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FACTORS AFFECTING DIVIDEND PAY OUT RATIO ON NONFINANCIAL COMPANIES LISTED IN BEI 2013-2017 PERIOD

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Abstract,

The purpose of this research is to analyze the influence of Return On Equity (ROE), the Current Ratio (CR), size, Debt to Equity Ratio (DER), growth, and free cash flow against Dividend Payout Ratio (DPR) at non- financial companies listed on the IDX period 2013-2017. The data used are secondary data, taken from the annual report 2013-2017 from non-financial companies listed on the Indonesia Stock Exchange. The sampling technique is used is purposive sampling. The sample consists of 12 companies from 2013 to 2017 and is still listed. Analysis of the tool to test the hypothesis is multiple regression analysis using SPSS 20 a significant level of 0.05. These empirical results show that Return on Equity (ROE) has no significant and positive influence on Dividend Payout Ratio (DPR). Current Ratio (CR), Debt to Equity Ratio (DER), and Free Cash Flow have a significant and positive influence on Dividend Payout Ratio (DPR). Size has a significant and negative influence on Dividend Payout Ratio (DPR). Growth has no significant and negative influence on Dividend Payout Ratio (DPR).

Keywords*: Dividend Payout Ratio, Return On Equity, Current Ratio, Size, Debt to Equity Ratio, Growth, and Free Cash Flow.*

Introduction

The level of development of the average Dividend Payout Ratio (DPR) in non-financial companies on the Indonesia Stock Exchange (IDX) during the period 2013-2017 experienced fluctuations and did not indicate a stable application of dividend payout ratio. The development of current conditions also shows the proportion of companies that do not pay more dividends compared to companies that pay dividends. To measure the number of dividends that will be distributed to shareholders, it is necessary to have parameters or indicators to calculate the ratio by using the dividend payout ratio. Some factors that influence dividend policy are profitability, liquidity, size, leverage, growth, and free cash flow.

Research methods

The population used in this study are all non-financial companies listed on the Indonesian Financial Exchange in the 2013-2017 period. Sampling in this study using purposive sampling method , which is a technique to determine the research sample with several specific considerations : (1) All non-financial companies listed on the Indonesia Stock Exchange (BEI) for the 2013-2017 period; (2) The sample company has issued a financial report; (3) Corporate financial statements in the form of rupiah. So the companies whose financial statements are not in rupiah will be excluded from the sample; (4) The sample company has data related to dividend payments. So companies that do not pay dividends during the period of early researchers will be excluded from the sample; and (5) Companies that have all the data needed in the study. Based on sampling, the total sample in this study was 12 company samples.

The data used in this study came from the annual report, a summary of the performance of listed companies, and a fact book for non-financial companies listed on the Indonesia Stock Exchange (IDX) during the 2013-2017 period. The analytical tool used is descriptive statistical analysis, classical assumption test (normality test, autocorrelation test, multicollinearity test, heteroscedasticity test), multiple linear regression analysis, and hypothesis testing (t-test and coefficient of determination).

Research Results and Discussion

Research result

The table below is the result of descriptive statistics dividend distribution variables as measured by Return On Equity (ROE), Current Ratio (CR), Size, Debt to Equity Ratio (DER), Growth, Free Cash Flow, and Dividend Payout Ratio (DPR).

Table 1
Descriptive Statistics Test Results

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
DPR	43	10.66	171.97	56.8106	33.14801
ROE	43	.82	64.83	19.9786	13.08177
CR	43	58.42	390.69	214.9128	79.23404
SIZE	43	24.90	33.32	28.8645	1.95413
DER	43	.13	1.74	.6771	.36429
GROWTH	43	-6.80	39.94	9.5398	9.73816
FCF	43	2547548678.00	19006000000000.00	2051337249309.7678	4217202711630.07230
Valid N (listwise)	43				

Source: Secondary data processed by SPSS, 2018

Based on table 1 it can be seen that the average value of the Dividend Payout Ratio (DPR) is 56, 8106 and the standard deviation is 33.14801. The average variable Return On Equity (ROE) of 19, 9786 and a standard deviation of 13.08177. The Current Ratio (CR) variable has an average of 214, 9128 and a standard deviation of 79.23404. The size variable has an average of 28, 8645 and a standard deviation of 1.95413. The Debt to Equity Ratio (DER) variable has an average of 0,6771 and a standard deviation of 0.36429. Variable growth has an average of 9, 5398 and a standard deviation of 9.73816. The variable free cash flow has an average of 2051337249309,7678 and a standard deviation of 4217202711630.07230.

