The Analysis over the Influence on Dividend Payout Ratio through these Variables Return on Assets, Debt to Equity Ratio, and Current Ratio at Manufacturing Companies which has been Include on Indonesia Stock Exchange during Period 2012-2014

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Abstract:- This research aims to determined the effect of Return on Assets (ROA), Current Ratio (CR) and Debt to Equity Ratio (DER) over the Dividend Payout Ratio (DPR). The research targets was manufacturing companies which has been include on Indonesia Stock Exchange who have met criteria which set from the researchers, currently has 24 companies. This research was examines the company data during period 2012-2014 with a total sample of 72 samples. The results obtained shown that the ROA has glaring positive impact towards the DPR, CR has no glaring negative impact on DPR, DER also has glaring negative impact on DPR.

Keywords:- Return on Assets, Current Ratio, Debt to Equity Ratio and Dividend Payout Ratio (DPR).

I. INTRODUCTION

The Investors should pay attention to how the level of return or benefits could be earned. The main hope of those investors was to get a large return from their investment activities. The Dividend policy is one of the policies which are focus of investors for investment considerations. On the other hand, the companies must seriously consider about this policy for the survival of the company in the future such as business expansion or increasing the company growth.

The Dividend policy is a decision regarding the profits earned and will delivered to the shareholders as dividends or will be retained as saving earned to financing the investment in the future (Margaretha, 2014:327). The Dividend policy can be described in the Dividend Payout Ratio. This ratio would illustrates the percentage of dividends that will be delivered. According to Gitman and Zutter (2012:577), The Dividend Payout Ratio pointed at the percentage of each dollar which earn from the company and will distributed to owners as in cash.

As for the companies and investors, the profit is one of the main attractions and the goals of the business activities. The company makes profit as a source which capable to carry out the business expansion, while the investors expect the profit as benefits or return from these investment. Then, to increase the investor confidence, the factor that needs to be considered is liquidity. The Company liquidity shows how the company is able to fund its operational and short-term obligations. Besides these two things, leverage is also a factor in this dividend policy. Leverage shows how the company would fulfills all forms of the financial obligations. The debt factor should be well studied by the investors before infused with companies. These three things become an examples which very dominate of the company dividend policy.

Current research states that the profitability ratio that used was the ROA. Based on Sudana (2011:22), ROA pointed at the company's capability to seizing all assets owned to earned the net profits. The liquidity ratio was the CR. Sudana (2011:21) has explained that the Current ratio is the measures of the ability from companies to pay current debt using assets owned. In addition, the leverage ratio on this research was DER. Kasmir (2015:112) says that the DER is the measures to assess the debt with the equity.

The formulation which used as research problem was "Does the Return on Assets, Current Ratio, and Debt to Equity Ratio has an impact towards the company's Dividend Payout Ratio?"and hoped that this study could be useful for investors, academics, and companies.

II. THINKING FRAMEWORK AND HYPOTHESIS

A. *The influence of the Return on Assets towards the Dividend Payout Ratio*

Nidar (2016:265) has explained that if the company profits tend to be stable, the companies can distribute relatively large dividends without hastle to reduce the dividends if profits suddenly decreased. Then it can be concluded that the higher of the Return on Assets of a company, then the dividends would distributed tend to increase.

H1: Return on Assets influenced the the Dividend Payout Ratio positively.

B. *The influence of the Current Ratio on Dividend Payout Ratio*

Sudana (2011:21) has explains that the Current Ratio is to measures the ability of companies to pay current debt using current assets owned. The greater this ratio means the more liquid of the company. According to Gitosudarmo and Basri (2014:232), the higher the liquidity will increase the Dividend Payout Ratio and vice versa the lower the liquidity will reduce the Dividend Payout Ratio.

H2: Current Ratio influenced the Dividend Payout Ratio positively.

C. *The influence of the Debt to Equity Ratio over Dividend Payout Ratio*

The solvency ratios or leverage ratios are measurement how far the company's assets had financed with debt. Meaning total amount of debt load that beared on the company stack up to its assets (Kasmir, 2015:112). The amount of company debt would affects the amount of net income which available. The company will prioritize to the debt payments over the dividend payments. So, the greater of the DER will decrease the number of dividend payments.

