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Effect of total asset turnover, current ratio and debt to equity ratio on dividend payout ratio in company sector consumption goods industry sector companies listed on the Indonesia stock exchange period 2015-2017

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ABSTRACT

The object of this research is to analyze the influence of total asset turnover, current ratio and debt to equity ratio on dividen payout ratio in sector consumer goods industry listed in Indonesian Stock Exchange with period of 2015-2017 partially or simultaneouly. This research uses quantitative descriptive research. The population of this research are 37 companies and the number of sample is 15 companies. The results research of F test (simultaneous) showed that there is a significant influence between total asset turnover, current ratio and debt to equity ratio on dividen payout ratio in sctor consumer goods industry listed in Indonesian Stock Exchange with the period of 2015-2017. The result research of t test (partial) showed that there is a significant influence total asset turnover on dividen payout ratio in sector consumer goods industry listed in Indonesian Stock Exchange with period of 2015-2017

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INTRODUCTION

Competition in the increasingly stringent business world makes a company display the best performance which will impact on investor confidence to invest their capital and make it easier for companies in obtaining funds or additional capital by selling its shares to the general public through the capital market. The goal of investors to invest in the company is, of course, to obtain a certain rate of return with minimal risk (Hery, 2017). Investors who invest in a company must have the main goal of the company in the form of profits in the form of dividends (Sitompul et al., 2019) . The size of the profit that will be distributed in the form of dividends to investors is called the dividend payout ratio (Ghozali, 2018).(Dharsani et al., 2020)

The consumer goods industry sector is a sector that will still grow despite facing pressure from rising raw material prices due to the weakening rupiah, high inflation and rising interest rates (www.m.katadata.co.id)(Jumingan, 2014). The consumer goods industry sector is experiencing rapid

and fast growth and development, this is supported by the high level of public consumption, especially the consumer goods industry sector which offers basic consumer needs (www.neraca.co.id)(Sujana, 2017). The growth of the consumer goods industry sector in Indonesia was apparently not matched by an increase in the value of dividends (Yasa & Wirawati, 2016). This is evidenced by the fact that there were companies that did not distribute dividends regularly for three years during the study period, out of 37 issuers in the consumer goods industry sector, only 15 issuers distributed dividends regularly for 3 years (research period 2015-2017). (Kuniawan et al., 2016)

This can be caused because some issuers prefer to retain their profits to be used for investment in the future rather than distributing dividends to shareholders. For this reason, researchers want to learn more about what can affect the level of dividend distribution in the consumer goods industry sector by using activity, liquidity and leverage ratios (*Analisis Laporan Keuangan*, n.d.).

Based on the background of the existing problems, the identification of problems in this study are(Sugiyono, 2017):

a. An increase in sales is not always followed by an increase in cash dividends.
b. An increase in current assets is not always followed by an increase in cash dividends
c. A decrease in total debt is not always followed by an increase in cash dividends.
d. An increase in the number of sales, an increase in the amount of current assets and a decrease in total debt is not always followed by an increase in cash dividends.

RESEARCH METHOD

The research approach used by this researcher is a quantitative method. This type of research is a quantitative descriptive research and the nature of this research is cause and effect/clausal. The type of data in this research is secondary data.(Rodoni, 2014) (Sugiono & Untung, 2016)The data used in this study were taken from several sources, including: financial report data for consumer goods industry companies sourced from www.idx.co.id. The population of this research was conducted in the consumer goods industry sector which consisted of 37 companies on the Indonesia Stock Exchange for the 2015-2017 period. The sampling technique in this study used purposive sampling. Based on the sample selection criteria, the research sample becomes 15 samples, so that the observations become 15 x 3 = 45 observations. The data analysis method in this study used multiple regression and SPSS assistance(Sujarweni, 2014). Multiple regression method to determine the magnitude of the relationship and the influence of the independent variables on the dependent variable(Hani, 2015) (Syamsuddin, 2009)

The regression model used to test the hypothesis is:

$$Y = a + b1X1 + b2X2 + b3X3 + e \qquad \text{……(1)}$$

Information :
Y = Dividend Payout Ratio
a = Constant
b1 b2 b3 = Regression Coefficient
X1 = Total Asset Turnover
X2 = Current Ratio
X3 = Debt to Equity Ratio
E = Standard Error

RESULTS AND DISCUSSIONS

Classic Assumption Test

The results of the normality test using the histogram chart test can be seen in the following graph:

