THE MODERATING ROLE OF DIVIDEND POLICY ON THE INFLUENCE OF LIQUIDITY, PROFITABILITY, LEVERAGE, AND INVESTMENT OPPORTUNITY SET AGAINST STOCK RETURN REGISTERED IN THE JAKARTA ISLAMIC INDEX

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Abstract

Stock return is an advantage expected by the investor in the latter days to the number of funds he/she has invested. There are two factors that affect the stock return, namely external and internal factors. The purpose of this study is to analyze the moderating role of dividend policy in the relationship between liquidity, profitability, leverage, and investment opportunity set against the stock return. This research uses a descriptive quantitative method with the population is service companies registered in the Jakarta Islamic Index for 2014-2018 periods. By implementing a purposive sampling technique, this study ended-up with 7 service companies as a sample. Moreover, data analysis is processed with partial least square analysis techniques using the Application WarpPLS 6.0. The results showed that liquidity has significant negative impact on the stock return, profitability and investment opportunity set significantly positively affect the stock return, and leverage has no significant effect on stock return. While the dividend policy strengthens the liquidity relationship to stock return, the dividend policy weakens the leverage relation to the stock return, otherwise, the dividend policy is unable to moderate the profitability relationship and investment opportunity set against the stock return.

Keywords: Stock Return; Financial Ratios; Dividend Policy.

Abstrak

Return saham merupakan keuntungan yang diharapkan oleh investor di kemudian hari terhadap sejumlah dana yang telah diinvestasikannya. Terdapat dua factor yang berpengaruh terhadap return saham, yaitu factor eksternal dan internal. Pada analisis factor internal perusahaan dianalisis melalui rasio keuangan. Tujuan pada penelitian ini adalah untuk mengetahui peranan kebijakan dividen dalam memoderasi hubungan antara likuiditas, profitabilitas, leverage dan investment opportunity set terhadap return saham. Metode penelitian ini menggunakan metode kuantitatif deskriptif. Populasi dalam penelitian ini adalah perusahaan jasa yang terdaftar dalam Jakarta Islamic Index tahun 2014-2018. Teknik pengambilan sampel yang digunakan adalah purposive sampling dan diperoleh sampel sebanyak 7 perusahaan jasa. Analisis data diolah dengan teknik analisis partial least square menggunakan aplikasi WarpPLS 6.0. Hasil penelitian ini menunjukkan bahwa likuiditas berpengaruh negative signifikan terhadap return saham, profitabilitas dan investment opportunity set berpengaruh positif signifikan terhadap return saham, dan leverage tidak berpengaruh signifikan terhadap return saham. Sedangkan kebijakan dividen memperkuat

hubungan likuiditas terhadap return saham, kebijakan dividen memperlemah hubungan leverage terhadap return saham, sebaliknya kebijakan dividen tidak mampu memoderasi hubungan profitabilitas dan investment opportunity set terhadap return saham.

Kata kunci: Return Saham; Rasio Keuangan; Kebijakan Dividen.

INTRODUCTION

Financial performance is an analysis to assess the extent to which a company has carried out activities in accordance with the Rules of financial implementation (Fahmi, 2013:2). The company's financial performance illustrates the financial condition of a company being analysed with financial analysis tools, so it can be known about both the financial state of a company that reflects performance in a certain period. This suggests that financial performance is an indicator required by the management of the company to measure the effectiveness of the company's performance. In addition, financial performance is an indicator that investors use before investing.

According to the investing activity, stocks can increase profits in the company and for investors will get a return of more than the capital they have planted in the company they choose to invest. The purpose of an investor channelling his/her funds in the capital market is to obtain a maximum return rate with the least possible risk when investing in a particular stock. There are two factors that affect the return of shares that are internal factors and external factors. Internal factors are factors that come from within the company, such as the company's financial condition, management performance and management prospects, while external factors are factors originating from outside the company, such as capital market conditions, economic and political conditions. According to Kasmir (2016:106) The company's financial ratios are classified into six groups, namely: 1) liquidity ratio, 2) solvency ratio or leverage, 3) activity ratio, 4) profitability ratio, 5) growth ratio, and 6) assessment ratio.

If a company can meet its obligations, then the company is considered as a good company whose liquidity value increases, the value of stock returns also increases. Large companies have greater and wider access to outside funding sources. This causes the company to be more able to achieve economies of scale, which is directly related to the company's liquidity ratio (Lesmana & Faisol, 2019). The increasing value of the company's profitability will affect the increase in returns that will be received by investors. This is because high profitability reflects a sign that a company has succeeded in making profit earnings effective by utilizing the equity it has (Carlo, 2014). Nirayanti & Widhiyani (2014) states that increasing debt will affect the size of the profits received, so this will affect dividends received by investors. The higher the amount of corporate leverage, the smaller the company's profits will be distributed in the form of dividends, this can affect the returns received by investors.

