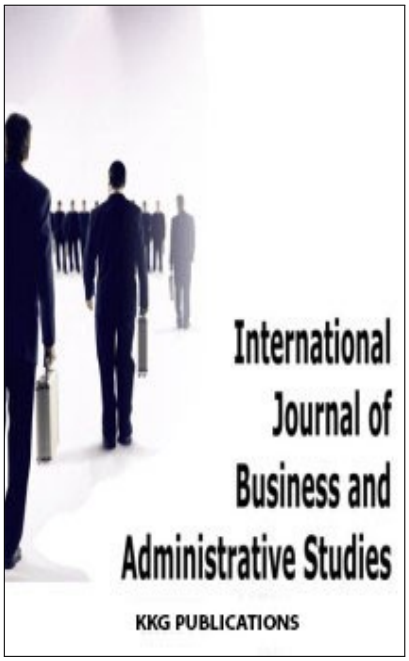

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FACTORS AFFECTING DIVIDEND PAYOUT RATIO OF FOOD AND BEVERAGE MANUFACTURING COMPANIES IN INDONESIA

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Return on Assets
Company Size

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Abstract. Dividend Payout Ratio (DPR) is a parameter to measure the amount of dividend to be distributed to shareholders. This is because investors want to know how much DPR they receive. If they see the revenue earned by them, including profitability, investors will not hesitate to invest their capital. This study aims to determine and analyze the factors affecting the DPR of food and beverage manufacturing companies in Indonesia listed on the Indonesia Stock Exchange from 2010 to 2014. There are 5 (five) independent variables that represent the ratio of published financial performance, which allegedly affect the House of Representatives, i.e., Cash Position (CP), Free Cash Flow (FCF), Debt to Equity Ratio (DER), Return on Assets (ROA), and Company Size (CS). Based on the tests' results, there are two independent variables, namely the ratio of CP and ROA, which have a significant effect on DPR, while the other three variables are FCF, DER, and CS, have no significant effect on dividend payout ratio. This research will try to reveal what factors can influence the DPR policy. CP is an important factor always considered by the company before determining the dividend to be distributed to shareholders. That is, the stronger the company's CP, the greater the ability to distribute dividends.

INTRODUCTION

In general, the Indonesian economy in 2010 was quite able to achieve positive growth during the global financial crisis that occurred in the union of Europe. The Association of All Food and Beverage Entrepreneurs predicts that by the end of 2012, the growth of the food and beverage industry will reach 8.2%, but in fact, the growth of the food and beverage industry has reached 12.75%.

Namu in early 2013, Indonesia was faced with rising world oil prices and coupled with the drastic decline of rupiah value from Rp 9,500/USD to Rp 12.000/USD. This condition not only hits big businessman, but also affects the entrepreneur of UMKM food and beverage, which are mostly still informal.

Not to mention the food and beverage industry sector has contributed to the multiplier of Indonesian workforce. According to data released by the central bureau of statistics in 2013, the number of direct labor employed is 4,267,275 workers. This is the author's interest in doing research when lifting the food and beverage industry became the subject of research. The food and beverage industry sector has always shown a positive growth passion in the midst of the sluggish Indonesian economy for the last two years.

Regarding the policy of dividend payout, companies often distribute it in several ways. First, earnings are distributed in cash. Second, as retained earnings, the company repurchases the shares or reuses the profits into the company's operations. Third, the company distributes profit in the form of additional number of shares calculated based on the proportion to the number of shares owned. Dividends are granted after obtaining approval from the shareholders in the General Meeting of Shareholders (GMS) (Okezone Finanace, 2011).

DPR is a parameter to measure the amount of dividend to be distributed to shareholders (Okezone Finanace, 2011). In relation to dividend income, investors generally want a stable or increasing dividend distribution over time, because with the stability of the dividend it can increase trust in the firm, thereby reducing the uncertainty element in investment (Ang, 2001; Hussain, Md-Rus, & Al-Jaifi, 2017).

This research will try to reveal what factors can influence the DPR policy. CP is an important factor always considered by the company before determining the dividend to be distributed to shareholders. That is, the stronger the company's CP, the greater the ability to distribute dividends.

FCF is the excess cash remaining after deducting working capital, so that it can directly be distributed to shareholders. The various conditions of a company may affect the value of FCF. For example, if the company has high cash FCF with low growth rate then this FCF should be distributed to shareholders.

Another factor affecting dividend policy is DER, i.e., the ratio

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of debt to capital. This ratio measures how far the company is financed by debt, where the higher value of this ratio illustrates the symptoms that are not good for the company (Hosban, 2016; Hsu & Utami, 2016; Sartono, 2001, p. 66). Increased debt will in turn affect the amount of net profit available to shareholders including dividends received as the obligation to repay the debt, which takes precedence over the dividend distribution.

ROA shows the capability of invested capital in total assets to generate company profits. The higher the ROA, the possibility of dividend distribution will also be higher (Endang & Risal, 2017; Sartono, 2001). ROA is calculated based on the ratio of net profit after tax to total assets owned by the company. This ratio shows how much net profit obtained by the company is measured from the value of its assets.