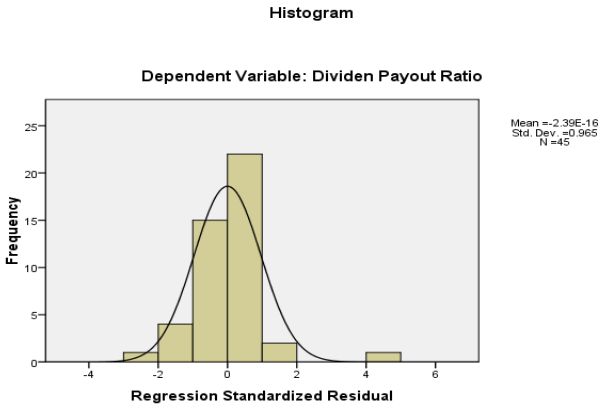

Figure 1. Before the transformation is performed

The graph shows that the curve graph is not symmetrical and forms an imperfect bell

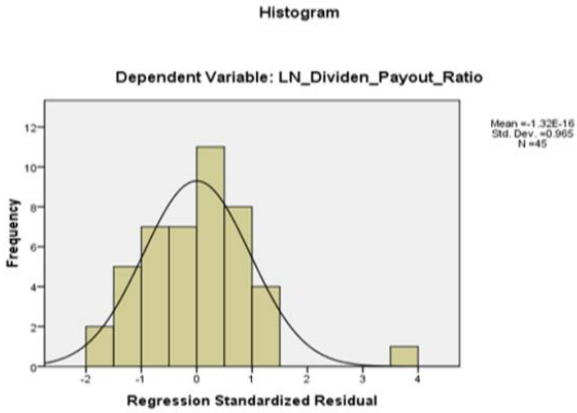

Figure 2. After the transformation is done

The graph above shows that the curve graph is symmetrical, does not tilt to the left or right and forms a perfect bell. In addition to using the histogram chart test, you can use the normal P-Plot graph test. Before the Transformation Is Done.

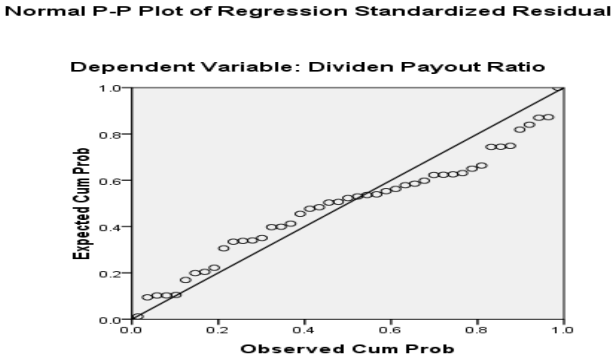

Figure 3. P-Plot Dividend Payout Ratio.

It can be seen in the graph above that the data is not normally distributed. This can be seen from the points (data) spreading away from the diagonal line, indicating that the residuals are not normally distributed.

After the Transformation is Done

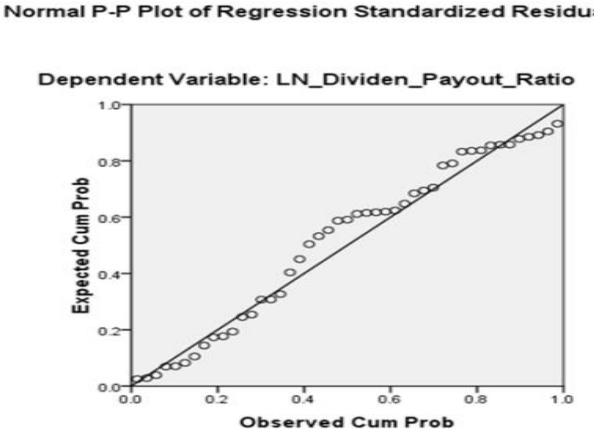

Figure 4. P-Plot LN Dividend Payout Ratio

After the transformation, it can be seen in the graph above that the data is normally distributed. This can be seen from the points (data) spreading along the diagonal line, so this research model is feasible to use.

Kolmogorov-SmirnovTest (K-S)

Before the Transformation Is Done

Table 1. Kolmogrov Smirnov test

		Unstandardized Residual
N		45
Normal Parameters[a]	Mean	.0000000
	Std. Deviation	.25664067
Most Extreme Differences	Absolute	.085
	Positive	.085
	Negative	-.049
Kolmogorov-Smirnov Z		.567
Asymp. Sig. (2-tailed)		.005

a. Test distribution is Normal.

The table above shows that the probability (significance) obtained from the Kolmogrov-Smirnov test (K-S) indicates that the regression model is not normally distributed. This can be seen from the significance value of 0.005 or less than 0.05.

