

## The Life Cycle And Dividend Premium Toward Dividend-Paying Behavior In Manufacturing Sector Companies



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### ABSTRACT

This study aims to determine the independent variables that are able to predict dividend payment behavior and prove the occurrence of dividend catering theory in manufacturing companies that are in the growth phase. In determining the research sample, the researcher used purposive sampling. The number of samples in this study were 7 manufacturing companies with a total of 92 observations during 2015 – 2019. This study uses multinomial logistic regression analysis on SPSS 25. The results show that the dividend premium and profitability variables get positive and significant values in the high dividend payout model. as well as low dividend payout models. While the firm size variable gets a positive and significant value in the high dividend payout model, it does not get a significant value in the low dividend payout model. This means that in the high dividend payout model, the variables of premium dividends, profitability, and firm size are able to predict the behavior of dividend payments in manufacturing companies that are in the growth phase. However, in the low dividend payout model, only the dividend premium and profitability variables are able to predict the behavior of dividend payments in manufacturing companies that are in the growth phase. The results also prove that the dividend catering theory is proven to occur in manufacturing companies that are in the growth phase of 2015 – 2019.

**Keywords:** Catering theory of dividend, The firm life cycle, Dividend payment behavior, Manufacturing companies, Dividend premium.

### INTRODUCTION

Many people are interested in investing with the aim of making a profit. There are many forms of investment, but the most common are stocks. Shares are proof of ownership of a business. Companies issue shares as a means to obtain capital that will be used to run the business. From an investor's point of view, investing in stocks aims to get profit. Basically, there are two benefits derived from shares, namely dividends and capital gains. Capital gain is the difference between the purchase price and the selling price of a share, while dividends are profits that the company distributes to its investors resulting from the company's profits.

Dividend policy is an important factor that must be considered by a company in carrying out its business activities because it has a significant influence on the company and shareholders. For shareholders, dividends are a form of return on investment, and a company's relatively stable distribution of dividends can minimize uncertainty about the expected return on investments made. Dividend policy in listed companies is very important for investors because it can invite investors to buy or hold shares of the company or not. According to Dickinson, (2011) , the company's life cycle is classified according to its cash

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flow. There are four main stages, namely introduction, growth, maturity, and decline. During the growth phase, the company invests heavily in growing, maintaining, and gaining market share. Young companies tend to save money and pay no dividends. During maturity, they tend to pay dividends because the company has the highest sales growth, the company's fixed capital investment begins to decline, and they are able to get a return on the assets they have that they have invested in the early stages. life cycle Several experiences show that the dividend payout policy is different and in accordance with the conditions of the company's life cycle. Another factor that can encourage companies to pay dividends is the size of the company itself. Company size plays a role in explaining the dividend payout ratio in the company. Large companies will certainly pay higher dividends because they are more stable in generating profits and making better use of resources than small companies. Small companies will have lower dividend payouts as revenue is converted to retained earnings to increase business assets. In addition to company size, profitability is one of the factors that can affect the dividend distribution of a company. Profitability is a metric used to determine a company's ability to generate profits and its business performance. In a company, there is often an asymmetry of information between the company and shareholders who are users of financial statements, so it does not allow shareholders to fully observe the company's activities and prospects. Information asymmetry is a situation where shareholders do not have complete information about the company's financial results, which causes them never to be able to determine the extent to which their efforts have contributed to the company's actual operating results. (Wiryadi & Sebrina, 2013) . Information asymmetry is the assumption underlying the dividend catering theory. Dividend catering theory uses a strategy to serve the wishes of investors in the market in responding to this information asymmetry. This study uses manufacturing sector companies listed on the Indonesia Stock Exchange as the study population. Manufacturing companies are companies that process raw materials into semi-finished goods or finished goods

that have a sale value. In Indonesia there are many manufacturing companies, and most of the companies listed on the Indonesia Stock Exchange are manufacturing companies.