In addition, the focus of the company's current performance assessment is not only on the financial, many consider that the value of a company is also reflected from the investment value that will be issued in the future. The investment options that the company has made in the future are then known as investment opportunity Sets or investment Opportunity Set (IOS). Companies with high investment opportunities in the future are considered to be more profitable and

generate greater return. Benedicta & Lusmeida (2015) indicates that the developing company is information that can be used by investors to earn return on shares. Yusma & Holiawati (2019) stated that the greater the Investment Opportunity Set would be the greater chance that the company will grow and the greater the expectation of a high return.

From the differences in the research above that have been done previously, it has produced mixed results on the effect of liquidity, profitability, leverage, and investment opportunity (IOS) on stock returns. Therefore, researchers used additional variables as moderation variables as a novelty of this study. In this study, the authors use the dividend policy as a moderating variable which is proxied by the dividend payout ratio. Underlying the researcher wants to examine the effect of dividend policy which is proxied using a dividend payout ratio to strengthen or weaken the relationship of liquidity, profitability, and leverage on stock returns because if companies cut dividends, this will be interpreted as a bad thing because the company is considered to be under-funded. Investors generally tend to prefer companies that have high dividend payout ratios because they appear to be more profitable and have a good image. To pay dividends to shareholders, companies need

to have high profits, because these profits are a safe source of funds for dividend payments. The number of dividends paid to shareholders can be related to how much the company's ability to make a profit. If the company has high profits, the dividends will be paid high. So the higher the level of profitability of the company, the higher the level of dividends paid to shareholders. This is what attracts investors so that the impact on increasing company stock returns.

The research objects used in this research are services companies listed in the Jakarta Islamic Index (JII) period from 2014-2018. This object is chosen because shares listed in JII are shares categorized as shares that are by sharia, that is shares issued by companies whose business activities are in the halal field and in the intention to purchase these shares for investment purposes, not for speculation. These companies are considered to have a high enough business opportunity, along with the increasing number of the Muslim population and increasing community needs for Islamic shares to make companies on the JII list much in demand by investors. Quoted from Journalist Okezone.com (2019) the number of Shariah investors has increased 92 percent from 13,207 investors in 2017, to 44,536 by the end of 2018 (Figure 1).
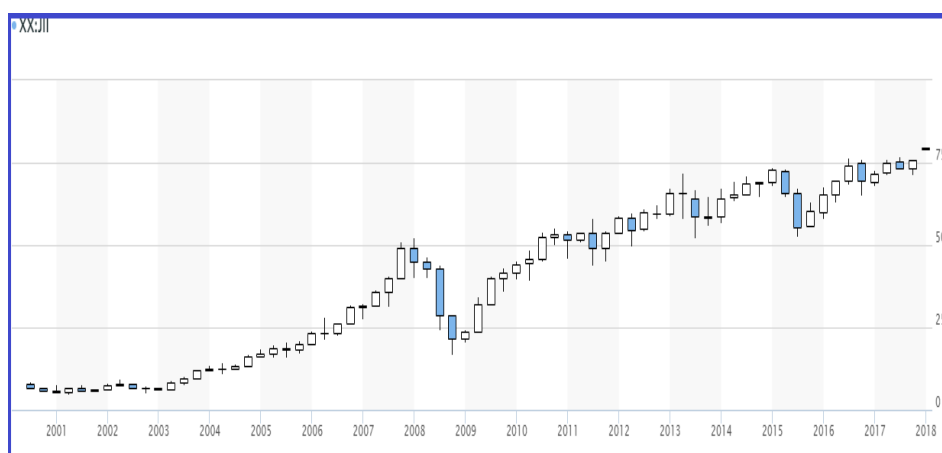
Figure 1. Jakarta Islamic Index (JII) Performance Chart
Source: OJK (2019)

Table 1. Sample Research

No	Company Code	Company Name
1.	AKRA	PT AKR Corporindo Tbk
2.	LPKR	PT Lippo Karawaci Tbk
3.	PGAS	PT Perusahaan Gas Negara Tbk
4.	SMRA	PT Summarecon Agung Tbk
5.	TLKM	PT Telekomunikasi Indonesia (Persero) Tbk
6.	UNTR	PT United Tractors Tbk
7.	WIKA	PT Wijaya Karya (Persero) Tbk

Source: Data Processed researchers (2020)

