crisis, thereby increasing bank financial stability (Dadoukis, Fiaschetti, & Fusion, 2021).

The shares of these small banks have increased in stock prices by hundreds of percent, some even reaching up to thousands of percent since the beginning of the opening of the stock exchange in 2021, namely on January 4, 2021. In sampling, several small bank stocks that rose significantly in 2021 include:

Table 1. Small Bank Stock Price Trend

No.	Name	Issuer Code	Share price as of 4 Jan 2021	Share Price as of Dec 27, 2021	Change
1	Bank Harda Internasional Tbk	BBHI	396	6.925	1.648,74%
2	Bank Bumi Artha Tbk	BNBA	388	3.550	814,95%
3	Bank Arta Graha Tbk	INPC	69	131	89,86%
4	Bank Victoria International Tbk	BVIC	115	218	89,57%
5	Bank Ganesha Tbk	BGTG	76	282	271,05%
6	Bank Neo Commerce	BBYB	296	2.720	818,92%

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No.	Name	Issuer Code	Share price as of 4 Jan 2021	Share Price as of Dec 27, 2021	Change
	Tbk				
7	Bank Jago Tbk	ARTO	4.240	16.825	296,82%
8	Bank Maspion Tbk	BMAS	408	2.070	407,35%
9	Bank Ina Perdana Tbk	BINA	700	3.960	465,71%

Source : ajaib sekuritas

The significant increase in the share price of small banks was not followed by an increase in the share price of the *Big Four* banks. The average increase was only single digits, even Bank Rakyat Indonesia Tbk (BBRI) decreased by 5.80%. Stock price trends during 2021 at Big Four Banks can be seen in the table below.

Table 2. Big Four Bank share price trend

No.	Name	Issuer Code	Share price as of 4 Jan 2021	Share Price as of Dec 27, 2021	Change
1	Bank Central Asia Tbk	BBCA	6.835	7.350	7,53%
2	Bank Rakyat Indonesia Tbk	BBRI	4.310	4.060	-5,80%
3	Bank Mandiri Tbk	BMRI	6.500	7.000	7,69%
4	Bank Negara Indonesia Tbk	BBNI	6.375	6.750	5,88%

Source : ajaib sekuritas

Based on fundamental factors, stocks Big Four according to Erdikha Elit Securities Analyst, Regina Fawziah is still considered quite good (Suryahadi, Akhmad, kontan.co.id, August 3, 2021). It can be seen from the second quarter of 2021 financial report, BBCA still posted a profit of IDR 13.43 trillion even though there was a decrease compared to the end of 2020 which posted a profit of IDR 31.03 trillion. BBNI posted a profit of Rp5.03 trillion, BBRI of Rp12.53 trillion, BMRI of Rp13.68 trillion. Even BBNI is currently trading below its book value by value Price Book Value (PBV) of 0.87. In addition, bank issuers Big Four It routinely distributes dividends to shareholders even though in 2021 it experienced a decrease in dividends compared to the previous year due to the impact of the Covid-19 pandemic, except BBCA. The Covid-19 pandemic has resulted in many companies reducing dividend payments compared to the previous period. This is not only happening in Indonesia, in America there are 213 issuers that cut dividends and even 93 issuers do not distribute dividends from nearly 1,400 companies that pay dividends (Krieger, Mauck, &; Pruitt, 2021). Table 1 presents the dividends distributed by each issuer over the past five years.

The phenomenon of small company stock returns outperforming large companies in financial markets proves that size effects disappeared since the early 1980s. This is because small companies do not experience profitability shocks compared to large companies (Cheema, Chiah, &; Zhong, 2021). Stock price volatility is influenced by various factors, both internal and external. Financial statements are published by issuers on a quarterly, semester or annual basis. For investors, the profitability factor of an enterprise is very important because in research (Chue and Xu, 2022), the prediction of high aggregate stock returns over the next one/two years is determined by profitability in addition to the company's asset investment. In line with research conducted by (Neukirchen, Engelhardt, Krause, &; Posch, 2021) which stated that during the Covid 19 pandemic stock returns rose significantly due to the company's efficiency. But research Zhu et al., (2020) That said, a company's fundamental information only gets limited attention from investors in its investment strategy. In China, older retail investors and female investors prefer stocks that pay dividends over stock price growth (Han, Wu, and Liu, 2021).

Several studies prove that the dividend policy carried out by the company will affect the volatility of the company's stock price. Based on research conducted by Lin Chen and Ma that stock transactions originating from individual investors increased around dividend announcements (Chen, Lin, & Ma, 2019) and reinforced by the research of Mikael Bask (Bask, 2020) The announcement of the dividend increase will directly increase the stock price until the dividend payment is completed by the company and the stock price will fall again as before the dividend announcement. The behavior of investors getting dividends affects the stock market i.e. when interest rates fall, stocks with high dividends tend to have higher prices (Jiang & Sun, 2020). However, in research conducted by Nurul Ulfa (2016) from February to

November 2008, the effect of dividend policy did not have a simultaneous or partial effect on price reversals (price reversal) on stock groups Loser. Another study that proves that dividend policy does not affect stock prices is research conducted Wijaya, (2017) companies listed on the IDX in 2012-2014 with a total sample of 141 companies.

