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Linkage Investment Opportunity Set (IOS) with Financial Policy in Growing Companies in Indonesia Stock Exchange (BEI)

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Abstract

The aims of this study were to analyze the influence of disclosure policy, funding policy, dividend policy on IOS and to analyze the difference of IOS influence on disclosure policy, fund policy and dividend policy in the company grow and not grow. The population in this study were companies listed on the Indonesia Stock Exchange there are 509 companies. The sample was chosen by purposive sampling method as many as 88 companies. Methods of data analysis used multiple linear regression analysis and independent t-test. The result of data analysis shows that the company disclosure policy has no effect on IOS. Funding policies as measured by Book Debt Equity companies had a significant effect on IOS. The dividend policy measured by the House of Representatives had no significant effect on IOS. There were IOS differences, disclosure policies, funding policies and dividend policies in the company growing and not growing.

Keywords: *Disclosure, Funding, Dividends, IOS*

1. Introduction

Determination of the right investment can be done based on the analysis of investment in the capital market, one way to use fundamental analysis. This approach assumes that any securities have intrinsic value, that dividends, capital structure, and growth potential of the company (Hartono, 2007). The intrinsic value is also called the fundamental value of the value that reflects the true value of the company (Hartono, 2007). The intrinsic value of shares also shows the characteristics of the firm as a basis for knowing whether a stock is rated undervalued or overvalued. Differences in the value of the shares are influenced by the company's internal condition which the company is a growing or not growing company and growth potential can be shown by the comparison between the value of stock market and the value of the book (Hartono, 2007). According to Smith and Watts (1992), company growth can be proxied by a combination of various values of Investment Opportunity Set (IOS).

IOS is a collection of investment options in the future. Gaver and Gaver (1993) argue that an enterprise's IOS is inherently unobservable, so IOS needs a proxy for interpreting it. IOS scores are in the form of book values of assets and firm equity and the value of future growth opportunities of a company (in the form of the market value of the firm). IOS shows the present value of the company's choices to make future investments (Chung and Charoenwong, 1991). Chung and Charoenwong (1991) who say that the essence of growth for the company is the existence of investment opportunities that can generate profits. Furthermore, growing companies will respond positively to the market (Nugroho and Hartono, 2002).

IOS is related to policies made by management, including disclosure policy, funding policy and dividend policy. Disclosure policy related to the financial statements and various information submitted by the issuer to know the growth of the company. The company's funding policy is used to finance the company's operations, development and research as well as improving the company's performance. Cristian Herdinata (2007) explains that firms tend to determine the selection of funding sources that is with internal equity first, if internal equity is considered not sufficient new use external finance. Companies tend to determine the selection of funding sources that is with internal equity first, if internal equity is considered not sufficient new use external finance.

Pecking Order Theory states that the company prioritizes funding of investment opportunities with internal financing and subsequently with external financing (Keown et al., 2001: 355). This is in line with the contracting hypotheses that the company's funding grew more sourced internally ie retained earnings, rather than external factors such as debt and stock expenses. Martati (2010) that rises investment options prefer internal funding rather than expensive external funding. Meanwhile, according to signalling hypothesis, growing companies have higher debt, assuming the company has better conditions in the face of financial distress (Smith and Watts, 1992). IOS is related to disclosure policy. Skinner (1993) also conducted a study of the relationship between the choice of corporate accounting procedures with IOS. Some studies provide encouraging evidence that the content of financial reporting practices is significantly influenced by organizational characteristics. Disclosure policy of each company is different according to the level of importance. The average issuer on the Indonesia Stock Exchange fulfills the obligation to submit reports in accordance with the OJK rules on mandatory disclosure. Conversely, voluntary disclosure depends on the policies of each company. Investors use the financial statements and various information submitted by each issuer to know the growth of the company. This is related to the possibility of investment opportunity for the company. Hadi and Sabeni (2002) undertook research on factors affecting the voluntary disclosure of firms that went public on the Indonesia Stock Exchange. The results of this study concluded that the larger the size of a company the more extensive the voluntary disclosure of the company.