Table 2. Variable Operational Definitions

Variables and indicators	Variable definitions	Measurement	Scale	Reference
Liquidity (Current Ratio) (X1)	The company's ability to pay a short term obligation by using its assets.	$\dfrac{Current\ asset}{Current\ liabilities} \times 100$	Ratio	Horne & Wachowicz (2012:206)
Profitability (Return on equity) (X2)	Ratio to measure net profit after tax with own capital	$\dfrac{Earning\ after\ tax}{Total\ Equity} \times 100$	Ratio	Kasmir (2016:201)
Leverage (Debt to equity ratio) (X3)	Ratio used to compare total debt with all equity	$\dfrac{Total\ debt}{Total\ equity}$	Ratio	Kasmir (2016:158)
Investment Opportunity Set (MVABVA) (X4)	Ratios are used to gauge the company's growth prospects based on the number of assets used in conducting their business	((Total asset – Total equity) + (Outstanding Stock Sheet x Stock price Closing)) / Total asset	Ratio	Benedicta & Lusmeida (2015:58)
Stock Return (Y)	Results obtained from the investment of stocks.	$\dfrac{P1 - P0}{PO}$	Ratio	Hartono (2014:235)
Dividend Policy (Dividend payout ratio) (Z)	Percentage of revenue to be paid to shareholders.	$\dfrac{Dividend}{Earning\ after\ tax} \times 100$	Ratio	Riyanto (2010:266)

Source: Data Processed researchers (2020)

In order to avoid occurrence of an ambiguable understanding of variable variables used in the study, the following describes the definition of each variable and its measurements in the Table 2.

This research hypothesis testing using the Partial Least Square approach (PLS) using WarpPLS 6.0 software to analyse the data. PLS is an alternative method to test the structural equations (Structural Equation Modelling) based on components or variants (Ghozali, 2014:21). The Partial Least Square Test Tool (PLS) was chosen because it is based on a research thinking framework that tests complex relationships with many variables

and many indicators. Partial Least Square analysis is used to determine the direction of the liquidity relationship, profitability, leverage, and investment opportunity set against the stock return in the service company registered in the Jakarta Islamic Index period of 2014-2018. This analysis is also used to obtain a coefficient that will determine whether the hypothesis made will be accepted or rejected. The moderation regression analysis is used to test the dividend policy variables in moderating the influence of liquidity, profitability, leverage and investment opportunity set against the stock return.

RESULT AND DISCUSSION

Statistic Descriptive

Based on the Table 3 show that the number of samples taken in this study was as much as 35 samples. From 35 This sample shows that liquidity is proscribed with current ratio (CR). The average current rate ratio is 222.439 with a standard deviation value of 148,.164. The Current ratio ranges from the lowest value of 104.930 to a high value of 691.330. Profitability was proscribed with a return on equity (ROE) that had an average ROE value of 14.425 with a standard deviation value of 8,094. Return on equity ranges from the lowest value of 2.870 to the highest value of 39.160. Leverage was proscribed with debt to equity ratio (DER). The average value of DER is 119.86 with a standard deviation value of 52.320. Debt to equity ratio ranges from the lowest value of 50.140 to the highest of 260.460. The Investment opportunity set is proscribed with the market to book value of asset (MVABVA) which has an average value of 1181.883 MVABVA with a standard deviation value of 1497.455. The Market to book value of asset ranges from the lowest value of 129.330 to the highest value of 5646.120. Stock return have an average value of -0.008 with a standard deviation value of 0.245. Stock return range from the lowest value of -0.448 to

the highest score of 0.686. The dividend policy was proscribed with the dividend payout ratio (DPR) which has an average value of 38.539 with a standard deviation value of 27.289. The Dividend payout ratio ranges from the lowest value of 3.560 to the highest value of 99.110.

Evaluation of Outer Model

Evaluation of the measuring model with reflective indicators is evaluated by convergent validity, and linear validity. The evaluation of the measurement model was executed using PLS Algorithm. An indicator is said to be valid when loading factor of a indicator is positive and greater than 0.5. The following values can be seen in table 4 loading factor.

Based on the table 4 the loading factor values can be known that all the indicators of each variable both current ratio, return on equity, debt to equity ratio, market to book value of asset, return stock and dividend payout ratio has a loading factor of 1.00 which is greater than 0.7. And the P value for all indicators is also qualified with the value of P value of < 0.005, which is < 0.001. Thus, the indicator can be declared as valid as its own variable gauge.

According to Ghozali (2014:79) reliability tests are used to test and prove the consistency and accuracy of the instrument in measuring a variable. The reliability test was done by looking at the values of composite reliability and Cronbachs Alpha. The composite reliability value is considered good if the value is > 0.70 and Cronbachs Alpha is recommended 0.60. So that the accuracy of a variable is said to be good if the value meets the criteria.

Based on the results of the table 5 calculations, it appears that the liquidity, profitability, leverage, IOS, stock return, dividend policy, dividend policy * liquidity, dividend policy * profitability, dividend policy * leverage, and dividend policy * IOS have the reliability value of

each variable 1.000. Where the reliability value of each variable is judged very well because the value of composite reliability is already qualified (> 0.7). Reliability is also influenced by the magnitude of the Cronbach Alpha computation values where the value of liquidity, profitability, leverage, IOS, stock return, dividend policy, liquidity policy *, the dividend * profitability, dividend policy * leverage, and dividend policy * IOS is worth 1.000 stating that all variables are qualified for good variable reliability.