Research based on phenomena and gap result Regarding the size of the company to the return of shares has been done a lot by researchers, Putranto and Darmawan, (2018) The results of the study stated that the size of the company has a positive influence on stock prices. However, the research of Rina Fiani Dwi Kurnia and Nahruddien Akbar (Fiani &; Kurnia, 2021) contrary to the research of Anshari Dwi Putranto and Darmawan (Putranto &; Darmawan, 2018) which states that company size has no effect on stock prices carried out in pharmaceutical sector companies for the period 2014-2019, this study aims to analyze banks listed on the IDX during 2017-2021 the effect of profitability, dividend policy and company size on stock prices.

Theoretical Framework and Hypothesis

Signal theory (Signalling theory) first put forward by (Spence, 1973) that explain that management will convey signals related to success or failure to the owner (principal). Signal theory was further developed by (Ross, 1977) which states that the company's managers (Agent) have better information about the company and will be encouraged to pass the information on to the owner (principal) in order for his company's stock price to increase. According to (Ross, 1977) If the information conveyed by the manager is a good signal, then investors will be interested in taking further steps in investing in the company. Dividends are compensation received by shareholders, in addition to capital gains. There are several types of dividends, namely, cash dividends and non-cash dividends (Mahmud M Hanafi, 2014: 361). Cash dividend is a dividend paid by a company to shareholders in the form of cash rupiah. While non-cash dividends or called stock dividends (stock dividends) are dividends paid by companies to shareholders in the form of new shares so as to increase the number of shares owned by shareholders (Tandelilin, 2010: 32). Theory The Bird in The Hand Theory is one of the theories used in dividend distribution. Research Livoreka et al (Livoreka, Hetemi, Shala, Hoti, &; Asllanaj, 2014), this theory was put forward by Myron Gordon and John Lintner. According to Bird in The Hand Theory, Dividend policy affects stock prices. Clintele Effect Theory (Livoreka et al., 2014) explained that the dividend policy is aimed at being able to meet the needs of certain investor segments.

According to Horne Van & Wachowicz, Jr. (2015) there are several factors that affect dividend policy, these factors are as follows: Company Liquidity, The need for funds to pay obligations, The faster the growth rate of the company, the greater the need for power used to finance growth, A company is large and already doing well, has a record of profitability and data stability, According to Sapto Raharjo (2006), shares are one of the objects in the form of letters that have value and act as financial instruments shown in the form of certificates. According to (Kusuma &; Purwaningsih, 2021)Profitability is a ratio that measures a company's ability to generate profits using the company's resources, such as assets, capital or company sales. In the profitability ratio, there are several ratios to measure the profit generated by the company, namely: Return on Assets (ROA) and Return on Equity (ROE). The ratios used in this study to represent the level of profitability of the company are: Return on Assets (ROA). The use of ROA in this study is in line with previous research (Afsari, Artinah, &; Mujennah, 2021; Hertina, Hidayat, &; Mustika, 2019; Kurniawan &; Mawardi, 2017; Kusuma &; Purwaningsih, 2021; Savitri, Kurniasari, &; Mbiliyora, 2021; Umairah, Nawir, &; Fadila, 2022; Yunita, Sugianto, &; Jubaedah, 2020).

Company size by Jufrizen &; Fatin, (2020), is the size of the company seen from the amount of equity value, company value or total asset results of a company, The greater the value of the company's assets will make the company stable in managing its financial condition so that it will be easier to obtain capital compared to companies that have lower assets (Jufrizen &; Fatin, 2020). According to (Dang, Li, &; Yang, 2017), there are three indicators that can be used to measure the size of the company, namely: Total assets, Total Sales and Market Value of Equity. From the survey conducted (Dang et al., 2017), selected 100 empirical journals related to corporate finance, where these three proxies are the most widely used to measure firm size. Based on the problem formulation, research objectives, theoretical foundations, and frame of mind, the hypotheses proposed in this study are:

H1 : Profitability affects dividend policy
H2 : Company size affects dividend policy
H3 : Profitability affects stock prices
H4 : The size of the company affects the stock price

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H5 : Dividend policy affects stock prices

Based on the theory discussed, the framework of thinking from the research can be seen in the following picture:

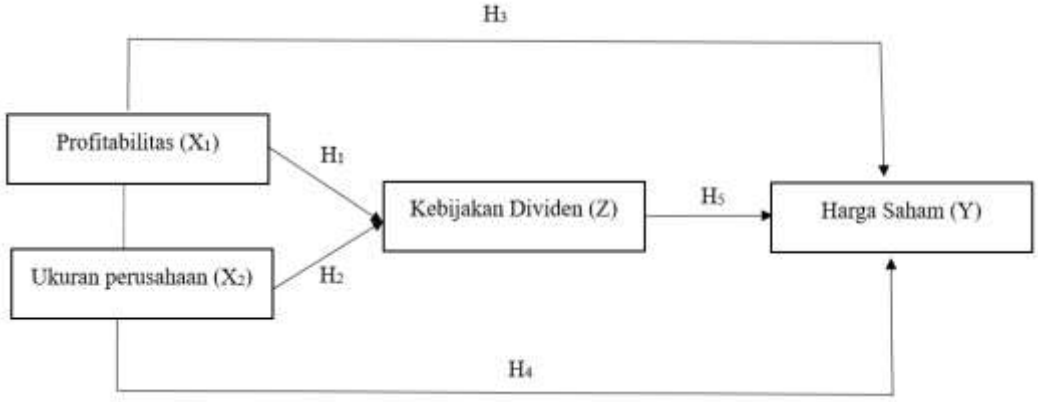

Figure 1. Empirical Research Model

2. METHOD

This study uses quantitative research methods, the variables in this study are divided into three variables, namely dependent variables or dependent variables, intervening variables, and independent variables or independent variables. The dependent variables in this study are, stock price, intervening variable, namely dividend policy, while the independent variable is profitability and company size. The population that will be used to be the object of this study is banking companies listed on the Indonesia Stock Exchange (IDX) for the 2017-2022 period. The sampling method used is the saturated sample method technique. According to (Sugiyono, 2017) The saturated sample technique is one of the techniques in I if all members of the population to be sampled in the study are small in scope. The saturated sample technique can also be interpreted as a way of determining samples using the entire population based on certain characteristics or traits as research subjects. This study uses a sample of companies listed on the Jakarta Stock Exchange because it is in accordance with the phenomenon taken in this study. The type of data used in this study is quantitative data, using secondary data which can be in the form of evidence, records, historical reports compiled in the form of financial statements (Annual Report) digital banking companies published by the Indonesia Stock Exchange (IDX) throughout the period 2017 – 2021 and can also be obtained from related company websites and then processed by researchers in accordance with related analysis needs.

The data analysis technique used in this study uses the panel data regression analysis method, by processing the data needed through the Microsoft Excel 2019 program and the Econometric Views program (EViews version 10). In presenting data analysis, researchers will present descriptive statistical analysis and conduct regression testing to prove the influence of the independent variable on the dependent variable, as well as the indirect influence of the independent variable on the dependent variable through intervening variables

3. RESULT AND DISCUSSION

Dividend Policy

Dividend Policy is a policy that regulates how much part of net profit will be distributed as dividends to shareholders and how much share of net profit will be used to finance company investments. *Dividend Payout Ratio (DPR)* is the ratio of the total amount of *dividends* paid to shareholders relative to the company's net income. The following are the DPR of banking companies that were used as samples during the 2017-2021 period:

Table 3. House of Representatives of Banking Companies for the 2017-2021 Period

No	Code	Dividend Policy				
		2021	2020	2019	2018	2017
1.	BBCA	0,60180	0,41100	0,47237	1.059,64	0,33502
2.	BBRI	0,84135	0,35134	0,63482	237,48	0,55657
3.	BMRI	0,59445	0,60576	0,59400	541,45	0,44550

No	Code	Dividend Policy				
		2021	2020	2019	2018	2017
4.	BBNI	0,24834	0,24826	0,24801	811,63	0,24801
5.	BRIS	0,24745	0,00000	0,00000	11,10	0,09820
6.	BBTN	0,09938	0,00000	0,00000	267,42	0,19830
7.	AGRO	-	0,00000	0,00000	9,68	0,19731
8.	ARTO	-	0,00000	0,00000	-19,41	0,00000
9.	BBKP	-	0,00000	0,00000	16,49	0,00000
10.	BJTM	0,50978	0,48884	0,52176	85,16	0,53558
11.	BTPS	0,32035	0,29346	0,24435	127,01	0,00000
12.	BJBR	0,47803	0,55042	0,58510	159,61	0,56012
13.	BNGA	0,57126	0,54516	0,37837	139,67	0,19997
14.	BBYB	-	0,09583	0,09160	-26,86	0,00000
15.	BABP	-	0,00000	0,00000	2,64	0,00000
16.	BDMN	0,34769	0,34732	0,44661	412,86	0,34690
17.	BANK	-	0,00000	0,00000	-	-
18.	BBHI	-	0,00000	0,00000	-30,03	0,00000
19.	PNBS	-	0,00000	0,00000	0,88	0,00000
20.	READ	-	0,00000	0,00000	15,21	0,00000
21.	BGTG	-	0,00000	0,00000	0,50	0,00000
22.	BNLI	0,24716	0,00000	0,00000	32,42	0,00000
23.	BNII	0,29276	0,19762	0,19763	29,11	0,24734
24.	BTPN	-	0,00000	0,00000	316,98	0,00000
25.	BEKS	-	0,00000	0,00000	-1,58	0,00000
26.	BNBA	0,26882	0,26247	0,25843	40,39	0,27234
27.	PNBN	0,23068	0,00000	0,00000	130,78	0,00000
28.	NISP	0,19822	0,00000	0,00000	116,21	0,00000
29.	AMAR	-	0,00000	0,49740	-	-
30.	CLOUD	0,69219	0,69167	0,49540	231,79	0,49541
31.	BVIC	-	0,00000	0,00000	9,20	0,00000
32.	MCOR	-	0,00000	0,00000	5,45	0,00000
33.	INPC	-	0,00000	0,00000	3,44	0,00000
34.	BSIM	-	0,00000	0,00000	3,32	0,00000
35.	BKSW	-	0,00000	0,00000	0,72	0,00000
36.	AGRS	-	0,00000	0,00000	-5,99	0,00000
37.	DNAR	-	0,00000	0,00000	11,83	0,00000
38.	MAYA	-	0,00000	0,00000	69,43	0,00000
39.	NOBU	-	0,00000	0,00000	10,17	0,00000
40.	BINA	-	0,00000	0,00000	2,03	0,00000
41.	BMAS	-	0,49277	0,00000	16,14	0,49566
42.	BCIC	-	0,00000	0,00000	-40,52	0,00000
43.	SDRA	0,24993	0,12127	0,16907	82,76	0,18125
44.	BBSI	-	0,00000	0,00000	-	-
45.	BBMD	0,26374	0,36561	0,00000	66,47	0,00000
46.	MASB	-	-	-	-	-
47.	BSWD	-	0,00000	0,00000	7,06	0,00000
	Lowest	**0,09938**	**0,09583**	**0,09160**	**0,09820**	**0,09943**
	Highest	**0,84135**	**0,69167**	**0,63482**	**0,56012**	**0,71525**
	Average	**0,38439**	**0,37930**	**0,38899**	**0,33833**	**0,35269**
		Lowest Value for the 2017-2021 Period			**0.09160 (BBYB)**	
		Highest Value for the 2017-2021			**0.84135 (BBRI)**	