## **THEORETICAL FRAMEWORK USED AND HYPOTHESES**

### **A Catering Theory of Dividends**

Baker & Wurgler, (2004) proposed a theory about dividends known as a catering theory of dividends. This theory differs from the theory put forward by Miller & Modigliani, (1961) , that dividend policy has an irrelevant effect on stock prices. Meanwhile, a catering theory of dividends explains that managers will pay dividends when investors place a higher stock price in companies that pay dividends than companies that do not pay dividends (M. Baker & Wurgler, 2004) . The catering theory (catering theory of dividend) explains that a company's decision to pay dividends is driven by investor demand. Companies that pay dividends when investors value dividend-paying companies (payers) and discard dividends when investors show a preference for non-paying companies (non-payers). (M. Baker & Wurgler, 2004) . Baker & Wurgler, (2004) found that a number of companies will pay dividends if there is a catering incentive, where the dividend premium shows positive results. Baker & Wurgler, (2004) developed a discrete model in which investors categorize companies as dividend payers or non-dividend payers. Baker & Wurgler, (2004) describes the model using three important assumptions, namely (1) that due to psychological or institutional reasons, investor demand for dividend-paying stocks does not form, and changes over time (2) assumes that Modigliani-Miller cannot fulfill investors' need for split valuation (3) Baker and Wurgler assume that managers legitimately meet the needs of managed investors by paying dividends when investors bid highly on dividend-paying stocks.

### **Premium Dividend**

The dividend premium is measured by the difference between the average market to book ratio of companies that pay dividends and those that do not pay dividends. Tangjitprom, (2013) found that some companies will distribute dividends if there is a premium dividend incentive, where div-

idend payments show positive results. Investors prefer companies that pay dividends and offer higher prices than companies that pay dividends. Dividends play an important role in influencing dividend policy. Dividend premiums can prevent managers from reducing dividend payments, especially if managers skip dividend payments when the dividend payout ratio is high. Managers can use market timing to maximize market value through dividend payments. Companies can adjust dividend payments based on the level of dividend payments. Managers may choose to pay dividends when dividend payouts are high.

### **Profitability**

Profitability describes a company's ability to use its capital to generate profits (Sari & Priyadhi, 2016) . Profit is a measure of overall business performance. Companies that can generate large profits are often more attractive to investors. Investors who are interested in the business will invest in the business, but conversely if the business generates a small profit then the investor will withdraw capital from the business.

### **Company Size**

Company size is company size based on total assets owned, measured using the natural logarithm of total assets (Budiarso, 2014) . The size of the company is said to affect the value of the company because the bigger the size of the company, the easier it is to get funding. Large companies often have easy access to capital markets, which of course affects the flexibility of these large companies to raise large amounts of capital. The capital received can be used to pay dividends to shareholders. The larger the size of the company, the higher its ability to pay dividends.

### **The Relationship of Premium Dividends to Dividend Paying Behavior**

Investor behavior in choosing which company to invest in is one of the factors considered by company managers when deciding whether to distribute dividends or not. Baker & Wurgler, (2004) found a positive correlation between dividend payout and dividend payout behavior, i.e. an increase in dividend payout increases the likelihood that a company will pay dividends. Incentives for investors will encourage manag-

ers to pay dividends to increase share prices and thereby increase the number of dividend payers. The results of research from Rochmah & Ardianto, (2020) state that a positive dividend premium has a significant effect on dividend paying behavior. When an investor demands a higher price for the stock of a dividend-paying company, the manager responds to the investor's request for dividends. This is also supported by the results of research from Ming-Hui et al., (2016) which concluded that the dividend premium has a significant effect on dividend paying behavior. Based on this explanation, the hypothesis proposed is:

**H1** : Dividend premium can predict dividend payout behavior.

### **Profitability Relationship Against Dividend Paying Behavior**

Profitability is one of the key factors for a company whether paying dividends or not. According to HK Baker, (2009) dividend payments are strongly influenced by company profitability. Therefore, the profit generated by the business is one of the factors that attracts investors to invest. The greater the profit generated, the higher the probability of receiving dividends. This is supported by the results of research from Fatmawati & Ahmad, (2018) which states that profitability has a positive effect on dividend paying behavior. The relationship between earnings and dividend policy shows that companies that pay dividends have a high level of profitability. However, it is inversely proportional to the results of research from Tedja et al., (2020) which shows that profitability does not affect dividend-paying behavior. Based on this explanation, the hypothesis proposed is:

**H2** : Profitability can predict dividend paying behavior.

### **The Relationship between Firm Size and Dividend Paying Behavior**

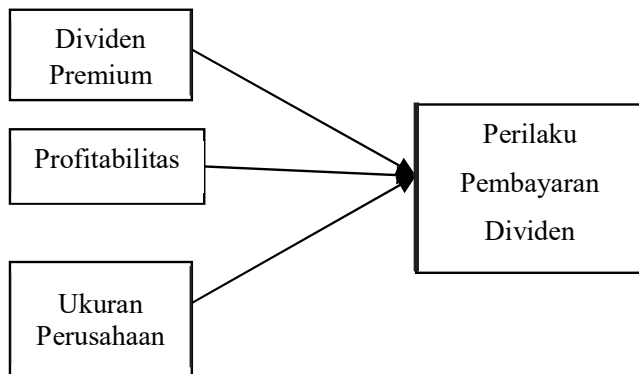
Large companies tend to use internal company resources rather than debt to run their business. According to Putu et al., (2014) large companies will pay high dividends because large companies certainly generate more stable profits and make better use of resources than small companies.

Smaller companies will pay lower dividends because the profits generated are allocated to retained earnings to increase company assets. The results of research from Rochmah & Ardianto, (2020) state that company size has a positive effect on dividend paying behavior. The greater the total assets owned by the company, the greater the company's ability to pay dividends to shareholders and vice versa, the smaller the company size, the lower the company's ability to pay dividends. This is supported by the results of research from Kaur, (2019) which states that company size has a positive effect on dividend-paying behavior. Based on this explanation, the hypothesis proposed is:

**H3 :** Firm size can predict dividend payout behavior.

### Framework

In this study, we analyze the effect of dividend premium, profitability and firm size on dividend payout behavior. So the framework of this research can be described as follows:



**Figure no1,  
RESEARCH METHODS**

### Research design

Research design is a guideline that contains steps that a researcher must follow when conducting research (Sugiyono, 2013, 279) . The type of research used is exploratory research because this research discusses a relatively new topic, namely the cathering theory of dividends . According to Muri, (2014, 60) exploratory research is an exploratory study, especially with the aim of strengthening and expanding the scope of concepts used in a wider scope of study. Based on

the type and collection of data this research uses secondary data. Based on data collection techniques, this study uses documentation techniques. According to Sugiyono, (2013, 240) Documentation is a record of past events. Documentation can be in the form of written works, drawings, or other people's monumental works. Secondary data is an indirect data source for data collectors (Sugiyono, 2013, 137) . Secondary data in this study comes from annual financial reports taken from the Indonesian Stock Exchange. Based on the time dimension, this study uses a panel study. A panel study is research conducted by selecting the correct sample from the start of the study, and then tracking that sample throughout the study. Because in this study the objects used were all manufacturing sector companies listed on the Indonesia Stock Exchange during the period 2015 to 2019.

### Research Limitations

The author realizes that this research has several limitations including the following:

- 1 The research was conducted on manufacturing sector companies in the growth phase.
- 2 The dependent variable of this study is the dividend payout behavior of the company.
- 3 The independent variable (X) in this study is the dividend premium, profitability and company size.

### Variable Identification

The following are the variables used in this study:

- 1 The dependent variable (Y) is the variable that is affected or is the result. The dependent variable in this study is dividend payout behavior.
- 2 The independent variable (X) is the variable that influences or is the cause of the change. Both negative and positive influences. The independent variables in this study are dividend premium, profitability, and company size.

### Operational Definition and Variable Measurement

#### Dependent Variable (Y)

The dependent variable of this study is dividend payout behavior measured in Rupiah (IDR) and analyzed by multinomial logistic regression .