The IOS linkage to the disclosure policy is explained by the efficient contracting perspective which states that acceptance of accounting arrangements and disclosure options is developed to maximize corporate value and managers voluntarily select accounting policies and disclosures to reduce intensive conflict between managers, shareholders and owner of debt (Watts and Zimmerman 1990). Transparency of management report disclosure is required to avoid such conflicts. Management is required to convey various information about the company openly so as to know the performance of management and growth of the company. Companies in addition to submitting routine financial reports also need to submit other information that can add value to the company's performance put into disclosure. The growth conditions of the company affect the funding policy and the dividends made. Gaver and Gaver (1993) and Skinner (1993) found evidence that growing and non-growing companies adopted different funding policies. Funding policies in a company should aim to maximize prosperity. The policy should consider and analyze the combination of sources of funding economically for the company to finance investment needs for the company. The company's decision on debt usage is also intended to maximize the prosperity of the company owners by maximizing profits. Maximizing the prosperity of the company owner is measured by the earnings per share. Firms that grow have less leverage than firms that do not grow with consideration to reduce the risk of their business, in case of failure so unable to pay interest on the debt. Prasetyo (2000), Isnaeni (2005), Herdinata (2007), Kusumawati and Sodiq (2008) stated that the funding policy is relatively small for the growing companies. The results of this study suggest that there is a difference in terms of funding policies between growing companies and companies that do not grow. The funding policy is proxies with the book value of debt to equity associated with IOS.

Dividend policy is a policy that is done with a fairly expensive expense, because the company must provide funds in large amounts for dividend payout purposes. Companies generally make stable dividend payouts and refuse to reduce dividend payouts. Only companies with high profits and bright future prospects are able to pay dividends. Many companies are always communicating that the company has a perspective and facing financial problems will certainly be difficult to pay dividends. This has an impact on companies that pay dividends, marking the market that the company has a bright future prospect and is able to maintain the level of dividend policy set in the previous period. Companies with bright future prospects will have higher stock prices. Fijrijanti and Hartono (2000) also proved that firms that grew smaller dividends than firms that did not grow because the retained earnings generated by the company were mostly allocated for expansion. The purposes of this study are:

1. To analyze the effect of disclosure policy on IOS.
2. To analyze the effect of funding policy on IOS.
3. To analyze the effect of dividend policy on IOS.
4. To analyze the differences in IOS, disclosure policy, funding policy and dividend policy in the company grow and not grow.

2. Literature Reviews

Investment Opportunity Set (IOS)

Understanding investment, in general, is the activity of investing capital by investors on a particular asset to get a greater return than the sacrificed. Aharony (2010) defines investment as a current commitment in money, for a period of time in order to obtain future payments that will compensate investors for: (1) the time when funds are used, (2) expected inflation rate and (3) uncertainty over future payments. Investors in the meaning can be individuals, companies or governments. Dharmapala et. al. (2008) mentions investment is the current commitment to money or other resources in the hope of making a profit in the future. To invest, a company needs an opportunity, a plan or project to choose from to achieve its goal of making more money. A set of investment opportunities (sets of investment opportunities) are the investment options available to the individual or company that the company can do. The firm's investment opportunities affect the way managers, owners, investors and creditors think about the value of a company. Future investment options are related to company growth rates. The growth of the company is expected to provide a positive aspect for the company as there is an opportunity to invest in the future. Smith and Watts (1992) argue that the company's growth opportunities are seen in investment opportunities proxied with various Investment Opportunity Set (IOS) value combinations. Smith and Watts (1992) explain that IOS is a component of company value derived from the choice to make the investment in the future. The Kallapur and Trombley (1999) research states that the company's IOS influences the way companies are rated by managers, owners, investors and creditors.

From the above definition, it can be interpreted that the IOS contains two terms. First, IOS is an investment decision by the company to provide positive growth, so IOS is considered a growth prospect. Secondly, IOS is the company's ability to determine the type of investment to be performed. For a company that is not able to choose the right investment, then the expenditure will be higher than the value of the lost opportunity. Therefore, it can be concluded that IOS is the relationship between current expenditure and future value/return/prospect as a result of investment decision to generate shareholder value. Future investment options are not solely indicated by projects supported by research and development activities (Gaver and Gaver, 1993). But it is also demonstrated by the company's deeper ability to exploit the opportunity to take advantage of other firms in its industry group. This high corporate capability is unobservable. Future investment options are related to the company's growth rate. The growth of the company is expected to provide a positive aspect for the company as there is an opportunity to invest in the future. The growth opportunities will be seen on investment opportunities proxied with various combinations of investment opportunity set value. Companies that make various investment choices signal that the company is in its infancy.