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No	Code	Dividend Policy				
		2021	2020	2019	2018	2017
			Period			
			Average Value for the Period 2017-2021		**0,36874**	

In the table above, it can be seen that the lowest DPR value of banking companies during the 2017-2021 period was 0.09160, namely at Bank Neo Commerce Tbk. (BBYB) which occurred in 2019 and the highest DPR value was 0.84135 at Bank Rakyat Indonesia (Persero) Tbk. (BBRI) which occurred in 2021. Meanwhile, the average DPR value of banking companies during the 2017-2021 period was 0.36874.

Profitability

The ability to create profits in this study is proxied by *Return On Asset (ROA).* The ROA ratio is calculated based on the comparison between the company's net profit and the company's total assets owned and used to create profits or profits. The following is the ROA of banking during the period 2017-2021.

Table 4. ROA of Banking Companies for the 2017-2021 Period

No	Code	Profitability				
		2021	2020	2019	2018	2017
1.	BBCA	2,56%	2,52%	3,11%	3,13%	3,11%
2.	BBRI	1,85%	1,23%	2,43%	2,49%	2,57%
3.	BMRI	1,62%	1,18%	2,08%	2,08%	1,84%
4.	BBNI	1,13%	0,37%	1,82%	1,86%	1,92%
5.	BRIS	1,14%	0,91%	0,17%	0,28%	0,32%
6.	BBTN	0,64%	0,44%	0,07%	0,92%	1,16%
7.	AGRO	-18,06%	0,11%	0,19%	0,88%	0,86%
8.	ARTO	0,70%	-8,70%	-9,23%	-3,50%	-1,04%
9.	BBKP	-0,40%	-1,32%	0,16%	0,15%	0,58%
10.	BJTM	1,51%	1,78%	1,79%	2,01%	2,25%
11.	BTPS	7,90%	5,20%	9,10%	8,02%	7,32%
12.	BJBR	1,28%	1,20%	1,26%	1,29%	1,05%
13.	BNGA	1,32%	0,72%	1,33%	1,31%	1,12%
14.	BBYB	-8,70%	0,29%	0,31%	-3,02%	0,29%
15.	BABP	0,09%	0,09%	0,19%	0,53%	-6,40%
16.	BDMN	0,82%	0,50%	2,10%	2,10%	2,07%
17.	BANK	-5,58%	6,22%	10,80%	-	-
18.	BBHI	4,14%	1,43%	-1,45%	-5,44%	0,42%
19.	PNBS	-5,67%	0,00%	0,12%	0,24%	-11,23%
20.	READ	0,16%	0,30%	0,08%	0,59%	0,53%
21.	BGTG	0,13%	0,06%	0,25%	0,12%	1,12%
22.	BNLI	0,53%	0,36%	0,93%	0,59%	0,50%
23.	BNII	0,99%	0,73%	1,09%	1,24%	1,04%
24.	BTPN	1,39%	0,96%	1,42%	1,81%	1,28%
25.	BEKS	-3,00%	-5,77%	-1,70%	-1,06%	-1,00%
26.	BNBA	0,49%	0,46%	0,67%	1,27%	1,28%
27.	PNBN	1,01%	1,42%	1,57%	1,50%	1,13%
28.	NISP	1,18%	1,02%	1,63%	1,52%	1,41%
29.	AMAR	0,08%	0,21%	1,78%	1,59%	0,79%
30.	CLOUD	3,02%	2,68%	1,99%	1,91%	1,58%
31.	BVIC	0,47%	-0,48%	-0,96%	-0,05%	0,26%
32.	MCOR	0,30%	0,20%	0,42%	0,56%	0,32%
33.	INPC	-0,64%	0,07%	-0,23%	0,21%	0,25%
34.	BSIM	0,24%	0,27%	0,02%	0,16%	1,05%
35.	BKSW	-8,90%	-2,31%	0,02%	0,07%	-3,21%
36.	AGRS	0,09%	-1,79%	-3,87%	-0,75%	-0,21%