#### Independent Variable (X) Premium Dividend

The method used to measure the dividend premium in this study is by calculating the difference between the market to book of companies that pay dividends and companies that do not pay dividends. Market to book shows investors' assessment of company value. Companies that are considered good sell shares at a price higher than the book value (Reni Utami Dewi & Purnawati, 2016). According to Baker & Wurgler, (2004) the premium dividend ratio can be expressed as follows:

$$\text{Dividen Premium} = \log(MBV_{payer} - MBV_{non\ payer})$$

### **Profitability**

The method of measurement used to measure profitability in this study is Return on Equity. Return on Equity (ROE) is a ratio that measures how much profit belongs to the owners of their own capital (Husnan, 2019:23). This ratio is stated as follows:

$$ROE : \frac{\text{Laba Bersih}}{\text{Ekuitas Pemegang Saham}}$$

### **Company Size**

Company size can be calculated by taking the logarithm of the company's total assets. So the company size formula can be described as follows:

$$\text{Ukuran Perusahaan} = \text{Ln} (\text{Total Asset})$$

### **Population, Sample, and Sampling Technique**

The population in this study are all consumer cyclical sector companies listed on the Indonesia Stock Exchange. The sample selection was carried out using a non-random sampling technique with a purposive sampling method. According to Acharya et al., (2013) states that purposive sampling is a sampling technique from the population based on certain criteria. The sample criteria used in this study are:

1. Companies listed on the Indonesia Stock Exchange from 2015 – 2019.
2. Companies that are in the manufacturing sector.
3. Companies entering the growth phase.
4. Equity must be positive.

### **Data and Data Collection Methods**

The data to be used in this study is secondary data, namely data on the financial reports of public companies listed on the Indonesia Stock Exchange ([www.idx.co.id](http://www.idx.co.id)) during the period 2015 – 2019. In this study the data collection method used by the author is the documentation to obtain cash flow information for companies engaged in the consumer cyclical sector. In addition, research data sources were also obtained from ICMD (Indonesian Capital Market Directory), and [www.bi.go.id](http://www.bi.go.id).

### **Data analysis technique**

In this study, several data analysis techniques were used. By using several analytical techniques, this will be able to determine the effect of the variables being examined. The analysis technique is as follows:

#### **Descriptive Analysis**

Data processing and analysis was carried out for each variable to be examined in each sample, then data analysis was carried out in two stages, the first stage carried out descriptive analysis and the second stage carried out inferential analysis. Descriptive analysis is used to obtain a clear picture of the development of the variables that are the object of research from period to period for each company.

#### **Inferential Analysis**

In this study using hypothesis testing, namely the multinomial logistic regression method. According to Hosmer et al., (1989) multinomial logistic regression is a logit regression that is used when the dependent variable has a multinomial scale with a nominal scale of the response variable of more than two categories. The choice of this method is intended to determine the relationship between the independent variables and the dependent variable in the form of categorical data (Ghozali, 2016). The stages in this analysis are a). Model Fit Test, b). Goodness of Fit test, c). Determination Coefficient Test (Nagelkerke R Square), d). Partial Significance Test.

### **Research Results and Discussion**

#### **Descriptive Analysis**

Descriptive analysis is an analysis that is used to describe or describe the data collected as it is and analyze the data without the intention of drawing



generally accepted conclusions (Sugiyono, 2013). The analysis is intended to provide an overview or explanation of the research data used through the mean, standard deviation, minimum and maximum. In this study, the dependent variable is dividend payout behavior and the independent variables are dividends, profitability, and firm size.

### Dividend Paying Behavior

Based on the descriptive table (Table 6: Appendix 4) shows that the minimum value of the dividend payout behavior variable is 1, which is a company code that does not pay dividends. Meanwhile, the maximum value of the dividend payout behavior variable is 3, which is the code for a company that pays high dividends. The mean and standard deviation values of the dividend payout behavior variable are 1.75 and 0.834, respectively, where if the standard deviation value is smaller than the mean value, it means that the distribution of data is evenly distributed or homogeneous.