According to Sholihin & Ratmono (2013:73) Average Variance Extracted (AVE) is also used for the evaluation of convergent validity, the criteria of the AVE value that must be fulfilled is > 0.50.

Based on the table 6, the six variables meet convergent validity. The AVE value of the liquidity, profitability, leverage, IOS, stock return, dividend policy, dividend policy * liquidity, dividend policy * profitability, dividend policy * leverage, and dividend policy * IOS is 1.000 > 0.50 indicating that the whole variable has fulfilled the criteria of convergent validity.

Discriminant validity each variable in the latent measuring variable indicated by the value of the square root of average variance extracted (√ AVE). The conditions when √ AVE variable-latent variables are greater than the latent variable correlation indicating indicator-variable indicators have a good linear validity. √ AVE recommended value greater than 0.5. The following values can be viewed linear validity in Table 7.

Based on the table 7, it can be seen that the resulting √ AVE value can be noted that all the indicators of each variable are liquidity, profitability, leverage, IOS, stock return, dividend policy, liquidity policy, dividend policy * profitability, dividend policy * leverage, and dividend policy * IOS has a value of linear validity greater than 0.5. Thus, the

indicator can be declared as valid as its own variable gauge.

Evaluation of Inner Models

In the model match test there are three test indexes, namely average path coefficient (APC), average R-Squared (ARS) and average variance factor (AVIF) with APC and ARS criteria accepted with the requirements of the P-value < 0.05 and AVIF < 5 (Sholihin & Ratmono, 2013:61).

Based on the table 8, it is explained that the APC has an index of 0,282 with the P-Value 0,017 value. While the ARS has an index of 0,654 with a P-Value value of < 0,001. Based on the APC criteria already meet the criteria P < 0,05 ie 0,017, so also ARS has met the criteria P < 0,05 ie < 0,001. The value of the AVIF should be fulfilled because it is based on the data AVIF value 1,774. Thus, the inner model is acceptable.

The R-Square value should be > 0 being a requirement to indicate that the observation value is generated by the model and the estimate calculation of the entire population and good sampling. If the R-Square ≤ 0 value indicates the observation value is generated by the model and the estimate is not good. The range of R-Square values is 0 to 1. The more the R-Square value approaches 1, the stronger the independent variables predict the dependent variable. If the value of R-Square <0.10 is said to be poor accuracy, 0, 11-0.30, low accuracy, 0.31-0.50 is sufficient accuracy,> 0.50 strong accuracy.

Based on the 9 table indicates that the value of R-Square > 0 is 0.654 or 65.4%. This can indicate that the diversity of variable return shares is able to be explained by the liquidity variable, profitability, leverage, IOS and dividend policy of 65.4% while the remainder is a compound of 34.6% influenced by other variables that are not contained in this model of research. And the value of R-

Square in this study is said to be strong because of its accuracy> 0.50.

Hypothesis Results And Discussion

Hypothesis testing aims to test the effect of independent variables on the dependent variable. A partial least square analysis is done by evaluating the structural model by looking at the path coefficient values of each variable that can be seen in Figure 2.

Impact of liquidity on Stock Return

In the first hypothesis, it shows that liquidity significantly affects the stock return. The test results show a liquidity variable indicating the magnitude of the line coefficient value (β) -0.561 and the value of P Value less than 0.05 or 5% by < 0.001. It shows that the liquidity variable directly affects significantly with the negative direction to the stock return or in other words H1 is accepted. Based on data analysis and the results of hypothesized testing can be noted that the liquidity that is proscribed with the current ratio is negative and significant to stock return. This means that when the current ratio increases then the stock return will decrease or vice versa. So it can be said that the relationship between the current ratio with the stock return is negative. Current ratio is usually used as a measuring instrument of liquidity state of a company. One indication of the existence of liquidity problem is usually low current ratio because the company shows the inability of the company in fulfilling its short term obligations. But the high current ratio does not necessarily indicate the company is well managed because the current ratio is too high then the resources are not used optimally so that it does not get the maximum profit. In addition, high current ratio does not guarantee a company is able to pay debts and good performance due to excess cash, and the receivables that accumulate is also unprofitable and unproductive. This can be detrimental to investors so that investors less interest in companies whose current ratio is too high which results in the decline of the company's stock return. Investors also pay less attention to cash management, and company receivables before making a capital-market decision.

The results of this research also supported the research conducted by Dewanti et al., (2019) showing negative and significant influences showed that current ratios are negatively and significantly influential. That means low current ratio does not mean that the company is unable to pay off short-term debt, low current ratio because the company manages the money to create to improve the company's capabilities. The research was supported by Muhammad (2018) and Sanim (2017).