Companies that are growing are not always small companies that are actively conducting research and development activities. Small firms face a limited choice in determining and executing new projects or if they want to restructure existing assets. Large companies tend to have dominance in restructuring their potential markets (Gaver and Gaver, 1993). Large companies often have a competitive advantage in exploring emerging investment opportunities. The variation of corporate strategy choices in order to gain a competitive advantage as well as the difference in investment decisions taken by firms to deal with competing companies entering the market lead to investment opportunity sets (Gaver and Gaver, 1993). Various iOS proxies have been used in many previous studies and always indicate that there are always unusable IOS proxies, so there is no agreement on the proxies that can represent an appropriate investment opportunity set (Gaver and Gaver, 1993). The measurement of the measurement of the firm's market value at the book value of the asset is measured by the percentage of firm value associated with asset-in-place. The higher this ratio indicates a lack of dependence on assets and higher growth options. The growth opportunities and the firm's market value on the asset book value should be positively correlated. The difference between the book value and the equity market will occur because the growth opportunities in the firm (Anindita and Prashant, 2010), the market value of the book value of equity, measure the value of the firm as the proportion of non-growth opportunities so that the market value of the book value of equity is expected to increase along with increasing growth opportunities.

The market value of the firm on the book value of assets (MKTBKA) is measured from the percentage of firm value associated with the assets-in-place. The higher the ratio indicates the lack of dependence on the asset and the higher the growth option. Growth opportunities and MKTBKA should be positively correlated. Chung and Chaeroewong (1991) show that the price to earnings ratio will increase as the percentage of earnings coming from the assets-in-place increases. The earnings-to-price ratio tends to be inversely related to growth options. If the ratio is used to reverse ratio, Price to Earnings Ratio (P / E), it is expected to have a positive relationship between P / E and growth options. The impact of these measures was tested collectively not individually because the results found no significant difference between the two.

Identify the size of IOS, in general, using analytical factors such as those done by Gaver and Gaver (1993).

IOS Relationships with Disclosure Policy

According to Chairiri and Imam Ghozali (2000) disclosure means that the financial statements should provide sufficient information and explanation about the activities of a business unit. The information must be complete, clear and can describe accurately the economic events that affect the results of operations unit. Disclosed information should be used and not confuse the users of financial statements in economic decision-making. Hossain et. al. (2000) revealed that IOS has a positive and significant impact on disclosure. Hossain et. al. (2005) examines the effect of IOS against voluntary disclosure of simultaneous approaches to firms in New Zealand, they found IOS to positively and significantly influence the level of voluntary disclosure. Akhtaruddin and Hossian (2008), show that companies with high-profit growth rates, the higher the voluntary disclosure by ownership control.

Kumalahadi (2004) measured IOS using these six proxies. These ratios are expected to reflect the company's investment opportunities, the higher the IOS ratios, the higher the growth opportunity of the company, because the IOS ratios are a good description for the company's growth. If the company has a good growth opportunity, will signal through the disclosure. In order to control the size of the company, the use of natural log market capillarization (LMCAP), dichotomous indicator variable (OFF), is coded 1 for firms issuing securities in year 1 or intending to issue securities in year t + 1 and 0 besides. The measure of the percentage of shares held by the public (OWNST) is to control stock spread.

IOS Relations with Funding Policies

Funding and dividend policies are corporate policy forms based on contracting theory. According to Imam Subekti (2000) contracting theory in principle uses the main assumption that the company's policy selection aims to maximize the value of the company. Companies that grow need funding where the funding can be obtained from internal financing resources as well as external financing resources. Internal funding is funding derived from within the enterprise itself derived from retained earnings that are not distributed as dividends to shareholders, while external funding is financed from outside the enterprise ie debt obtained from the creditor. Each company has its own policy of providing funding to invest. Gaver and Gaver (1993) have found evidence of a link between IOS and the funding policy. Subekti and Kusuma (2000) who stated that growing companies have smaller funding policies than non-growth companies. Prasetyo (2000), Isnaeni (2005), Herdinata (2007), Kusumawati and Sodiq (2008) stated that the funding policy is relatively small for the growing companies. The results of this study suggest that there is a difference in terms of funding policies between growing companies and companies that do not grow. The funding policy is proxied with the book value of debt to equity associated with IOS.