### Premium Dividend

Based on the descriptive table (Table 6: Appendix 4) it shows that the lowest value of premium dividends comes from manufacturing companies that are in the growth phase in 2015 with a value of -0.310. While the highest value of premium dividends comes from manufacturing companies which are in the growth phase in 2019 with a value of 0.588. The mean and standard deviation values of the dividend premium variable are -0.02561 and 0.332091 respectively where if the standard deviation value is greater than the mean value it means that the distribution of data is uneven or heterogeneous.

### Profitability

Based on the descriptive table (Table 6: Appendix 4) it can be seen that the minimum value generated by the profitability variable is -0.77307. While the maximum value generated by the profitability variable is 1.39966. The mean value of the profitability variable is 0.09149 and the standard deviation value is 0.20917 where if the standard deviation value is greater than the mean value it means that the spread of the data from the profitability variable is uneven or heterogeneous.

### Company Size

Based on the descriptive table (Table 6: Appendix 4) it can be seen that the minimum value generated by company size is Rp. 124,735,506,555. While the maximum value generated by the company size variable is Rp. 334,711,000,000,000. The mean value of the company size variable is 12,895,339,067,554 and the standard deviation value is 39,821,067,297,195 where if the mean value is smaller than the standard deviation value, it means that the distribution of data from the company size variable is uneven or heterogeneous.

## Hypothesis testing

### Model Significance Test

Model	<i>Model Fitting Criteria</i>	<i>Likelihood Ratio Test</i>
	<i>-2 log likelihoods</i>	Sig.
<i>Intercept Only</i>	179,902	
Finals	134,734	0.000

Source: Processed Data

**Table 1**  
**Model Fit Test**

Based on table 2, it can be seen that there was a decrease in the -2 log likelihood value from intercept only to final, namely 179,902 to 138,271 with a chi-square value of 41,631 and a significant value = 0,000 where the value of Sig. < 0.05. So it can be concluded that the multinomial logistic regression model in the presence of independent variables can provide better results for predicting dividend payout behavior.

### Compatibility Test

	Sig.
Pearsons	0896
Deviance	0.942

Source: Processed Data

**Table 2**  
**Compatibility Test**

Based on Table 3, it can be seen that after testing the goodness of fit it produces a significance value of 0.896 where sig. > 0.05 which means the significant value is greater than alpha. Significant test results that are greater than the alpha value indicate that the multinomial logistic regression model fits the observational data.

**Determination Coefficient Test**

<i>Nagelkerke</i>
0.469

Source: Processed Data

**Table 3**  
**Determination Coefficient Test**

Table 4 can be seen that the Nagelkerke value explains that the diversity of independent variable data in the study can explain 46.9% of the diversity of the dependent variable, while the remaining 53.1% is explained by other variables outside the model.

**Partial Test**

Independent Variable	Likelihood Ratio Test	Decision
	Sig.	
Premium Dividend	0.059	Can't predict
Profitability	0.000	Can predict
Company Size	0.002	Can predict

Source: Processed Data

**Table 4**  
**Partial Test**

From table 5 it can be seen that the sig. the dividend premium variable is 0.059 > 0.05, meaning that partially the dividend premium variable is not able to predict dividend paying behavior.

**Parameter Estimation si**

Dividend Paying Behavior		B	Sig.	Exp(B)
Paying High Dividends	<i>Intercepts</i>	-22,599	0.000	
	Premium Dividend	2,398	0.047	11005
	Profitability	14,407	0.000	1806482
	Company Size	0.725	0.001	2064
Paying Low Dividends	<i>Intercepts</i>	-9,750	0.083	
	Premium Dividend	2,446	0.027	11,548
	Profitability	10027	0.001	22629
	Company Size	0.305	0.122	1,359

Source: Processed Data

**Table 5**  
**Estimation Parameters**

Meanwhile the value of sig. the profitability variable is 0.000 < 0.05 and the sig. variable firm size of 0.002 < 0.05, it can be interpreted that partially dividend profitability and firm size variable are able to predict dividend paying behavior.