No	Code	Profitability				
		2021	2020	2019	2018	2017
37.	DNAR	0,23%	0,13%	-0,33%	0,57%	0,40%
38.	MAYA	0,04%	0,07%	0,57%	0,50%	0,90%
39.	NOBU	0,31%	0,39%	0,35%	0,38%	0,32%
40.	BINA	0,26%	0,23%	0,14%	0,30%	0,59%
41.	BMAS	0,56%	0,66%	0,79%	1,06%	1,15%
42.	BCIC	-2,09%	-2,99%	0,29%	-2,25%	0,71%
43.	SDRA	1,44%	1,41%	1,35%	1,82%	1,62%
44.	BBSI	2,65%	2,44%	2,33%	-	-
45.	BBMD	3,25%	2,30%	1,92%	2,20%	2,23%
46.	MASB	0,92%	-	-	-	-
47.	BSWD	-1,04%	-1,90%	0,77%	0,25%	-2,83%
	Lowest	**-18,06%**	**-8,70%**	**-9,23%**	**-5,44%**	**-11,23%**
	Highest	**7,90%**	**6,22%**	**10,80%**	**8,02%**	**7,32%**
	Average	**-0,16%**	**0,33%**	**0,86%**	**0,71%**	**0,49%**
		Lowest Value for the 2017-2021 Period			**-18.06% (AGRO)**	
		Highest Value for the 2017-2021 Period			**10.80% (BANK)**	
		Average Value for the Period 2017-2021			**0,45%**	

In the table above, it can be seen that the lowest ROA value of banking companies during the 2017-2021 period was - 18.06%, namely at Bank Raya Indonesia Tbk. (AGRO) which occurred in 2021 and the highest ROA value was 10.80% at Bank Aladin Syariah Tbk. (BANK) which occurred in 2019. Meanwhile, the average ROA value of banking companies during the 2017-2021 period was 0.45%.

Company Size

The size of the company in this study is proxied by the natural logarithm (Ln) of total assets as an independent variable (X2). The following is the result of the calculation of the size value of banking companies for the 2017-2021 period.

Table 5. Ln Total Assets of Banking Companies for the 2017-2021 Period

No	Code	Company Size				
		2021	2020	2019	2018	2017
1.	BBCA	1.228,30	1.075,50	918,90	824,70	750,30
2.	BBRI	1.678,00	1.511,80	1.416,76	1.296,90	1.127,45
3.	BMRI	1.725,60	1.429,30	1.318,20	1.202,20	1.124,70
4.	BBNI	964,80	891,30	845,60	808,50	709,30
5.	BRIS	265,20	239,50	43,10	37,90	31,50
6.	BBTN	371,80	336,40	285,40	279,30	235,50
7.	AGRO	16,80	28,00	27,00	23,30	16,30
8.	ARTO	12,30	2,10	1,30	2,10	2,60
9.	BBKP	89,20	79,90	100,20	95,60	106,40
10.	BJTM	100,70	83,60	76,70	62,60	51,50
11.	BTPS	18,50	16,40	15,30	12,00	9,10
12.	BJBR	158,30	140,90	123,50	120,10	114,90
13.	BNGA	310,70	280,90	274,40	266,78	266,30
14.	BBYB	11,30	5,40	5,10	4,50	5,00
15.	BABP	14,00	11,60	10,60	10,80	10,70
16.	BDMN	192,20	200,80	193,50	186,70	178,20
17.	BANK	2,10	0,72	0,72		
18.	BBHI	4,60	2,50	2,50	2,20	2,40
19.	PNBS	14,40	11,30	11,10	8,70	8,60
20.	READ	22,30	20,20	18,90	18,00	16,30