Determination of funding and dividend policy according to Barclay et. al. (1998) relates to the problem of the company's free cash flow. High growth companies have a profitable opportunity to fund investments internally so that companies are not tempted to pay more profits to outsiders. Conversely, low-growth companies seek to withdraw funds from the outside to fund investments at the expense of most of their earnings in the form of dividends or interest. This requirement according to Barclay et. al. (1998) is consistent with the prediction of contracting theory which suggests that firms that have the option to grow larger will have less debt because the company prefers solutions to its debt-related problems.

IOS Relationships with Dividend Policy

The dividend policy concerns the issue of the use of profits that are the rights of shareholders. Basically, such profits may be divided into dividends or held for reinvestment. Thus the question should be when (meaning, under what circumstances) the profit will be distributed and when it will be withheld, keeping in mind the company's goal of increasing the value of the company. The problem sometimes becomes complicated because of external funding alternatives. Thus it is possible to divide the profits as dividends, and at the same time issue new shares. Or is it better not to share dividends and also not to issue new shares? Another problem is that the company can distribute dividends not in cash but in the form of shares (known as stock dividends) or buy back (partial) shares (known as the repurchase of stock) (Husnan, 2003). The payment of dividends in the past will affect the number of funds that can be used for investment in the future. Asymmetric information causes the company's behavior in determining dividend policy to be a signal as a future prospect of the company. Investment opportunities owned by the company will be related to the number of dividends distributed. Companies that have many opportunities for investment will encourage the company to make a small dividend payout, so the company has internal equity to fund the investment. Conversely, companies lacking investment opportunities will encourage companies to make high dividend payouts. Thus seen the relationship between IOS and dividend payout ratio. The research to find out the relationship between investment and dividend payout ratio has been done by Fijrijanti and Hartono (2000) support the research of Subekti and Kusuma (2000) that dividend policy is relatively small for the company to grow. The results of their research found that investment is negatively related to dividends meaning that companies with high IOS will pay smaller dividends.

The Company Grows and Does not Grow

Stage of life journey of the company will experience 2 conditions that company grow and company not grow. Kallapur and Trombley (1999) examined the tested ratios of market to book value assets (MTBVA), on the premise that the company's growth prospects were reflected in stock prices, the market rated the growing company larger than its book value, market to book value of equity (MTBVE) reflects the market rate of return on future corporate investment to be greater than expected return of equity, price to earnings (PER), capital expenditure to book value assets (CAPBVA) and capital expenditure to market value of assets (CAPMVA). Based on the explanation shows that the ratio between book value and market value of a stock can show growth of a company. A comparison between the book value and the market value of the stock can be used as a growing company's gauge and can provide opportunities for future investment options for investors. Stock market price is the stock price that occurs in the stock market at a certain moment, while the book value is the value recorded by the company (Hartono, 2007). It causes investors to have a lucrative investment opportunity by analyzing the growth of a company that is visible from the book value and market value of the company's stock.

The hypothesis of this study is described as follows:

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- Hypothesis 1: Disclosure policy has a positive and significant impact on IOS.
- Hypothesis 2: The book value of debt to equity has a negative and significant impact on IOS.
- Hypothesis 3: Dividend Payout (DP) has a negative and significant effect on IOS.
- Hypothesis 4: Dividend Yield (DY) has a negative and significant effect on IOS.
- Hypothesis 5: There is a significant difference between a disclosure policy in a growing company or not growing.
- Hypothesis 6: There is a significant difference between the funding policies at the company growing or not growing.
- Hypothesis 7: There is a significant difference between the dividend policy in a growing company or not growing.