Based on table 6 it can be seen the results of the individual significance test of each variable, where the results of the tests that have been carried out can be analyzed as follows:

1. In the model of paying high dividends compared to not paying dividends, it can be seen that the premium dividend variable has a sig value. of 0.047 where the value of Sig. < 0.05, which means that the dividend premium variable is able to predict the behavior of dividend payments in manufacturing companies in the growth phase that pay high dividends. Meanwhile, in the model of paying low dividends compared to not paying dividends, it is known that the dividend premium variable has a sig value of 0.027 where the value of Sig. < 0.05 means that the dividend premium variable is able to predict the behavior of dividend payments in manufacturing companies in the growth phase that pay low dividends.
2. In the model of paying high dividends compared to not paying dividends, it can be seen that the profitability variable has a significant value of 0.000 where the value of Sig. < 0.05 which means that the profitability variable can predict the dividend payout behavior of manufacturing companies in the growth phase that pays high dividends. Whereas in the low dividend paying model compared to not paying dividends it is known that the profitability variable obtains a

Sig value. of 0.001 where the value of Sig. <0.05 means that the profitability variable can predict the dividend payout behavior of manufacturing companies in the growth phase that pays low dividends.

3. In the model of paying high dividends compared to not paying dividends, it can be seen that the variable firm size has a significant value of 0.001 where the value of Sig. < 0.05 which means that the variable company size can predict the dividend payout behavior of manufacturing companies in the growth phase that pays high dividends. Whereas in the low dividend paying model compared to not paying dividends it is known that the company size variable obtains a Sig value. of 0.122 where the value of Sig. > 0.05 means that the variable company size cannot predict the dividend payout behavior of manufacturing companies in the growth phase which pays low dividends.

From table 6 it can also be seen the coefficient of each variable, so that the multinomial logistic regression equation can be obtained as follows:

$$\ln \frac{P}{1-P} = -22.599 + 2.398_{DP} + 14.407_{Profit} + 0.725_{FirmSize}$$

From the regression equation above, the following analysis can be carried out:

1. The regression coefficient value of the premium dividend variable is 2,398 and is positive. This shows that if more and more investors place their shares, then manufacturing companies that are in the growth phase are more likely to pay dividends at a higher level than do not pay dividends.

2. The regression coefficient for the profitability variable is 14,407, which is positive. This means that if a company generates profits, then manufacturing companies that are in the growth phase are more likely to pay dividends at a higher level than those that do not pay dividends.

3. The regression coefficient for the firm size variable is 0.725 which is positive. This means that manufacturing companies that are in the growth phase and have large company sizes are more likely to pay dividends at a higher price than do not pay dividends.

$$\ln \frac{P}{1-P} = -9.750 + 2.446_{DP} + 10.027_{Profit} + 0.306_{FirmSize}$$

From the regression equation above, the following analysis can be carried out:

1. The regression coefficient value of the premium dividend variable is 2,446 and is positive. This shows that if more and more investors place their shares, then manufacturing companies that are in the growth phase are more likely to pay dividends at a lower level than not paying dividends.

2. The regression coefficient for the profitability variable is 10,027 which is positive. This means that if a company generates profits, then manufacturing companies that are in the growth phase are more likely to pay dividends at a lower level than those that do not pay dividends.

3. The regression coefficient for the firm size variable is 0.306 which is positive. This means that manufacturing companies that are in the growth phase and have large company sizes are more likely to pay dividends at a lower price than do not pay dividends.

### **The Ability of Premium Dividends to Predict Dividend Paying Behavior**

Based on the results of tests that have been carried out where the model pays high/low dividends by not paying dividends, it shows that dividend premium is able to predict the behavior of dividend payments in manufacturing companies in the growth phase that pay dividends at high or low prices. The results of the significant dividend premium variable also show that the catering theory is proven to occur in manufacturing companies in the growth phase. The dividend premium is measured by the difference between the average market to book ratio of companies that pay dividends and those that do not pay dividends. Baker & Wurgler, (2004) , explained that the dividend premium is the most important proxy in explaining the Catering Theory. Investor demand for dividend distribution can make managers pay dividends at high prices because investors have given the value of company shares that pay dividends at high prices. Therefore the company must fulfill the wishes of investors to start or continue paying dividends in order



to maintain the company's stock price. So it can be concluded that the company's goal in fulfilling investors' demands in paying dividends is to maximize the value of the company as measured by the increase in the company's stock price (Baker & Wurgler, 2004) . Meanwhile, if investors place a low stock price, the company will continue to distribute dividends but at a low price too. The results of this study are in line with the results of research conducted by (Rochmah & Ardianto, 2020) , (Ming-Hui et al., 2016) , and (Tangjitprom, 2013) which state that the dividend premium has a significant effect on dividend paying behavior.