Impact of Profitability On Stock Return

In the second hypothesis shows that profitability has positive effect on stock return. The test results showed that variable profitability shows the magnitude of the line coefficient value (β) 0.382 and the value of P Value 0.005. It indicates that the variable profitability directly affects significantly with the positive direction towards the stock return or in other words H2 is accepted. Based on data analysis and hypothesis testing results it can be noted that the profitability that is proscribed with return on equity has a positive and significant impact on the stock return. The significant effect of return on equity on the stock return indicates that the company's performance is increasingly efficient in using its own capital to generate profit or net profit, so that the company can give confidence to investors related to the dividend payment. The increase in profit can increase the profitability of companies coming from the company's equity. With the increasingly effective company in managing its own capital owned, the increase in its return efforts can be realized. This condition shows that by upgrading the company's ability to

capitalize on its own capital owned by the company can provide maximum guarantee on the investment that has been done. The profits gained by the first company will be used to pay the debt, then if the remainder is given to the ordinary shareholders. Thus the higher the return on equity ratio, hence the effort to maximize the return level offered to investors has also increased.

The results of this research also supported the research conducted by Carlo (2014) which states the profitability positively and significantly affect the stock return. This means that increasing return on equity will affect the increase in return that the investor will receive. This is due to the high return on equity reflecting a sign that a company has successfully effective profit-making by utilizing its equity. The research conducted by Dewanti et al., (2019) states that the high net profit from the capital is owned and affects the increase in return the investor receives. High Return on equity reflects the success of the company's profit-making by utilizing its equity. The study was supported by Benedicta & Lusmeida (2015), Khan et al., (2013), Kurniasih (2018), Roslita (2017), Tarmizi et al., (2018), Utami & Murwaningsari (2017), Wijesundera et al., (2016), Zunaini & Brahmayanti (2016).

Impact of Leverage On Stock Return

In the third hypothesis, the leverage has a positive effect on stock return. The test results show that the leverage variable indicates the magnitude of the line coefficient value (β) 0.017 and the value of P Value more than 0.05 or 5% by 0.459. It shows that the variable leverage is directly no significant effect on the stock return or in other words H3 rejected. Based on data analysis and hypothesis testing results it can be noted that the leverage that is proscribed with debt to equity ratio has no effect on the stock return. Lack of influence from debt to equity ratio to return of shares can mean that there is a different

valuation of the investor to the significance of debt for the company. Some investors can think that the high debt to equity ratio will be a burden for the company because of the obligation of the company to pay the debt and the risk of bankruptcy that will be borne by the investor that causes a reduced interest in investors to invest in the company's shares that result in the decline of the stock return. On the other hand some investors also argue that the debt is much needed by the company for its operations. Debt is required by the company to increase the company's capital because by having large debts can be used to increase the capital of the company so that the company can develop its business and by doing business development then investors are more interested to buy shares of the company. It is also possible that investors are not interested in information regarding the high low debt to equity ratio because investors assume that the shares are not detached from the debts borne by the company.

The results of this research also supported the research conducted by Syahbani et al., (2018) which indicates that it has no significant influence between debt to equity ratio with stock return. This means that the high debt to equity ratio reflects the height of the company's debts. Increased debt indicates the source of the company's capital depending on the outside parties (creditors). In addition, the greater debt to equity ratio resulted in the greater burden of the company against the outside parties, both the principal and interest of the loan, thereby reducing investor interest. The results of this study were supported by research conducted by Allozi & Obeidat (2016), Banerjee (2019), Djalil et al., (2017), Kurniawan (2017), Oktavia (2014), Reza et al., (2019), Wahyudi (2019), Wijaya (2015).

The Impact of Investment Opportunity Set on stock return

In the fourth hypothesis shows that the investment opportunity set positively affects stock return. The test results show the magnitude of the line coefficient value (β) 0.477 and the value of P Value less than 0,05 or 5% by < 0,001. It shows that the IOS variable directly affects significantly with the positive direction towards the stock return or in other words H4 is accepted. Based on data analysis and hypothesis testing results it can be noted that the investment opportunity set has a positive and significant effect on stock return. The greater the investment opportunity set that is proscribed with MVABVA, the greater the opportunity for the company to grow and the greater the expectation of high return rate that means when the company is investing, it is a positive information for investors because the company is experiencing growth. The company is able to utilize its assets well and high enterprise IOS, so that the company is able to grow as a result the company's growth prospects become bullish. This will respond to the market and attract investors and will affect the increase in the stock price, so that the company's return shares will increase.

The results of this research also supported the results of research conducted by Benedicta & Lusmeida (2015) in his research stated that the investment opportunity set has a positive and signi-ficant impact on the return of shares indicating that the developing company is information that can be used by investors to earn return on shares. The higher the larger the assets of the company's market to book value of assets used in business, the more likely the company is to grow, so that the stock price will rise, and finally the return of the acquired shares will increase the shareholder. The research was sup-ported by research conducted by Djalil et al., (2017) and Roslita (2017).