3. Research Methods

Research on Investing Opportunity Set (IOS) Test With Disclosure Policy, Funding Policy and Dividend Policy In Indonesia Stock Exchange (IDX) is an explanatory research based on hypothesis testing. The population in this study are companies listed on the Indonesia Stock Exchange. There are 509 companies listed on the Indonesia Stock Exchange which are divided into sectors according to the type of business. Samples are taken from companies submitting annual reports on the Indonesia Stock Exchange. The sample is chosen by purposive sampling method, with criteria such as:

1. Companies listing on Indonesia Stock Exchange in 2014. The selection of sample listing indicates that the company is not flawed in the BEI because it never came out of BEI.
2. The Company does not engage in corporate actions such as acquisitions or mergers during the period of observation. If the company conducts acquisitions and mergers during the observation period it will cause the variables in the study to experience changes that are not comparable with the previous period. Meanwhile, if a company is liquidated then the results of the research will not be used because the company in the future will no longer operate.
3. Financial services firms (such as banks, financial institutions, securities firms, insurance companies, and mutual funds) are not included because their activities cannot be directly comparable by BI because of health criteria such as NPLs, CARs and others.
4. Have no profit and total negative equity, because the negative balance of earnings and equity as denominator becomes meaningless.
5. The Company shall divide the dividend at the time of the research period because, in the disclosure of the dividend policy, the company shall dividend in 2014.

The variables of this research are:

1. IOS as a set of investment opportunities as measured by market book value asset (MBVA) proxies.
2. Disclosure policies are measured in accordance with the time of disclosure and presentation contained in the company's annual report on the Indonesia Stock Exchange in accordance with the National Standardization Body.
3. Company's funding policy is the company's financing policy as measured by the book value of debt to equity proxy. The dividend policy is the decision shared by the shareholders as dividends and those held are measured by dividend payout and dividend yield proxies.
4. Companies growing and not growing are companies that have grown measured by the market to book value market ratio.

The research variables are calculated by the following steps:

1. IOS as a set of investment opportunities that require proxies with market book value asset size, namely:

$$\text{MBVA}= \frac{(\text{asset}-\text{total equity} + (\text{shares outstanding x price of stock closing})}{\text{Total asset}}$$

Disclosure Policy

Disclosure Information Prospective is measured in accordance with the disclosures and presentations contained in the annual reports of companies in the Indonesia Stock Exchange in accordance with the National Standardization Agency, namely the timeliness in the delivery of financial statements. Disclosure of Prospective Information is measured by the date of submission of audited annual financial statements to OJK. Disclosure Prospective information is the timeliness in the delivery of financial statements. This variable is measured by the date of submission of audited annual financial statements to OJK with dummy variables with categories i.e. for companies that have timeliness (submitting their financial statements less than 90 days after the end of the year or before March 30) into category 1 and companies that are not on time (submitting its financial statements more than 90 days after the end of the year or after 30 March) is categorized as 0.

Funding Policy

The funding policy is produced with the following ratios:

Book value of debt to equity: $\frac{\text{total liabilities}}{\text{total book value of equity}}$

Dividend Policy

The dividend policy is proxied to the following ratio:

Payout Dividend: $\frac{\text{dividend per share}}{\text{Net earnings per share}}$

Dividend Yield: $\frac{\text{dividend per share}}{\text{Stock closing price per sheet}}$

The Company Grows and Does not Grow

In this study, the opportunity to grow the company (growth) is measured by the ratio of market value of equity to the book value of equity of the company at the beginning of the year of observation (Market to book ratio). Market to book ratio (MTBR) can be calculated using the following formula (Scott, 2009):

MTBR = NPE ÷ NBE

In this case:
NPE = Market value of equity (Stock price x Number of shares outstanding)
NBE = Book value of equity
MTBR criteria include: if MTBR < 1 then the company does not grow if MTBR > 1 then the company grows.