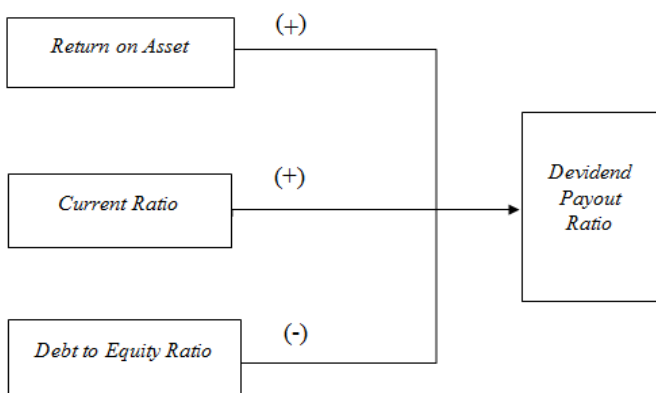H3: Debt to Equity Ratio influenced the Dividend Payout Ratio Positively.

Fig. 1:- Thinking Framework

III. RESEARCH METHODOLOGY

The type of data is quantitative data because of the data appeared of numbers or mathematical operations. This research uses data which selected by the finance report of manufacturing companies which has been Registered on IDX during period publish of 2012-2014 from the website (www.idx.co.id) to find out the variables who needed in the research. The data collection technique which used in this research are the documentation method. Based on Sujawerni (2015:95) the analysis of documents has more directed to concrete evidence. The Inhabitant in this research Was the manufacturing companies which has been registered on the Idx.

The sampling research method used the nonprofitability sampling method. According to Sujawerni and Endrayanto (2012:15), the Nonprobability Sampling method is a sampling which provide the equal chance or opportunity for each element or member of the population to be selected as choosen The sampling technique was purposive sampling. According Sujawerni and Endrayanto (2012: 16) Purposive Sampling is a sampling technique with certain considerations or has specific criteria.

Therefore the criteria that mentioned above which used as for the sample of this research are: (1) Manufacturing companies which has been registered on the Idx, the respectively in the period of the research year (2012-2014), (2) Manufacturing companies that publish complete reports in the research period around year (2012-2014), (3) Manufacturing companies that pay dividends consecutively in the research period (2012-2014). Based on these specific criteria, the samples in this research was amounted to 24 companies, so the total number of research samples during the observation period (2012-2014) is 72 samples.

The dependent variable is the Dividend Payout Ratio, with the following formulation as follows:

$$DPR = \frac{Dividend\ per\ Share}{Profit\ per\ share} x\ 100\%$$

The independent variables in the research are as follows:

1)   Return on Assets

$$ROA = \frac{Earning\ After\ Taxes}{Total\ Assets}$$

2)   Current Ratio

$$CR = \frac{Current\ Assets}{Current\ Liabilities}$$

3)   Debt to Equity Ratio

$$DER = \frac{Current\ Asset\ + Long\ Term\ Debt}{Total\ Owned\ Capital}$$

The data analysis method in this research is multiple linear regression by Statistical Product and Service Solutions (SPSS) v.21. This research uses multiple linear regression analysis method because of only one dependent variable and two or more independent variables. The simple linear regression equation model to measure the effect of ROA, CR, and DER on the DPR is:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3$$

Whereas:
Y   = Dividend Payout Ratio
a   = Constant Price
b_1 = First Regression Coefficient
b_2 = Second Regression Coefficient
X_1 = Return on Asset
X_2 = Current Ratio
X_3 = Debt to Equity Ratio

IV.   RESULTS AND DISCUSSION

A. Descriptive Analysis

Based on SPSS output shows that the amount of data or observations of each variable in this research was 72 data which gained of the published finance Reports of manufacturing companies on IDX in 2012-2014. The DPR variable has a lowest value of 0.07 and highest value of 138.16. The average value of the DPR variable is 43.33579 and the standard deviation is 30.32384. The ROA variable has lowest value of 0.76 and highest value of 71.51. The average value of the ROA variable is 15.74554 and the standard of deviation is 13.66836. The CR variable has lowest value of 51.39 and highest value of 772.65. The average value of the CR variable was 245.2792 and the standard deviation was 145.29592. The DER variable has lowest value of 8.53 and highest value of 302.86. The average value of the DER variable was 79.1083 and the standard deviation was 64.02542.

	Minimum	Maximum	Mean	Std. Deviation
DPR	0,07	138,16	43,3579	30,32384
ROA	0,76	71,51	15,7454	13,68336
CR	51,39	772,65	245,2792	145,29592
DER	8,53	302,86	79,1083	64,02542

Table 1:- Descriptive Analysis

B. Classical Assumption Testing

The results of the classic assumptions test are as its follows:

1) Based on the normality test was carried out by using the Kolmogorov-Smirnov One Sample Test. Asymp Sig results which obtained at 0.258 and was bigger than 0.05, so it Stated that the data used were normally delivered in this results.