Dividend Policy In Moderate Liquidity Link To Stock Return

In the fifth hypothesis it indicates that the dividend policy is able to moderate the liquidity relationship to the stock return. The test results show the magnitude of the line coefficient value (β) -0,365 with the value of P Value less than 0,05 or 5% by 0,001. This indicates that the dividend policy variable reinforces the influence of liquidity on the stock return or in other words H5 received. The results of this study showed that the dividend policy that was proscribed with the dividend payout ratio strengthened the liquidity relationship with the stock return. This means that the liquidity directly affects the stock return and after the dividend policy then the impact of liquidity on the stock return is increasing. This is because the dividend policy can increase the stock return during high liquidity as well as vice versa. When the dividend policy rises, its liquidity of the company also rises which will lead to positive market reaction. So that the condition resulted in a rise in the stock price accompanied by rising return of the company's shares. The dividend policy can be a reference for investors in determining their investment strategy. Through this dividend policy investors are able to see how the company's ability to manage the proportion of profit gained by the company.

The high level of liquidity allows companies to pay dividends to share-holders. so it can be said that the higher the liquidity, the higher the payment of dividends to shareholders. This condition resulted in investors' interest to invest so that there was an increase in share prices and accompanied by an increase in stock returns. This research is in line with research conducted by Ginting (2017) stating that the dividend policy that is proscribed with the dividend payout ratio is able to strengthen the liquidity relationship to stock return. This is because the high dividend payment will provide

important information about the company's condition so that it can affect the stock return that will be accepted by the investor.

Dividend Policy In Moderate Profitability Link To Stock Return

In the sixth hypothesis it indicates that the dividend policy is able to moderate the profitability relationship with the stock return. The test results showed the magnitude of the line coefficient (β) 0,042 with the value of P Value greater than 0,05 or 5% by 0,499. It shows that the dividend policy variables are not able to moderate the influence of profitability on stock return or in other words H6 rejected. The results of the study explained that the dividend payout ratio is not able to moderate the profit-to-return relationship. This is because the dividend policy does not have a role in the multiplier of profitability against the stock return. This indicates that information about the dividend payout ratio does not affect the increase in the company's stock return. The profitability level is able to provide a positive signal to the investor for the return of the company's shares, but the dividend policy is not able to strengthen the investor's valuation of the company's return in the increase profitability. Similarly, the possibility when the company pays dividends and the investors do not use the benchmark of dividend payment as consideration for investing that resulted in the decline in the stock return of the company. In that case the investor cannot make a dividend policy in determining his investment strategy.

The number of dividends paid to shareholders can be approved by large companies. If the company has high profits, the agreed dividends will be high. The higher the level of corporate profits, the higher the level of dividends obtained for shareholders. This is what attracts investors so that interest when returning shares to be received by investors. This research is in line with research conducted by Kurniawan (2017) stating that the

dividend policy is not able to moderate the influence of profitability on the stock return. This is because the dividend policy will not necessarily increase the return of the company's share at the time of low return on equity and the return on high stocks and vice versa.

Dividend Policy In Moderate Leverage Relation To Stock Return

In the seventh hypothesis, the dividend policy is able to moderate the relationship between the leverage and the stock return. The test results showed the magnitude of the line coefficient (β) 0,001 with the value of P Value less than 0,05 or 5% by 0,003. This indicates that the dividend policy variable weakens the effect of leverage on stock return or in other words H7 is received. The results showed that the dividend policy that was proscribed with the dividend payout ratio weakened the effect of leverage on stock return. This means that leverage has no effect on the return of shares and after the dividend policy the leverage on the stock return is weakening. In other words, when the company has a high leverage value then it is possible to make a low dividend payment. With a low dividend distribution to shareholders makes investors reluctant to buy stocks resulting in the return of stocks will be decreased. In that case the investor cannot make the dividend policy as a reference in determining its investment strategy.

Companies with high leverage reflect relatively high company risks and the greater the risk that must be borne by investors, it can reduce the interest of investors to invest their funds to the company and cause a decrease in return to be received by the company. Besides, the high debt held by the company will reduce the level of net profit so that there are not many funds available to pay dividends to investors. Therefore, a high debt policy will also lead to low dividend payments. The results of this study are contrary to the research conducted by Devi & Sudjarni

(2012) stating that the payout ratio dividend is unable to moderate debt to equity ratio relationship to stock return because the payout ratio dividend is not the basis of investor rating in estimating received income.