Testing hypothesis in this research, researcher use statistical analysis tool that is linear regression method which is a linear correlation between two or more independent variable (X1, X2, ... Xn) with the dependent variable (Y). This analysis to know the direction of the relationship between independent variables with dependent variable whether each independent variable is positive or negative and to predict the value of the dependent variable if the value of independent variables increases or decrease. This analysis is done by a group of a sample that is whole company sample all year, the sample of the company grew and the sample of the company did not grow. Regression model in this research is expressed as follows:

$$\mathbf{Y = \beta_0 + \beta_1.DISC + \beta_2.BDE + \beta_3.DP + \beta_4.DY} + \boldsymbol{e}$$

Information:

Y	: IOS (with MBVA proxy)
DISC	: Disclosure policy
BDE	: Book debt equity
DP	: Dividend payout
DY	: Dividend yield
E	: Error term
β0	: Constants
β1s/d β3	: Regression coefficient

4. Results

This study uses a public company population listed on the Indonesia Stock Exchange during 2014 as many as 509 companies. Selection of research sample is done by purposive sampling to get a sample which can represent criteria specified in research. The grouping of firms growing and not growing is explained by the growth opportunity of the company (growth) measured by the ratio of market value of equity to the book value of equity of the company at the beginning of Market to book ratio (MTBR). MTBR criteria include: if MTBR <1 then the company does not grow but if MTBR> 1 then the company grows. After the criteria stage, then groupings of companies grow and do not grow. The grouping of research samples is explained by the results of 30 companies growing and there are 57 companies that do not grow. The process of grouping research samples to be processed as described in the following table:

Table 1. Grouping of Company Observation Samples

No	Jenis Observasi	Jumlah Perusahaan
1	All samples of the study	88
2	The company is growing	58
3	The company does not grow	30

Source: Data processed by researchers

Multiple linear regression methods, that is a method used to test the influence of two or more independent variable to a dependent variable with measurement or ratio scale in a linear equation (Indriantoro and Supomo, 2002). Independent variable in this research is corporate disclosure, Book Value to Debt of Equity, House of Representatives and dividend yield. While the dependent variable is IOS.

Table 2. Results of Multiple Linear Regression Analysis

Model		*Unstandardized Coefficients*		*Standardized Coefficients*		
		B	Std. Error	Beta	t hitung	Sig.
1	(Constant)	-0,229	0,353		-0,648	0,519
	Diclosure	-0,098	0,227	-0,047	-0,432	0,667
	Ln Book Debt Equity	-0,085	0,057	-0,124	-2,149	0,025
	Ln DPR	-0,119	0,103	-0,239	-2,317	0,019
	Ln *Dividen Yield*	-0,032	0,057	-0,103	-0,567	0,572

Source: Data processed by researchers

Based on the analysis result obtained by regression equation as follows:
Y = -0.222 - 0.098DIS - -0.085BDE - 0.119DPR - 0.032Yield
Hypothesis Testing Influence of Corporate Disclosure Variables, Book Value to Debt of Equity, House of Representatives and Dividend Yield.

T-test

Hypothesis test used in this research use partial regression test (t-test). The t-test is conducted to find out whether the independent variables contained in the regression equation individually affect the dependent variable. Based on the results of multiple regression analysis in Table 2 with the t-test obtained the results can be stated:

a. Corporate disclosure has a significance level (sig t) of 0.667. This value is more than α (= 0.05), then the first hypothesis that states disclosure firm significantly affect the IOS is rejected. That is, corporate disclosure has no effect on IOS on the company.
b. Book Value to Debt of Equity has a significance level (sig t) of 0.025 with a negative sign. This value is less than α (= 0.05), then the second hypothesis which states Book Value to Debt of Equity has a negative and significant effect on IOS accepted. That is, the Book Value of Debt of Equity Company has a negative and significant impact on IOS on the company.
c. DPR has a significance level (sig t) of 0.019 with a sign of negative coefficient. This value is more than α (= 0.05), then the third hypothesis that states House significant effect on the IOS is rejected That is, the House of Representatives has a significant effect on IOS on the company.
d. The yield dividend has a significance level (sig t) of 0.572 with a positive coefficient sign. This value is more than α (= 0.05), then the fourth hypothesis that states Dividend yield significant effect on IOS is rejected. That is, Dividend yield companies have no significant effect on IOS on the company.