After the Transformation is Done

Table 2. Kolmogrov Smirnov test

		Unstandardized Residual
N		45
Normal Parameters[a]	Mean	.0000000
	Std. Deviation	.58501064
Most Extreme Differences	Absolute	.124
	Positive	.065
	Negative	-.124
Kolmogorov-Smirnov Z		.830
Asymp. Sig. (2-tailed)		.496

a. Test distribution is Normal.

It can be seen in the table above that the Kolmogrov Smirnov test shows that the data in the regression model is normally distributed. This can be seen from the significance value of 0.496 or greater than 0.05 or 5%.

Multicollinearity Test

Multicollinearity Test Results

Table 3. Multicollinearity Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.040	.166		-.241	.811		
	Total Asset Turnover	.271	.098	.434	2.779	.008	.741	1.349
	Current Ratio	.037	.033	.242	1.816	.021	.385	2.597
	Debt to Equity Ratio	.076	.108	.164	.702	.487	.333	3.005

a. Dependent Variable: Dividen Payout Ratio

It can be seen that the calculation of the tolerance value is that there are no independent variables that have a tolerance value of less than 0.10. The tolerance value for total asset turnover is 0.960 > 0.10, the current ratio for the tolerance value is 0.151 > 0.10 and the debt to equity ratio for the tolerance value is 0.151 > 0.10. The results of calculating the VIF value also show that there are no independent variables that have a VIF value of more than 10. The VIF value of total asset turnover is 1.041 <10, the current ratio value of VIF is 6.634 <10 and the debt to equity ratio value of VIF is 6.617 <10. So it can be concluded that in the test results above it can be seen that there are no multicollinearity symptoms between the independent variables in the regression model.

Autocorrelation Test

Table 4. Autocorrelation Test
Durbin Watson test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.509[a]	.259	.205	.60604	2.177

a. Predictors: (Constant), LN_Debt_to_Equity_Ratio, LN_Current_Ratio, LN_Total_Asset_Turnover
b. Dependent Variable: LN_Dividen_Payout_Ratio

It can be seen that the value of Durbin Watson is 2.177. the value will be compared with the DW table with the number of observations (n) = 45, the number of independent variables (k) = 3 and a significance level of 0.05 (5%), the value of du = 1.6662 is obtained. According to Ghozali, autocorrelation does not occur if du < d < 4 - du. The test results show that the Durbin Watson value (d = 2.177) is greater than du (1.6662) and smaller than 4 – du (4 – 1.6662 = 2.3338)) or 1.6662 < 2.177 < 2.3338. Based on the test results, it can be concluded that the regression model does not have autocorrelation, either positive autocorrelation or negative autocorrelation.

Heteroscedasticity Test

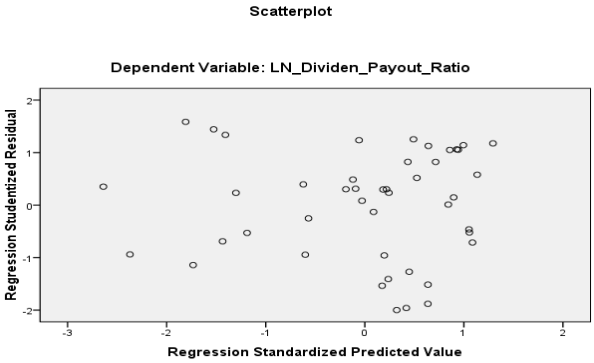

Figure 5. Graph of Scatterplot Test Results

It can be seen that no pattern is formed and the points spread above and below the number 0 on the Y axis. It can be concluded that there are no symptoms of heteroscedasticity in the regression model of this study.

a. The results of multiple linear regression analysis

Table 5. Multiple Linear Regression Analysis Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.758	.193		-3.917	.000
	LN_Total_Asset_Turnover	.578	.261	.304	2.218	.032
	LN_Current_Ratio	-.901	.330	-.944	-2.728	.009
	LN_Debt_to_Equity_Ratio	-.883	.283	-1.079	-3.122	.003

a. Dependent Variable: LN_Dividen_Payout_Ratio

In the unstrandardized coefficients column part B, the multiple linear regression equation model is obtained as follows:
Deviden Payount Rattio = 0,758 + 0,578 Total Asset Turnover – 0,901 Current Ratio – 0,883 Debt to Equity Ratio

Determination Coefficient Results

Table 6. Results of the Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.509[a]	.259	.205	.60604	2.177

a. Predictors: (Constant), LN_Debt_to_Equity_Ratio, LN_Current_Ratio, LN_Total_Asset_Turnover
b. Dependent Variable: LN_Dividen_Payout_Ratio

It can be seen that the Adjusted R Square value is 0.205. This shows that 20.5% of the variation in the variable dividend payout ratio (Y) can be explained by the variable total asset turnover (X1), current ratio (X2), and debt to equity ratio (X3) while the remainder is (100% - 20, 5% = 79.5%) are other variables not explained in this study, for example, quick ratio, net profit margin, profitability and stock price.