Dividend Policy In Moderate Investment Opportunity Set Relation To Stock Return

In the eighth hypothesis the dividend policy is able to moderate investment opportunity set relationships against the stock return. The test results showed the magnitude of the line coefficient (β) 0.412 with the value of P Value le from 0.05 or 5% by 0.401. This indicates that the dividend policy variable is unable to moderate the effect of IOS against a stock return or in other words the H7 is rejected. The results of this study indicated that the dividend policy that was proscribed with the dividend payout ratio was not able to moderate investment opportunity set relationship to the stock return. This is because the dividend policy has no role in the influence of investment opportunity set against the stock return. The set level of the company's investment opportunity to advance its company illustrates the achievement of companies that raise the value of the company, but the amount of dividends issued by the company to the shareholders is not able to strengthen investor's valuation of the company's return. This was also due to declining dividend policy in 2016-2018 and Indonesia's economy in 2018 decreased, many of the investor attracted funds from the stock market. Many investors are attracting investments that eventually lead to a decrease in return shares. The decline in stock returns is also caused by an uncertain corporate condition annually. So that dividend policy does not become a reference investor to embed its shares or invest, causing a decrease in the stock return.

The company's growth does not affect dividend policy because the company's growth utilizes funds in the form of internal funds and external internal funds including profit reserves, while external funds can be in the form of shares or debt issuance. Debt is used to finance company activities when the company is short of funds. Under these conditions, the debt policy can be used to control excessive use of free cash flow to pay dividends to shareholders. profits generated by the company will be retained and used to pay the corporate debt. Therefore, the management of service companies listed on the Jakarta Islamic Index needs to pay attention to the investment opportunity set of companies that are proxied by the market to book value of assets by optimally utilizing the assets of the company to get profits. Because the greater the company makes a profit the dividend payout ratio will increase. Therefore, the company is expected to increase the company's sales, among others by diversifying products, promotion to a broader level, or business expansion to attract investors to invest their capital in the company so that it has an impact on increasing stock returns.

Table 3. Descriptive variables Research

Variable	Indicator	N	Min	Max	Mean	Std. Deviasi
Liquidity	Current Ratio	35	104.930	691.330	222.439	148.164
Profitability	Return On Equity	35	2.870	39.160	14.425	8,.094
Leverage	Debt to Equity Ratio	35	50.140	260.460	119,.86	52.320
IOS	MVABVA	35	129.330	5646.120	1181.883	1497.455
Stock Return	Return Saham	35	-0.448	0.686	-0.008	0.245
Dividend Policy	Dividend Payout Ratio	35	3.560	99.110	38.539	27,.289

Source: Data Processed researchers (2020)

Table 4. Validity indicator

Variable	Indicator	Loading Factor	SE	P Value
Liquidity	CR	1.000	0.107	<0.001
Profitability	ROE	1.000	0.107	<0.001
Leverage	DER	1.000	0.107	<0.001
IOS	MVABVA	1.000	0.107	<0.001
Stock return	Return saham	1.000	0.107	<0.001
Dividend Policy	DPR	1.000	0.107	<0.001
Dividend Policy * Liquidity	DPR*CR	1.000	0.107	<0.001
Dividend Policy * Profitability	DPR*ROE	1.000	0.107	<0.001
Dividend Policy * Leverage	DPR*DER	1.000	0.107	<0.001
Dividend Policy * IOS	DPR*MVABVA	1.000	0.107	<0.001

Source: Data Processed researchers (2020)

Table 5. Construction Reliability

Variable	Composite Reliability Coefficient	Cronbach Alpha	Description
Liquidity	1.000	1.000	Reliable
Profitability	1.000	1.000	Reliable
Leverage	1.000	1.000	Reliable
IOS	1.000	1.000	Reliable
Stock return	1.000	1.000	Reliable
Dividend policy	1.000	1.000	Reliable
Dividend policy * Liquidity	1.000	1.000	Reliable
Dividend policy * Profitability	1.000	1.000	Reliable
Dividend policy* Leverage	1.000	1.000	Reliable
Dividend policy * IOS	1.000	1.000	Reliable

Source: Data Processed researchers (2020)

Table 6. Variance Extracted (AVE) Average value

Variable	AVE value	Criteria	Description
Liquidity	1.000	>0.5	Meet Convergent Validity
Profitability	1.000	>0.5	Meet Convergent Validity
Leverage	1.000	>0.5	Meet Convergent Validity
IOS	1.000	>0.5	Meet Convergent Validity
Stock return	1.000	>0.5	Meet Convergent Validity
Dividend policy	1.000	>0.5	Meet Convergent Validity
Dividend policy * Liquidity	1.000	>0.5	Meet Convergent Validity
Dividend policy * Profitability	1.000	>0.5	Meet Convergent Validity
Dividend policy* Leverage	1.000	>0.5	Meet Convergent Validity
Dividend policy * IOS	1.000	>0.5	Meet Convergent Validity

Source: Data Processed researchers (2020)

Table 7. Discriminant Validity

Variabel	AVE Value	√AVE	Description
Liquidity	1.000	1.000	Valid
Profitability	1.000	1.000	Valid
Leverage	1.000	1.000	Valid
IOS	1.000	1.000	Valid
Stock return	1.000	1.000	Valid
Dividend policy	1.000	1.000	Valid
Dividend policy * Liquidity	1.000	1.000	Valid
Dividend policy * Profitability	1.000	1.000	Valid
Dividend policy* Leverage	1.000	1.000	Valid
Dividend policy * IOS	1.000	1.000	Valid