	Unstandardized Residual
N	72
Kolmogorov-Smirnov Z	1,011
Asymp. Sig. (2-tailed)	0,258

Table 2:- Result of Normality Test by using the Kolmogorov-Smirnov One Sample Test

2) The autocorrelation examined was the Run Test. The Run Test results show that the significance value of the run test is 0.058, which means above the significant value of 0.05, so it stated that there is no autocorrelation occurs.

	Unstandardized Residual
Total Cases	72
Asymp. Sig. (2-tailed)	0,058

Table 3:- Result of Autocorrelation Test by using the Run Test

3) The heterocedasticity test by using the scatterplots image patterns shows that deployed spread randomly and scatter both above and below the number 0 on the Y axis. So It stated that there is no heterocedasticity Occurs, so It still worth to use.
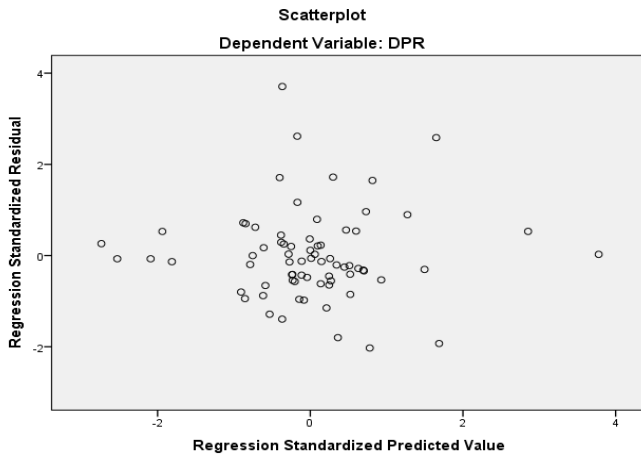
Fig. 2:- Result of Heteroscedasticity Test by using the Scatterplot

4) The Multicollinearity test has done by looking at the Tolarance and VIF values. Based on the multicollinearity test output, The ROA has a VIF value of 1.089, CR has a VIF value of 1.467 and DER has a VIF value of 1.507. All of the three VIF values, none of which have a value greater than 10, so it stated that there is no multicollinearity. While value of tolerance ROA = 0.918, tolerance value CR = 0.682, and tolerance value DER = 0.664. The tolerance values of these three variables was indicated that the values greater than 0.1. Means that among the independent variables there's not occur the multicollinearity. Thus, the regression test results of each variable are significant.

	Tolarance	VIF
ROA	0,918	1,089
CR	0,682	1,467
DER	0,664	1,507

Coefficients[a]

Table 4:- Result of Multicollinearity Test

C. The Model Examination

The data processing result shows that the independent variables (ROA, CR, and DER) have a significance F calculated 0.000 less than the 0.05 significance level. This shows that togetherness and significantly the independent variables (ROA, CR, and DER) has an influence towards the DPR.

The results over these coefficient of determination (R^2) of 0.205 or 20.5%. And These shows that 20.5% the DPR has an influenced by the variable ROA, CR, and DER. While the remaining 79.5% was explained by the other variables.

Test Name	Results
R^2	0,205
F Test	0,000

Table 5:- The Model Examination

D. Hypothesis Test

The t-test output can be described as follows:

1) Significant value of ROA of 0,000 is smaller than 0.05 and beta value of 0.465, so it stated that ROA has a positive influence on the DPR.
2) The CR implications value has 0.243 and was bigger than 0.05, meaning that the CR has no influence on the DPR. This because in distributing the dividends the company does not only focus on the company's liquidity. The Companies sometimes continue to distribute dividends to keep their investors keep invest in their company. In addition, the distribution of dividends depends on the GMS (General Meeting of Shareholders).
3) The DER implications value has 0.015 and smaller than 0.05 and the beta value of -0.325, so it stated that the DER has negative effect on the DPR.

	Beta	Sig.
ROA	0,465	0,000
CR	-0,151	0,243
DER	-0,325	0,015

Coefficients[a]

Table 6:- The Hypothesis Result

V. CONCLUSIONS AND SUGGESTIONS

A. Conclusions

Based on the results of these analysis from these 24 manufacturing companies which apply as sampled in this company, it can be concluded ROA has a glaring effect positively on DPR, CR has no effect to the DPR, and DER has a glaring effect negatively on DPR.

B. Suggestions

Based the research results, there are some limitations including the limit of only provide 3 independent variables to test, a short period of time, and only examine around the manufacturing sector, so for the future research hopefully would be able to develop the research in terms of variables, time periods, and the company sector.

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