

## The Influence of Company Growth and Investment Opportunities on Dividend Policy

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### *Abstract*

Penelitian ini bertujuan untuk menguji pertumbuhan perusahaan dan peluang investasi terhadap kebijakan dividen. Penelitian ini dilakukan pada perusahaan di sektor *consumer no cyclical* yang terdaftar di Bursa Efek Indonesia selama periode 2021-2023. Populasi yang diteliti adalah 125 perusahaan di sektor *consumer non cyclical*. Dari jumlah tersebut, 70 perusahaan dipilih sebagai sampel dengan menggunakan teknik purposive sampling. Metodologi yang digunakan dalam penelitian ini adalah pendekatan kuantitatif dengan analisis regresi linier berganda menggunakan SPSS versi 24. Temuan penelitian ini menunjukkan bahwa pertumbuhan perusahaan tidak berdampak pada kebijakan dividen, sementara peluang investasi berpengaruh positif signifikan terhadap kebijakan dividen.

**Kata Kunci** : Pertumbuhan Perusahaan, Peluang Investasi, Kebijakan Deviden, Ukuran Perusahaan

### *Abstrak*

*This study aims to examine the impact of company growth and investment opportunities on dividend policy. The study was conducted on companies in the non-cyclical consumer sector listed on the Indonesia Stock Exchange during the 2021-2023 period. The population studied was 125 companies in the non-cyclical consumer sector. Of these, 70 companies were selected as samples using a purposive sampling technique. The methodology used in this study was a quantitative approach with multiple linear regression analysis using SPSS version 24. The findings of this study indicate that company growth has no impact on dividend policy, while investment opportunities have a significant positive effect on dividend policy.*

*Keywords: Company Growth, Investment Opportunities, Dividend Policy, Company Size*

## **A. INTRODUCTION**

Dividend policy is the distribution of company profits allocated to shareholders in the organization, also known as shareholdings. Dividend policy significantly increases the return on stock investment, provides a reliable income stream, and increases shareholder enthusiasm (Bhatta & Duwal, 2021). Company growth is a goal that is expected by all parties, both from inside and outside the company, because it has a positive influence on the company and all parties who have an interest, such as investors, lenders, and shareholders. (Ginanjar, 2022). Salim & Widodoatmojo, (2023) states that investment and growth opportunities can be explained as a combination of existing physical assets and possible intangible future investments. The size of a company reflects the categories of small and large companies based on the amount of overall assets, total sales, or number of staff owned (Junika Halawa, *et al.*, 2024). In recent years, especially between 2021 and 2023, there has been a significant shift in dividend policy among companies in the consumer non-cyclical sector in Indonesia. Although this sector is known for its solid cash flow and fairly stable product demand, not all companies regularly pay dividends to shareholders. To illustrate, a large company such as PT Unilever Indonesia Tbk can pay dividends consistently with a high payout rate, in 2023, Unilever continued to pay a final dividend of IDR 2.94 trillion or approximately IDR 77 per share.

## **B. THEORY AND HYPOTHESIS STUDY**

### **Signal Theory**

Signaling theory was introduced by Spence, (1973) and applied in finance to describe how companies convey information to the market or investors about their internal state through signals, one of which is dividend distribution. According to signal theory, companies that experience growth and have high investment opportunities tend

to be cautious in dividend distribution because they prefer to reinvest profits. In this study, signal theory supports the analysis of how firm growth and investment opportunities affect dividend policy, as well as how firm size moderates these influences in conveying signals to investors.

### **Dividend Policy**

Committee Tripathi, (2024) states that a company's dividend policy is an important element in the world of corporate finance, affecting the way profits are allocated to shareholders and contributing to the general financial picture. When a company makes a profit, it must decide whether to reinvest the profit into its operations or distribute a portion of the profit to shareholders in the form of dividends. Basically, dividends are the proportion of a company's profit that goes to its shareholders.

### **Company Growth**

According to Kristanti *et al.*, (2023) Company growth is the ability of an entity to improve or maintain its position over time. Overall assets reflect the development of the company. The increase in assets relates to an increase in assets which has an impact on company profits.

### **Investment Opportunities**

Investment opportunities can be defined as a combination of currently existing physical assets as well as invisible future investment options (Yudiana & Yadnyana, 2016). Investment opportunities offer growth opportunities, but often, companies may not be able to take advantage of every investment opportunity that arises.