Source: Data Processed researchers (2020)

Table 8. APC, ARS and AVIF values

Parameter	Indeks	P Value	Criteria	Description
APC	0.282	0.017	P<0.05	Accepted
ARS	0.654	<0.001	P<0.05	Accepted
AVIF	1.774		AVIF<5	Accepted

Source: Data Processed researchers (2020)

Table 9. R-Square value

Variable	R-Square value	Description
Liquidity		
Profitability		
Leverage		
IOS		
Stock return	0.654	>0.000
Dividend policy		
Dividend policy * Liquidity		
Dividend policy * Profitability		
Dividend policy* Leverage		
Dividend policy * IOS		

Source: Data Processed researchers (2020)
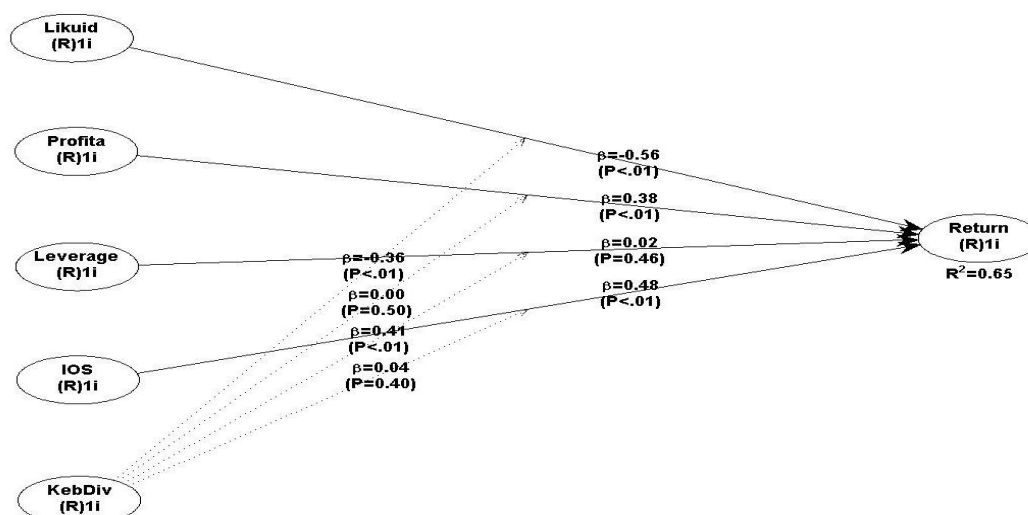
Figure 2. Structural model drawings
Source: Data Processed researchers (2020)

CONCLUSION AND RECOMMENDATION

Based on the results of data analysis on the influence of liquidity, profitability, leverage and investment opportunity set against the return of shares with the policy of dividend as a variable moderation on the service companies registered in the Jakarta Islamic Index in 2014-2018 is obtained the following conclusions: the liquidity that is proscribed with the current ratio is negative and significant to the return of shares. This means that when the current ratio increases then the stock return will decrease or vice versa. The profitability that is proscribed with return on equity affects positive and significant return on shares. The significant effect of return on equity on the return of shares indicates that the company's performance is increasingly more efficient in using its own capital to generate profit or net profit, so that the company can give confidence to investors related to the dividend payment so as to cause the price of stocks will increase that influence on the return of the accrued shares will also increase. Leverage that was proscribed with debt to equity ratio no effect on return of shares. Lack of influence from debt to equity ratio to return of shares can mean that there is a different valuation of the investor to the significance of debt for the company. Some investors can think that the high debt to equity ratio will be a burden for the company because of the obligation of the company to pay the debt and the risk of bankruptcy that will be borne by investors who cause a reduced interest in investors to invest in the company's shares that resulted in the decline in stock Investment opportunity set that was proscribed by the market to book value of The greater the investment opportunity set that is proscribed with MVABVA the greater the chance of the company to grow as well as the greater the expectation of high return. Dividend policy strengthens the liquidity relationship to return of shares. This is because the dividend policy can increase the return of shares at the time of high liquidity as well as vice versa dividend policy is not able to moderate the relationship of Profitability to return of shares. This is because the dividend policy does not have a role in the multiplier of profitability against the return of shares. Dividend policy weakens the effect of leverage on return shares. In other words, when the company has a high value of leverage then it is possible to make a low dividend payment so that investors are reluctant to buy stocks that result in the

return of stocks experiencing a decline in dividend policy is not able to moderate investment opportunity set relationship to the return of shares. The set level of the company's investment opportunity to advance its company illustrates the achievement of companies that raise the value of the company, but the amount of dividends issued by the company to the shareholders is not able to strengthen investor's valuation of the company's return. The limitations in this study are the use of one indicator of each variable. Advice for the next study is add indicator in each variable, besides the research need to expand with several sectors of the company in Indonesia.

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