

ABSTRACT

Jakarta Islamic Index (JII) is an index that contains a group of stocks that comply with sharia principles. The Jakarta Islamic Index contains 30 stocks that meet the sharia criteria established by the National Sharia Board (DSN). As a country that has a majority Muslim population, the Islamic capital market has great potential to develop it. In addition, the flow of funds from Muslim countries that are ready to be placed in Islamic financial instruments is also a big potential for the capital market. In line with the development of the capital market in Indonesia in general, sharia-based capital market products are believed to be one of the pillars of the strength of the Indonesian capital market industry. Therefore we need a variable to measure the performance of companies that are included in the JII.

This study aims to determine the effect of dividend policy, cash flow, profitability, liquidity, and solvency on the investment opportunity set (IOS). The dependent variable in this study is the investment opportunity set (IOS) as measured by Market to book value of assets (MBVA). The measurement of the dividend policy variable uses the dividend payout ratio (DPR). Measurement of cash flow uses a comparison of operating cash flows to capital expenditures. The ratio measurement used to measure liquidity uses the current ratio (CR). The measurement of the profitability ratio uses return on assets (ROA). The measurement of the solvency ratio uses the debt to equity ratio (DER).

The population used in this study are companies listed in the Jakarta Islamic Index (JII) in 2015-2019. The number of samples in this study were 15 companies. The data used in this study uses secondary data, namely the company's financial statements. This study uses the eviews application to analyze the data and the panel data regression analysis method.

The results of this study indicate that the dividend policy, cash flow, profitability, liquidity, and solvency simultaneously affect the investment opportunity set (IOS). Partially cash flow, liquidity and solvency have a significant effect on the investment opportunity set, while dividend policy and profitability have no effect on the investment opportunity set.

Keywords: cash flow, dividend policy, investment opportunity set, Jakarta Islamic Index, liquidity, profitability, solvency.