## **C. METHODS**

This study uses a quantitative strategy with a descriptive verification method, aiming to analyze how a company's expansion and investment potential affect its dividend distribution strategy. The information analyzed consists of secondary data

extracted from the financial statements of consumer-based companies not affected by economic cycles listed on the Indonesian stock market between 2021 and 2023.

Tabel 1. Daftar Kriteria Pengambilan Sampel

No	Kriteria sampel penelitian	Total		
		2021	2022	2023
1.	Perusahaan sektor <i>Consumer Non Cyclical</i> yang terdaftar di Bursa Efek Indonesia (BEI) selama periode 2021-2023.	125	125	125
2.	Perusahaan sektor <i>Consumer Non Cyclical</i> yang tidak mempublish laporan keuanganya berupa <i>annual report</i> atau <i>financial statement</i> pada tahun 2021-2023	(-9)	(-4)	(-6)
3.	Perusahaan sektor <i>Consumer Non Cyclical</i> yang tidak rutin menerbitkan laporan tahunan selama periode 2021-2023	(-5)	(-3)	(-4)
4.	Perusahaan sektor <i>Consumer Non Cyclical</i> yang tidak membagikan deviden pada tahun 2021-2023	(-56)	(-60)	(-55)
Jumlah sampel perusahaan selama periode 2021– 2023		55	58	60
Jumlah sampel data		173		

Sumber : [www.idx.co.id](http://www.idx.co.id)

The criteria used in this study aim to obtain a sample that is relevant and in accordance with the research objectives. These criteria are chosen to ensure that all data used is complete, consistent and can reflect financial conditions and can be accounted for.

## D. RESULTS AND DISCUSSION

### Descriptive Statistical Test

Tabel 2. Hasil Uji Statistik Deskriptif

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
P. Perusahaan	117	-153900177	269359128	67109469.44	87390124.470
P. Investasi	117	-160607513	5686191292	1758897948.00	1456226961.000
K. Deviden	117	6	807086614	276228814.60	225865121.500
U. Perusahaan	117	2571665586	3285992386	2928328029.00	163915342.200
Valid N (listwis)	117				

Sumber : Data diolah IBM Statistik 24

Based on the data listed in the table, the company growth variable (X1) recorded a minimum value of -153900177, which indicates the lowest point, and a maximum

value of 269359128, which is the highest point. The average value is 67109469.44, which indicates the mean value, with a standard deviation of 87390124.470. The investment opportunity variable (X2) recorded a minimum value of -160607513, which indicates its lowest limit, while its maximum value reached 5686191292, which indicates its peak. The average value is 1758897948.00, with a standard deviation of 1456226961.000. Regarding the dividend policy variable (Y), its value reached a minimum of 6, the lowest point, and a maximum of 807086614, which indicates its upper limit. The mean value is 276228814.60, with a standard deviation of 225865121.500.

### Classical Assumption Test

#### Normalization Test

Tabel 3. Hasil Uji Normalitas

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		117
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	218899281.50000000
Most Extreme Differences	Absolute	.081
	Positive	.081
	Negative	-.066
Test Statistic		.081
Asymp. Sig. (2-tailed)		.055 <sup>c</sup>
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Sumber : Data diolah IBM Statistik 24

From table 3. *Asymp.sig (2-tailed)* shows a value of  $0.055 > 0.05$ . So it can be concluded that the research data is normally distributed.

### Multicollinearity Test

Tabel 4 Hasil Uji Multikolinier

Coefficients <sup>a</sup>		
Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
P. Perusahaan	.879	1.137
P. Investasi	.956	1.046
U. Perusahaan	.902	1.109

a. Dependent Variable: K. Deviden

Sumber : Data diolah IBM Statistik 24

Based on the data presented in the previous table, the multicollinearity test results for the three explanatory variables exceed 0.10, while the VIF values are all below 10. Therefore, it can be concluded that the regression model used in this study does not show multicollinearity. The variable representing company growth (X1) shows a tolerance level of 0.879 and a VIF value of 1.137. For the investment opportunity variable (X2), the tolerance is 0.959, accompanied by a VIF value of 1.046. Finally, the company size variable (Z) shows a tolerance of 0.902 and a VIF value of 1.109.

### Heteroscedasticity Test

Tabel 5. Uji Heterokedastisitas

Coefficients <sup>a</sup>		
Model	t	Sig.
	1 (Constant)	-.011
P. Investasi	-.215	.830
U. Perusahaan	1.372	.173
P. Perusahaan	-.706	.482

a. Dependent Variable: ABS\_RES1

Sumber : Data diolah IBM Statistik 24

Based on the outcomes from the Glejser test conducted earlier, it can be observed that the company growth variable possesses a noteworthy value of 0.482, surpassing the threshold of 0.05. Regarding the investment opportunity variable, it exhibits a substantial value of 0.830, which is also greater than 0.05. Furthermore, the company size variable demonstrates a significant value of 0.173, implying the absence of heteroscedasticity within the dataset.