The Kolmogorov-Smirnov test results show a normal relationship. The result of the SPSS output is the Asymp value. Sig (2-tailed) of 0.678 or above $\alpha = 0.05$. This means that data is normally distributed. Based on the results of the Normal Probability Plot can show that the data pattern spreads around the diagonal line and follows the diagonal direction so that it can be concluded that the data processed by the researcher shows normally distributed data that can meet the normality test.

Autocorrelation test was carried out with the Durbin Watson (DW) mapping test. From the regression obtained the number DW is 2.729 with the number of data (n) 43 because there are some outlier data and the number of variables (k) 6 and $\alpha = 5\%$ is obtained the numbers dL = 1.2148 and dU = 1.8413. Because the results of calculations that show that the test is not convincing or cannot be concluded, the RUN (Runs Test) test is conducted to prove that the data does not have autocorrelation with the sig value requirement. must be above 0,05. In the Asymp value RUN test results. Sig. (2-tailed) greater than 0,05 it can be concluded that the regression model does not have autocorrelation.

To detect multicollinearity, this study uses tolerance values and VIF coefficients. The calculation of the regression tolerance value model used in this study shows that no independent variable has tolerance <0, which means there is no correlation between independent variables whose values are more than 95%. The results of the calculation of variance inflation factor (VIF) also shows the same thing there is no variable that has a VIF value> 10, so it can be concluded that the regression model in this study did not occur multicollinearity and the regression model is feasible to use.

Heteroscedasticity test is done by looking at the plot graph between the value of the dependent variable, ZPRED with the residual SRESID. Based on the results of the study showed that there is no clear pattern, and the points spread above and below the number 0 on the Y-axis. This shows that there is no symptom of heteroscedasticity.

To test the hypothesis, this study uses multiple regression. Here are the results of multiple regression shown in Table 2.

Table 4.7
T-test results

Model	B	T	Sig.	Information
(Constant)	299.307	2.813	.008	
ROE	.356	.990	.329	Has no Effect
CR	.334	3.110	.004	Has a positive Influence
SIZE	-13.118	-3.346	.002	Has a negative Influence
DER	79.496	3.205	.003	Has a positive Influence
GROWTH	-.471	-1.051	.300	No Negative Influence
FCF	$3.832e^{-012}$	2.296	.028	Has a positive Influence
Dependent Variabel : DPR				
Adjusted R^2			.333	Has an effect

Source: Secondary data processed by SPSS, 2018

Based on Table 2 above, the regression equation has an adjusted R 2 amounting to 0.333. This shows that the independent variable consisting of Return On Equity (ROE), Current Ratio (CR), size , Debt to Equity Ratio (DER), growth , and free cash flow can explain the variable Dividend Payout Ratio (DPR) by 33% while the remaining 67% is explained by other variables outside the research model.

Discussion

The impact of Return on Equity (ROE) on Dividend Payout Ratio (DPR)

Testing of hypothesis 1 shows that partially Return on Equity (ROE) does not affect the Dividend Payout Ratio (DPR). Hypothesis 1 is rejected. This can be seen from the acquisition of the number t-count variable Return On Equity (ROE) of 0.990 with a significant value of 0.329 (Sig> 0,05). The results of this study are supported by research conducted by Mui and Mustapha (2016), which states that Return On Equity (ROE) has an insignificant relationship to the Dividend Payout Ratio (DPR).