### **Profitability Ability in Predicting Dividend Paying Behavior**

Based on the results of tests conducted on the model of paying high/low dividends by not paying dividends, it shows that profitability is able to predict the behavior of dividend payments from manufacturing companies in the growth phase that pay dividends at high or low prices. In this study, profitability is proxied in Return on Equity or ROE. ROE is a ratio that measures a company's ability to make profits from various capital provided by its shareholders. For companies in the growth phase, profitability is the most determining factor whether the company will distribute dividends. But the company can also pay dividends at a lower price so that it can allocate its profits to retained earnings, thereby increasing the company's total assets. It can be understood that profitability is one of the determining factors when a company decides to pay dividends or not, and companies with high profitability tend to pay dividends. The results of this study are in line with the results of research conducted by Fatmawati & Ahmad, (2018) which stated that profitability has a positive effect on dividend paying behavior. However, the research results are different from the results of research conducted by Tedja et al., (2020) which shows that profitability does not affect dividend paying behavior.

### **The Ability of Firm Size in Predicting Dividend Paying Behavior**

Based on the results of tests conducted on the model of paying high/low dividends with no dividends, it shows that company size is able to pre-

dict the behavior of dividend payments in manufacturing companies in the growth phase that pay dividends at high prices, but company size is not able to predict the behavior of dividend payments in manufacturing companies in the growth phase. growth phase that pays low dividends. Company size is the size of the company according to the total assets owned, and company size is measured by Ln total assets (Budiarso, 2014) . The larger the size of the company, the higher its ability to pay dividends, which is possible because risks are more spread out in large companies than in small companies. According to Putu et al., (2014) large companies will offer high dividends because large companies are certainly more stable in generating profits and better at using their resources compared to smaller companies. The larger the size of the company, the greater the dividends distributed, conversely the smaller the size of the company, the lower the dividends distributed to investors. Conversely, if the company achieves high profits but investors set a low stock price, then the company will tend to pay dividends at low prices or not pay dividends. The results of this study are in line with the results of research conducted by Rochmah & Ardianto, (2020) and Kaur, (2019) which state that company size has a positive effect on dividend paying behavior.

### **Conclusion, Limitations, And Suggestions**

Based on the results of the research and discussion in the previous chapter, the following conclusions can be drawn from this study:

1. Premium dividends are able to predict dividend paying behavior in high dividend paying models compared to not paying dividends and low dividend paying models compared to not paying dividends in manufacturing companies that are in the growth phase.
2. Profitability is able to predict dividend paying behavior in high dividend paying models compared to not paying dividends and low dividend paying models compared to not paying dividends in manufacturing companies that are in the growth phase.
3. Firm size is able to predict dividend paying behavior in the high dividend paying model compared to not paying dividends. However, firm size is not able to predict dividend payout behavior with low dividend paying models compared to

not.

This study has limitations that may affect the results of the study. The limitations found in the study are as follows:

1. Many manufacturing companies in 2015 - 2019 cannot be grouped based on the company's life phase because they have cash flow that does not meet the criteria.

2. The difficulty in determining the exact number of manufacturing companies is due to a change in policy regarding the classification of listed companies issued by the Indonesia Stock Exchange.

From the results of the research that has been done, the researcher wants to provide suggestions, as follows:

1. For Further Researchers

The next researcher uses the company sector based on the latest classification issued by the Indonesian Stock Exchange. This will help researchers in finding the latest data to be used.

2. For Investors

Investors may consider investing in manufacturing sector companies that are in the growth phase, because it turns out that manufacturing sector companies that are in the growth phase have the theory of catering.

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