Testing Test F

Table 7. F Test Testing

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.267	3	1.756	4.780	.006[a]
	Residual	15.058	41	.367		
	Total	20.326	44			

a. Predictors: (Constant), LN_Debt_to_Equity_Ratio, LN_Total_Asset_Turnover, LN_Current_Ratio

b. Dependent Variable: LN_Dividen_Payout_Ratio

It can be seen that the value of Fcount is 4.780 with a significant level of 0.006 <0.05. based on df1 = k-1 (4–1=3) and df2 = n-k (45 – 4 = 41) in table F, the Ftable value is 2.83 so that the Fcount > Ftable (4.780 > 2.83). This means that Ha is accepted and H0 is rejected, which means that the total asset turnover, current ratio and debt to equity ratio variables simultaneously have a significant effect on the dividend payout ratio variable in consumer goods industry companies listed on the Indonesia Stock Exchange for the 2015-2017 period.

Testing Test T

Table 8. T Test Equity And Stock Price.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.758	.193		-3.917	.000
	LN_Total_Asset_Turnover	.578	.261	.304	2.218	.032
	LN_Current_Ratio	-.901	.330	-.944	-2.728	.009
	LN_Debt_to_Equity_Ratio	-.883	.283	-1.079	-3.122	.003

Dependent Variable: LN_Dividen_Payout_Ratio

a. The total asset turnover variable obtained a tcount value of 2.218 and a ttable value of 1.68288 obtained from table t with df = n n-k (45 - 4) = 41. Then tcount > ttable (2.218 < 1.68288) with a significant value of 0.032 <0.05 . this means that Ha is accepted and H0 is rejected, meaning that total asset turnover partially has a positive and significant effect on the dividend payout ratio in consumer goods industry companies in the 2015-2017 period.
b. The current ratio variable obtained a tcount value of -2.728 and a ttable value of 1.68288 obtained from table t with df = n n-k (45 - 4) = 41. Then -tcount < -ttable (-2.278 < -1.68288) with a significant value of 0.009 <0.05. this means that Ha is accepted and H0 is rejected, meaning that the current ratio partially has a negative and significant effect on the dividend payout ratio.
c. The debt to equity ratio variable obtained a tcount value of -3.122 and a ttable value of 1.68288 obtained from table t with df = n n-k (45 - 4) = 41. Then -tcount < -ttable (-3.122 < -1, 68288) with a significant value of 0.003 <0.05. this means that Ha is accepted and H0 is rejected, meaning that the debt to equity ratio partially has a negative and significant effect on the dividend payout ratio.

Discussion

Effect of total asset turnover on the dividend payout ratio.

From the results of testing the hypothesis statistically the total asset turnover variable obtained a statistical t value of 2.218. A significant value of 0.032 where the significant value is smaller than the probability value (0.032 <0.05), then Ha is accepted and H0 is rejected. This means that the total asset turnover variable has a positive and significant effect on the dividend payout ratio in consumer goods industry companies in the 2015-2017 period. The results of this study are in line with Arifat and Andini (2016) that total asset turnover affects the dividend payout ratio.

The effect of the current ratio on the dividend payout ratio.

From the results of testing the hypothesis statistically the current ratio variable obtained a statistical t value of -2.728 A significant value of 0.009 where the significant value is smaller than the probability value (0.009 <0.05), then Ha is accepted and H0 is rejected. This means that the current ratio variable has a negative and significant effect on the dividend payout ratio in consumer goods industry companies for the 2015-2017 period. The results of this study are in line with Edy Sujana et al (2017), that the current ratio has a partial negative effect on the dividend payout ratio

Effect of debt to equity ratio on the dividend payout ratio.

From the results of testing the hypothesis statistically the debt to equity ratio variable obtained a statistical t value of -3.122. The significant value is 0.003 where the significant value is smaller than the probability value (0.003 <0.05), then Ha is accepted and H0 is rejected. This means

that the variable debt to equity ratio has a negative and significant effect on the dividend payout ratio in consumer goods industry companies in the 2015-2017 period. The results of this study are in line with Yasa and Wiranti (2016) that the debt to equity ratio has a partial negative effect on the dividend payout ratio.

CONCLUSION

Based on the results of the analysis, it can be concluded is total asset turnover has a partially positive and significant effect on the dividend payout ratio, Current ratio and debt to equity ratio has a partially negative and significant effect on the dividend payout ratio. Simultaneously total asset turnover, current ratio and debt to equity ratio have a positive and significant effect on the dividend payout ratio payout ratio

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