Based on the result of the t-test, the coefficients of multiple linear regression equations can be interpreted as follows:

1. Corporate disclosure statistically does not affect the IOS means any increase or decrease in corporate disclosure variables have no effect on IOS increase and decrease.
2. Book Value to Debt of Equity statistically has a negative and significant influence on IOS means that any increase or decrease of Book Value to Debt of Equity of company has the influence to increase and decrease IOS.

3. The House of Representatives statistically has a negative and significant influence on IOS means any increase or decrease in the House of Representatives has an influence on the increase and decrease of IOS.
4. Dividend Yield statistically has no significant effect on IOS means any increase or decrease in Corporate Dividend Yield has no effect on IOS increase and decrease.

Disclosure Differences Companies, Book Value to Debt of Equity, House and Dividend Yield for Growing and Not Growing Companies.

The disclosure discrepancies, Book Value to Debt of Equity, House of Representatives and Dividend Yields for growth and non-growing companies used the Whitney Man test for non-distributed and independent t-test data due to normal data distribution. This test is used to test whether there is a corporate disclosure, Book Value to Debt of Equity, House of Representatives and Dividend Yield for the company grows and does not grow. The t-test results are presented in the following table:

Table 3. Independent Test Result of T-test Sample

Variables	Criteria	N	*P value*	Information
Diclosure	Not Growing	58	0,000	Significant
	Growing	30		
Book Value to Debt of Equity	Not Growing	58	0,920	Not Significant
	Growing	30		
DPR	Not Growing	58	0,620	Not Significant
	Growing	30		
n *Dividen Yield*	Not Growing	58	0,074	Not Significant
	Growing	30		

Source: Data processed by researchers

Table 3 shows that for the disclosure variable there is a significant difference as the company grows at 1.00 and does not grow by 0,00 with the value of P-Value of 0.000 which is less than 0.05. The different test result of book Value to Debt of Equity of company grow and not grow that point value P value equal to 0,920 more than 0,05 so there is no significant difference. Different test results for variable DPR in company grow at -2,2456 and do not grow equal to -2,1017 shows value of P Value equal to 0,748 more than 0,05 so there is no difference significant. Dividend Yield different test result at company grow equal to -7,22212 and the company did not grow by -7.73585 which shows the value of P Value of 0.472 which is more than 0.05 so there is no significant difference.

Influence of Disclosure Policy on IOS

Based on the results of hypothesis testing shows that disclosure policy has no significant effect on IOS. It shows that the first hypothesis that the company disclosure affect IOS is rejected. Disclosure policy actually implies that the financial statements should provide sufficient information and explanation about the activities of a business unit. The information is complete, clear and can accurately describe the economic events that affect the unit's operating results.
Disclosure policy has no significant effect on IOS, it can be caused because in this research only see from time side of disclosure of financial statement so as not to give just about financial

statement contents. In fact, for decision-making about investment should consider the contents of financial statements such as profit and asset growth.

The results of this study are not the same as the findings of Hossain et.al. (2000) found that disclosure of financial statement disclosure affects iOS for future corporate prospects.

The Influence of Funding Policies on IOS

The funding policy measured by Book Value to Debt of Equity statistically positively affects IOS means that any increase in Book Value to Debt Equity causes IOS to increase and vice versa. Funding policy measured by book value of debt to equity has positive effect on IOS, the company's high funding source with debt indicates that the company signaled the ability to seize investment opportunities and be able to pay interest expenses on the debt. So it shows that companies dare to take risks to increase funding with debt. This is consistent with the findings of Adi Prasetyo (2000), Isnaeni (2005), Cristian Herdinata (2007), Rita Kusumawati and M. Shodiq (2008) stating that the company's funding policy has a positive effect on IOS which is proxied by Book Value to Debt of Equity and Market Value to Debt of Equity.