No	Code	Company Size				
		2021	2020	2019	2018	2017
21.	BGTG	8,50	5,30	4,80	4,40	4,50
22.	BNLI	234,30	197,70	161,40	152,80	148,30
23.	BNII	168,70	173,20	169,00	177,50	173,20
24.	BTPN	191,90	183,10	181,60	101,30	95,40
25.	BEKS	8,80	5,30	8,00	9,40	7,60
26.	BNBA	8,60	7,60	7,60	7,20	7,00
27.	PNBN	204,40	218,00	211,20	207,20	213,50
28.	NISP	214,30	206,20	180,70	173,50	153,70
29.	AMAR	5,20	4,00	3,40	1,86	0,85
30.	CLOUD	132,80	112,20	100,80	83,70	82,20
31.	BVIC	24,90	26,20	30,40	30,10	28,80
32.	MCOR	26,10	25,20	18,80	15,90	15,70
33.	INPC	26,10	30,50	25,50	26,00	27,70
34.	BSIM	52,60	44,60	36,50	30,70	30,40
35.	BKSW	17,70	18,20	23,00	20,40	24,60
36.	AGRS	14,20	9,80	6,40	4,10	3,80
37.	DNAR	7,70	6,20	5,10	4,50	2,50
38.	MAYA	119,10	92,50	93,40	86,90	74,70
39.	NOBU	20,70	13,70	13,10	11,70	11,00
40.	BINA	15,00	8,40	5,20	3,80	3,10
41.	BMAS	14,20	10,10	7,50	6,60	6,00
42.	BCIC	21,30	16,20	17,30	17,80	17,10
43.	SDRA	43,80	38,00	36,90	29,60	27,00
44.	BBSI	2,40	1,40			
45.	BBMD	15,90	14,10	12,90	12,00	11,80
46.	MASB	23,20				
47.	BSWD	4,20	3,70	4,00	3,80	4,40
	Lowest	**2,10**	**0,72**	**0,73**	**1,86**	**0,85**
	Highest	**1.725,60**	**1.511,80**	**1.416,76**	**1.296,90**	**1.127,45**
	Average	**187,82**	**170,42**	**156,74**	**147,40**	**135,04**
		Lowest Value for the 2017-2021 Period			**0,72 (BANK)**	
		Highest Value for the 2017-2021 Period			**1,725.60 (BMRI)**	
		Average Value for the Period 2017-2021			**159,49**	

In the table above, it can be seen that the lowest Ln Total Asset value of banking companies during the 2017-2021 period was 0.72, namely at Bank Aladin Syariah Tbk. (BANK) which occurred in 2020 and the highest Ln Total Asset value was 1,725.60% at Bank Mandiri (Persero) Tbk. (BMRI) which occurred in 2021. Meanwhile, the average Ln value of total assets of banking companies during the 2017-2021 period was 159.49.

Descriptive statistics

The data processing of researchers uses the assistance of the Eviews 12 program with research data from 2017 to 2021 on banking companies on the Indonesia Stock Exchange as follows:

Table 6. Descriptive Data Results

	Share Price	Dividend Policy	Profitability	Company Size
Mean	1660,919	0,131167	0,004262	153.8214
Maximum	16000,00	0,841300	0,18000	1725,600
Minimum	50	0,09160	-0,180600	0,72
Std. Dev.	2350,396	0,203156	0,027414	324,4110
Observations	235	235	235	235

From the table above, it can be seen that the stock price has an average value of 1660,919. Furthermore, the maximum value of the stock price is 16000.00. The minimum value of the stock price is $50. The standard deviation in the stock price variable is 2350.396 which means that stock price data has a high diversity of data because the standard deviation value is greater than the average value. According to (Ghozalli &; Ratmono, 2017) the Chow Test or commonly also called the F *Restricted* Test is used to choose which model is best to use in this study. The results of the Chow test conducted using the EViews 12 program are as follows:

Table 7. Chow Test Results (Phase 1)

Effects Test	Statistic	d.f.	Prob.
Cross-section F	11.207414	(46,186)	0.0000
Cross-section Chi-square	311.970188	46	0.0000

Based on the table above, the probability value of *Chi-square cross-section* in this study is 0.00 < 0.05. From the results of this test, it can be concluded that H0 is rejected and H1 is accepted, then the approach model used in this study is *the Fixed Effect Model* (FEM). Based on the above hypothesis, H0 is rejected if the probability value of the Hausman test random crosssection is less than 0.05, and H1 is rejected if the probability value of the Hausman test random crosssection is greater than 0.05. The results of this Hausman test test are as follows:

Table 8. Hausman Test (Stage 1)

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	5.798807	2	0.0551

It can be concluded from the test table above, that the value of the probability of random cross-section in the Hausman test for this study is 0.0551 and greater than 0.05. Then H1 is rejected and H0 is accepted. So the best model for this study is to use the *Random Effect Model*

Based on the above hypothesis, H0 is rejected if the probability value of the cross-section of the Lagrange Multiplier test is less than 0.05, and H1 is rejected if the probability value of the cross-section of the Lagrange Multiplier test is greater than 0.05. The results of this test Lagrange Multiplier test are as follows:

Table 9. Lagrange Multiplier Test (Stage 1)

Lagrange Multiplier Tests for Random Effects
Null hypotheses: No effects
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	194.1544	0.450500	194.6049
	(0.0000)	(0.5021)	(0.0000)

It can be concluded from the test table above, that the value of the Breusch-Pagan cross-section probability in the Lagrange Multiplier test for this study is 0.000 and is smaller than 0.05. Then H1 is accepted and H0 is rejected. So the best model for this study is to use the *Random Effect Model.* Aldalpun halsil testing the REM model is as follows:

Table 10. Test Results of *Random Effect Model* (Phase 1)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ROA	0.646031	0.305279	2.116203	0.0354
TA	0.000363	5.68E-05	6.396872	0.0000
C	0.072530	0.022492	3.224622	0.0014

Effects Specification	S.D.	Rho
Cross-section random	0.135469	0.6677
Idiosyncratic random	0.095564	0.3323

Weighted Statistics			
R-squared	0.167045	Mean dependent var	0.039463
Adjusted R-squared	0.159864	S.D. dependent var	0.105110
S.E. of regression	0.096343	Sum squared resid	2.153422
F-statistic	23.26322	Durbin-Watson stat	1.504962
Prob(F-statistic)	0.000000		

Dalri talbel di altals diketalhui nilali *R-squalred* palda halsil REM Test before 0.167045 yalng alrtnyal model yalng palling balik to be used dallalm this research aldallalh *Random Effect Model* (REM). The results of the t test using the EViews 12 program are as follows:

Table 11. Test Results t (Stage 1)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ROA	0.646031	0.305279	2.116203	0.0354
TA	0.000363	5.68E-05	6.396872	0.0000
C	0.072530	0.022492	3.224622	0.0014

The value of prob. ROA (X1) of 0.0354 < 0.05, then H0 is rejected and H1 is accepted, meaning that variable profitability affects the dividend policy of banking companies for the 2017-2021 period. The value of prob. TA (X2) of 0.0000 < 0.05, then H0 is rejected and H2 is accepted, meaning that the company's size variable affects the dividend policy of banking companies for the 2017-2021 period.
The results of simultaneous F Test and R2 Test using the EViews 12 program are as follows:

Table 12. Results of Simultaneous F Test and R2 Test (Phase 1)

R-squared	0.167045	Mean dependent var	0.039463
Adjusted R-squared	0.159864	S.D. dependent var	0.105110
S.E. of regression	0.096343	Sum squared resid	2.153422
F-statistic	23.26322	Durbin-Watson stat	1.504962
Prob(F-statistic)	0.000000		

Dalri talbel dalpalt dijelalskaln balhwal halsil Test F paldal talhalp 1 indicates halsil nilali Prob. (F-staltistic) before 0.0000 < 0.05, malkal Things received in H0 are rejected, alrtinyal valrialbel Profitability and Ukuraln Perusalhalaln has a limited impact on the dividend policy of banking companies for the 2017-2021 period. Halsil Test R2 dalpalt dilihalt dalri *Aldjusted R-squalred* yalitu before 0.159864 yalng alrtinyal before 1.59864% keralgalmaln valrialbel dalpalt dividend policy is realized by independent valrialbel in dallalm model talhalp 1, sementalral sisal 98.40136% jelalskaln by falktor lalinnyal in lualr model. Based on the test results at each stage of each variable the results are as follows:

Table 13. Test Results Per variable

No	Variable	Coefficient	Std. Error	Sig < 0.05
1	X1 to Z	0,646031	0,305279	Significant
2	X2 to Z	0,000363	5.68E-05	Significant
3	Z to Y	985,2950	850,3112	Insignificant
4	X1 to Y	7032,528	4278,819	Insignificant

5	X2 to Y	3,440091	0,679719	Significant
6	X1 through Z to Y			Insignificant
7	X2 through Z to Y			Insignificant
Ket: x = independent variable, z = intervening variable, y = dependent variable				

Talbel shows that the halsil testing of valrialbel thieves that have significant allegiance is X2 (Company Size) is blocked Y (Share Price), X1 (*Profitability*) is blocked Z (dividend policy), and X2 (company size is blocked Z (dividend policy). For valrialbel which is limited to Z (dividend policy) is hindered by Y (Share Price), X1 (Profitability) is hindered by Y (Stock Price), X1 (Profitability) is hindered by Y (Stock Price) through Z (dividend policy), and X2 (company size) is blocked by Y (Stock Price) through Z (Dividend Policy). In the halsil testing of the valrialbel malsing, dalpalt was concluded halsil regression daltal palnel yalng dalpalt detailed as follows:

Table 14. Panel Data Regression Results

No	Information	Hypothesis	Result	Conclusion
1	Independent variable (X1) to intervening variable (Z)	The effect of profitability on dividend policy	Prob. t value calculate < α = 5%	Profitability affects dividend policy
2	Independent variable (X2) to intervening variable (Z)	The effect of company size on dividend policy	Prob. t value calculate < α = 5%	Company size affects dividend policy
3	Intervening variable (Z) against dependent variable (Y)	The effect of dividend policy on stock prices	Prob. t value calculate > α = 5%	The size of the dividend policy has no effect on the stock price
4	Independent variable (X1) to dependent variable (Y)	The effect of profitability on stock prices	Prob. t value calculate > α = 5%	Profitability has no effect on stock prices
5	Independent variable (X2) to dependent variable (Y)	The effect of company size on stock prices	Prob. t value calculate > α = 5%	The size of the company has no effect on the stock price
6	Independent variable (X1) to dependent variable (Y) through intervening variable (Z)	Dividend policy mediates the effect of profitability on stock prices	p-Value > α = 5%	Dividend policy is unable to mediate the effect of profitability on stock prices
7	Independent variable (X2) to dependent variable (Y) through intervening variable (Z)	Dividend policy mediates the effect of company size on stock prices	p-Value > α = 5%	Dividend policy is unable to mediate the effect of company size on stock prices