The impact of Current Ratio (CR) on Dividend Payout Ratio (DPR)

Testing of hypothesis 2 shows that Partially Current Ratio (CR) affects the Dividend Payout Ratio (DPR). Hypothesis 2 is accepted. This can be seen from the acquisition of the number t-count variable Current Ratio (CR) of 3.110 with a significant value of 0.004 (Sig <0, 05). The results of this study are consistent with research conducted by Mui and Mustapha (2016) and Indrawan et al. (2017), which states that the liquidity proxied by Current Ratio (CR) has a positive effect on the Dividend Payout Ratio (DPR). Companies that have a high current ratio will affect the profit obtained. Companies with a high level of current ratio would increase the likelihood of dividend payment in cash (dividend payout), thus attracting investors to invest.

The impact of Size on Dividend Payout Ratio (DPR)

Testing of hypothesis 3 shows that Partially size affects the Dividend Payout Ratio (DPR). Hypothesis 3 is accepted. This can be seen from the acquisition of the number t-count variable size of the company (size) of -3.346 with a significant value of 0.002 (Sig <0, 05). The results of this study are supported by research conducted by Nurhayati (2013) and Eltya et al. (2016), which states that the size of the company has a significant and negative influence on the Dividend Payout Ratio (DPR).

The impact of Debt to Equity Ratio (DER) on Dividend Payout Ratio (DPR)

The testing of hypothesis 4 shows that Partially Debt to Equity Ratio (DER) affects the Dividend Payout Ratio (DPR). Hypothesis 4 is accepted. This can be seen from the acquisition of the number t-count variable Debt to Equity Ratio (DER) of 3.205 with a significant value of 0.003 (Sig <0, 05). The results of this study are supported by research conducted by Indrawan et al. (2017) which states that Debt to Equity Ratio (DER) has a significant and positive relationship to the Dividend Payout Ratio (DPR). Judging from the observation period, non-financial companies have a low average Debt to Equity Ratio (DER) of 0,6771. The low DER level shows better company performance because it causes a higher dividend payout ratio. Investors tend to choose companies with financial statements that show low DER in order to get a high dividend payout ratio.

The impact of Growth on Dividend Payout Ratio (DPR)

Testing of hypothesis 5 shows that partially growth does not affect the Dividend Payout Ratio (DPR). Hypothesis 5 is accepted. This can be seen from the acquisition of the t-count number of the growth variable of -1,051 with a significant value of 0 .300 (Sig> 0, 05). The results of this study are consistent with research conducted by Rafique (2012), which states that growth does not negatively affect the Dividend Payout Ratio (DPR).

The impact of Free Cash Flow on Dividend Payout Ratio (DPR)

Testing of hypothesis 6 shows that partially free cash flow affects the Dividend Payout Ratio (DPR). Hypothesis 6 is accepted. This can be seen from the acquisition of the number of t-count free cash flow variables of 2,296 with a significant value of 0.028 (Sig <0.05). The results of this study are consistent with research conducted by Lucyanda and Lilyana (2012) and Prasetio and Bambang (2016), which states that free cash flow has a positive effect on the Dividend Payout Ratio (DPR).

Conclusions and suggestions

Raising the test results above the implications that can be taken from this research is Return on Equity (ROE) does not have a significant and positive influence on the Dividend Payout Ratio (DPR) for non-financial period e 2013-2017 companies , Current Ratio (CR) has a significant and positive influence on the Dividend Payout Ratio (DPR) in the company non-financial for the 2013-2017 period, Size has a significant and negative influence on the Dividend Payout Ratio (DPR) for non-financial companies for the 2013-2017 period, Debt to Equity Ratio (DER) has a significant and positive influence on the Dividend Payout Ratio (DPR) for non-financial companies for the 2013-2017 period, Growth does not have a significant and negative influence on the Dividend Payout Ratio (DPR) for non-financial companies in the 2013-2017 period, and Free cash flow has a significant and positive influence on the Dividend Payout Ratio (DPR) on non-financial companies for the 2013-2017 period.

Further researchers are advised to use more samples with various characteristics from various sectors and extend the study period and because of the limitations in this study, the next researcher should not use variables that have been used in this study but can multiply other indicators that can affect the dividend. payout ratio and it is expected that researchers can further add to the reference of this study.

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