Effect of Dividend Policy on IOS

The results of this study indicate that dividend policy has no effect on IOS. This is evidenced by the House of Representatives does not statistically significant effect on IOS means any increase or decrease in the House of Representatives does not affect the increase or decrease IOS. Likewise, Dividend Yield statistically has no significant effect on IOS means any increase or decrease Dividend Yield does not affect to increase or decrease IOS. Investment opportunities owned by the company will be related to the number of dividends distributed. Companies that have many opportunities for investment will encourage the company to make a small dividend payout, so the company has internal equity to fund the investment. Conversely, companies lacking investment opportunities will encourage companies to make high dividend payouts. Thus seen the relationship between IOS and dividend payout ratio. The results of this study indicate that dividend policy has no significant effect on IOS. That's because investors think dividend policy indicates that the company does not seem to have a better investment opportunity. The results of this study are inconsistent with Tettet Fijrijanti and Jogiyanto Hartono (2000) supporting the research of Imam Subekti and Indra Wijaya Kusuma (2000) that investment is negatively related to dividend means that companies with high IOS will pay a smaller dividend.

Differences in IOS, Disclosure Policy, Funding Policies and Dividend Policy in Growing and Non-Growing Companies

The result of data analysis indicates that there is difference between IOS, disclosure policy, funding policy and dividend policy at growing and a not growing company which tested by paired sample t-test. Disclosure test results of different companies grow and grow show no significant difference. This shows that disclosure which is the time of disclosure of financial statements is not enough to give effect to IOS. The company grows more consistently to be on time than the small company in informing its financial statements, because large companies are much highlighted by the public. The company grew more knowledgeable about the existing regulations. Therefore, firms that grow more in compliance with regulations on timeliness than

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firms do not grow. The results found empirical evidence that there is a disclosure difference between firms growing and not growing.

Different test results of Book Value to Debt of Equity between companies growing and not growing showed no significant difference. This indicates that the book value of equity for the company grows and does not grow does not affect the IOS. Different test results of the House grew and grew showed no significant difference. Increased companies have smaller financing policies than firms that do not grow. This is similar to the findings of Prasetyo (2000), Isnaeni (2005), Herdinata (2007), Kusumawati and Sodiq (2008) stating that funding policies are relatively smaller in growing companies. Different test results Dividend Yield of the company grew and grew showed no significant difference between Dividend Yield between the companies grow and not grow. Companies with low growth rates are more likely to pay larger dividends, in order to divert the company's funding sources from being invested in projects with a negative net present value.

5. Limitations of Research

This study shows results that have not been entirely able to answer the purpose of research. This is because this study has the following limitations:

1. This research pro- poses disclosure, funding and dividend policy without considering other factors such as profit, macro condition, stock ownership and company policy.
2. This study only uses variables that reflect the company's financial condition, in this case, this study does not compare existing data with variables outside the company such as government regulation, tax system and legal system of a country where the variables it can be a factor affecting the company's IOS.
3. This study only uses the sample of distributed dividend companies, without considering the sample of dividends for the non-distributed.

6. Conclusions and Suggestions

Conclusions

Based on the results of data analysis can be concluded things as follows:

1. Corporate disclosure policy has no effect on IOS means any increase or decrease of corporate disclosure variable has no effect on IOS increase and decrease.
2. Book Value to Debt of Equity companies significantly influence IOS means any increase or decrease in Book Value to Debt of Equity companies have an influence on IOS increase and decrease.
3. The dividend policy measured by the House of Representatives has no significant effect on IOS means that any increase or decrease in the House of Representatives has no effect on the increase and decrease of IOS. Corporate Dividend Yields have no significant effect on IOS on growing companies and do not grow meaning any increase or decrease Dividend Yield companies have no effect on IOS increase and decrease.
4. There are differences in IOS, disclosure policy, funding policy and dividend policy in the company grow and not grow. Different test results of Book Value to Debt Equity of companies grow and grow show no significant difference Book Value to Debt of Equity between companies growing and not growing. Different test results of the House of

Representatives grew and grew showed no significant difference between the House of companies growing and not growing. Different test results Dividend Yield of the company grew and grew showed no significant difference between Dividend Yield between the companies grow and not grow.

Suggestions

Suggestions that can be asked in the research include:

1. For investors

   Investors should consider the policies related to IOS so that in investing the necessary consideration with the policies.

2. For further research

a. Future research should increase the population by comparing it so that the study is more comparable.

b. Variables of this study coupled with other variables such as other proxies so that further research is expected to show the effect of the above variables that may be able to give a much greater influence in predicting the number of deposits.

c. Should be able to find more information by using a longer period, so it is hoped that future research can give maximum results, varied and representative.

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