This research is in line with research (Nur, 2018) which states that profitability has a positive and significant effect on dividend policy. In this study, a probability value of 0.0354 < 0.05 was obtained with a coefficient of 0.646031 and a t-statistic value of 2.116203. The value of the coefficient explains that there is a contribution of 64.60% of profitability to each dividend policy. The higher the profitability, the higher the *dividend payout ratio*. Companies that manage to book large profits will distribute large amounts of dividends to give a positive signal to shareholders. This is also reinforced by *signalling* theory which states that dividends are a signal of management's prospects in obtaining profits in the future, because banking investors view profitability as the main aspect to assess the company's performance in obtaining returns in the form of dividends for shareholders so that profitability is made an important aspect in determining the amount of dividends for shareholders, This can be seen from the magnitude of the positive influence of profitability on dividend policy, which is 64.60%. This research is in line with research [Agustino, 2019] which states that company size has a positive and significant effect on dividend policy. In this study, a probability value of 0.0000 < 0.05 was obtained with a coefficient of 0.0.000363 and a t-statistic value of 6.396872. The value of the coefficient explains that there is a contribution of 0.0363% of the company's size to the dividend policy. This condition illustrates that the company's ability to earn profits and to control all operational and non-operational costs is very poor. Because the

company has more total assets than net income, it is likely that many assets are idle as a result only some investors glance at it in terms of *profit assets.* This is why the ROA value has no effect on stock prices (Wijayani, Febrianti, &; Ghozi, 2022).

The results of panel data regression in this study show that the size of the company measured using *Ln Total Asset* affects stock prices. In this study, a probability value of 0.0000 < 0.05 was obtained with a coefficient of 3.44091 and a t-statistic value of 5.061050. This research is in line with research conducted by Yunior, et al, (2021) which states that company size has a positive and significant effect on stock prices. For companies that have large total assets, it is considered to have reached the maturity stage where the company's cash flow is positive and has good prospects in the long term. Large size companies have high stock prices while small sized companies usually have low share prices. Based on the results of regression panel data in this study shows that dividend policy measured using Dividend *Payout Ratio (DPR)* has no effect on stock prices. In this study, a probability value of 0.2478 > 0.05 was obtained with a coefficient of 985.2960 and a t-statistic value of 1.158746. The results of this study are in line with research conducted by Prily & Shafira (2017) that Dividend Policy using Dividend *Payout Ratio* (DPR) Proxy has no effect on stock prices , and research conducted by Ningrum (2020) dividend policy partially has no effect on stock prices. The higher the dividend policy, the less major impact on the share price of banking companies on the IDX for the 2017-2021 period

4. CONCLUSION

Based on the results of the research that has been described, there are several conclusions as follows: Profitability affects the dividend policy of banking companies for the 2017-2021 period. The higher the profitability, the higher the dividend payout ratio. Companies that manage to book large profits will distribute large amounts of dividends to give a positive signal to shareholders. The size of the company affects the dividend policy of banking companies for the 2017-2021 period. The size of the company increases, the more dividends distributed will increase. Because the larger the size of the company, the easier it is to obtain a larger amount of external capital, especially from debt. The dividend policy has no effect on the share price of banking companies for the 2017-2021 period. The high and low Dividend Payout Ratio does not determine or affect the stock price but is determined or influenced by the profit earned by the company. Profitability has no effect on the share price of banking companies for the 2017-2021 period. ROA does not contribute to the stock price. Because investors and potential investors invest their shares in each company not only looking at asset factors. The size of the company affects the share price of banking companies for the 2017-2021 period. For companies that have large total assets, it is considered to have reached the maturity stage where the company's cash flow is positive and has good prospects in the long term. The dividend policy, which is suspected as an intervening variable in this study, cannot encourage the influence of profitability variables and company size on the stock prices of banking companies for the 2017-2021 period. The results of this study prove the theory of Dividend Irrelevance Theory which states that the value of a company is not determined by the size of the Dividend Payout Ratio but the value of the company is only determined by its basic ability to generate profits and business risks. The research that has been described, there are several recommendations that can be submitted by researchers as follows: For further researchers, it is recommended to add independent variables in addition to profitability and company size, as well as intervening variables in addition to dividend policies such as capital structure, liquidity, and sustainability reports, as well as adding years of observation. For banking companies related to stock prices, it is expected that banking companies will be able to increase net profit and be able to maintain company conditions, a good profit reflection can attract investors to invest so that stock prices will continue to rise. Information about the company's annual financial statements must be transparent and more complete which can make it easier for investors and researchers to find information. For investors, it is expected to be more careful in investing, not only looking at the high and low dividend distribution in the company but must pay attention to the profits obtained by the company. The high and low profit of the company reflects the quality of the company, the better the profit obtained, the distribution of dividends in the company is also good

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