### Autocorrelation Test

Tabel 6. Hasil Uji Autokolerasi

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.207 <sup>a</sup>	.043	.026	222905286.0000	2.167
a. Predictors: (Constant), P. Investasi, P. Perusahaan					
b. Dependent Variable: K. Deviden					

Sumber : Data diolah IBM Statistik 24

Based on the *durbin watson* test results above of 2.167. with a sample size of 117 and  $K = 2$ , the  $dU$  value = 1.732 and the  $4-dU$  value = 2.268. These results indicate that  $dU < DW < 4-dU$ , this indicates that there is no autocorrelation.

### F test

Tabel 7. Hasil Uji F

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	544663429100 000000.000	2	2723317145 00000000.00 0	5.778	.004 <sup>b</sup>
	Residual	537308273299 9999500.000	114	4713230468 0000000.000		
	Total	591774616200 0000000.000	116			
a. Dependent Variable: K. Deviden						
b. Predictors: (Constant), P. Investasi, P. Perusahaan						

Sumber : Data diolah IBM Statistik 24

The F test results from the table indicate a value of 5.778, alongside a significance level of 0.004, which is less than the 0.05 threshold. This points to the fact that the significance level is indeed below 0.05, allowing us to infer that the group of independent variables has a noteworthy and concurrent influence on the dependent variable. Ultimately, it's reasonable to infer that this particular regression model is appropriate for utilization.

### t test

Tabel 8. Hasil Uji t

Coefficients <sup>a</sup>			
Model		t	Sig.
1	(Constant)	11.019	.000
	P. Perusahaan	-1.483	.141
	P. Investasi	2.704	.008
a. Dependent Variable: K. Deviden			

Sumber : Data diolah Statistik 24

Based on the table above, it can be seen the effect of the hypothesis as follows:

1. The company growth variable shows the t value of -1.483 with a significant value of 0.141 which means  $>$  from 0.05 so that company growth has no significant effect on dividend policy, with the conclusion that **H1 is rejected**.
2. The investment opportunity variable shows the t value of 2.704 with a significant value of 0.008 which means  $<$  than 0.05 so that investment opportunities have a significant effect on dividend policy, with the conclusion that **H2 is accepted**.

**Test Coefficient of Determination R<sup>2</sup>**Tabel 9. Hasil Uji R<sup>2</sup>

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.246 <sup>a</sup>	.061	.036	221785990.10000
a. Predictors: (Constant), U. Perusahaan, P. Investasi, P. Perusahaan				

Sumber : Data diolah IBM Statistik 24

The examination of the table's test outcomes reveals an Adjusted R Square figure of 0.036, signifying that the collective impact of the variables on the outcome is 3.6%. The remaining portion, amounting to 96.4%, is shaped by additional variables not taken into consideration within the scope of this research..

**E. CONCLUSION**

This study aims to obtain empirical evidence regarding the effect of company growth and investment opportunities on dividend policy with company size as a moderating variable. The company used is a *non-cyclical consumer* company listed on the Indonesia Stock Exchange (IDX) for the period 2021-2023. There are 125 samples of *non-cyclical consumer* companies that meet the criteria, so 117 normal data are obtained. This study uses multiple linear regression and MRA as hypothesis testing with the help of IBM SPSS Statistics 24. The conclusions obtained from the results of this study are:

1. Company growth has no significant effect on dividend policy in *non-cyclical consumer* companies listed on the Indonesia Stock Exchange (IDX) for the period 2021-2023.

2. Investment opportunities have a significant positive effect on dividend policy in *non-cyclical consumer* companies listed on the Indonesia Stock Exchange (IDX) for the 2021-2023 period.

## F. SUGGESTIONS

Research on dividend policy in the future is expected to provide higher quality research results, the following suggestions can be considered:

1. Further research is recommended to expand the research population such as the financial sector, *property and real estate* sector, or mining sector with a larger sample, for research results in various fields of activity.
2. Future researchers are advised to consider other moderating or mediating variables besides company size, such as leverage, profitability, or ownership structure. This can enrich the understanding of the relationship between corporate governance mechanisms and firm value.

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