CZ is a symbol of company size. This factor explains that large companies can more easily have access to capital markets than small ones. This means that the company has the ability to obtain larger funds from the shareholders, so the dividend ratio is also high as compared to small companies. Large companies also often diversify more businesses than small ones.

Formulation of the Problem

Whether CP, FCF, DER, ROA, and CS influence the DPR of food and beverage manufacturing companies in Indonesia Stock Exchange Period 2010-2014.

Research Purpose

Analyzing the influence of CP, FCF, DER, ROA, and CS on dividend pay out ratio in food and beverage manufacturing company in Indonesia Stock Exchange Period 2010-2014.

Benefit of Research

Academic Benefits

This research is for researchers to gain a deeper understanding of the basics and concepts affecting CP, FCF, DER, ROA, and CS against DPR at manufacturing companies in Indonesia Stock Exchange. In addition, it serves as an additional reference media for students and researchers who later use the same concepts and basic research.

Practical Benefits

It provides additional information to management about the benefits of the influence of CP, FCF, DER, ROA, and CS on DPR.

LITERATURE REVIEW

Effect of CP on DPR

Increased CP can also increase investor confidence to pay DPR expected by the investor. Sutrisno (2001) states that a company's CP is an important factor to consider before making a decision to determine the amount of dividend to be paid. So, the stronger the firm's CP, the greater its ability to pay dividends.

Effect of FCF on DPR

Various company conditions can usually affect the value of FCF. For example, if the company has a high FCF with low growth rate, then this FCF should be distributed to shareholders.

Effect of DER on DPR

DER shows the amount of debt used to finance the assets in order to run its operational activities. Increased debt can affect the level of net income available to shareholders, thereby reducing the company's ability to pay dividends. This theory is supported by Riyanto (2001). One of the ratios included in the solvency/leverage ratio is the DER. The greater this ratio indicates the greater the liability and the lower the ratio indicates the higher the company's ability to fulfill its obligations.

Influence of ROA on DPR

ROA shows how much net profit obtained by the company is measured from the value of its assets. ROA is often used by top management to evaluate business units within a multi divisional company. The result of this ratio calculation is defined as net income. This theory is supported by Simamora (2000) that the ratio of ROA is a measure of the overall profitability of the company. When measured through this ratio, it indicates that there is an increase in overall profitability of the firm.

Influence of CS on DPR

The size of the company can be measured based on total sales, total book value of assets, net worth of wealth and the amount of labor. The size of the company in this study is measured based on total assets owned by the company that can be seen on the balance sheet. Large companies tend to diversify more businesses than small ones. The larger the size of the company, it will be able to generate large profits so that it can distribute dividends in large numbers as well.

Dividend Payout Ratio

The DPR is the ratio of the cash dividend per share to the profit earned per share. According to Gitosudarmo and Basri (2002), DPR is the ratio of dividends paid with net income earned and is usually presented in percentage form. According to Lisa and Danica (2009), the consideration of DPR is closely related to the financial performance of the company. When the company's financial performance is good then the company will be able to determine the amount of DPR in accordance with the expectations of shareholders and, of course. without

neglecting the interests of the company to stay healthy and grow.

Previous Research

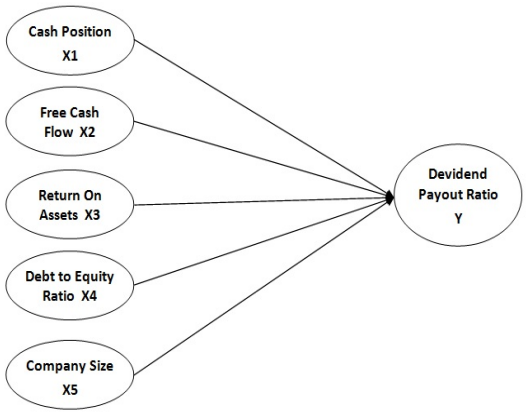
The previous researches used in this research are depicted in Table 1.

TABLE 1
Previous Research Table

No.	Researcher Name	Research Title	Research Results	Equation	Differences
1	Lisa and Danica (2009)	"Effect analysis of CP, DER, and ROA to DPR".	CP and ROA variables partially affect the DPR, but DER does not affect the .	Using CP, DER, ROA, and DPR.	The addition of FCF variables, and CS, research objects, and years of research.
2	Latiefasari (2011)	"Analysis of factors affecting the dividend policy of manufacturing companies in BEI period 2005-2009".	Variable current ratio, collateralizable assets, and return on equity partially influence DPR, but DER and growth have no effect on DPR.	Using the DER and DPR variables.	The addition of CP, FCF, ROA, and CS of research variables, and years of research.
3	Kriscahyadi (2011)	"Effect analysis of FCF, CP, DER, and CS on devidend payout ratio in manufacturing companies in BEI year 2008-2010"	Based on the research results stated that FCF, DER has partial effect on DPR, but DPR and CS does not affect the DPR.	Using the same variables of FCF, CP, DER, CS, and DPR.	Added variable ROA, research objects, and years of research.
4	Fatimah (2012)	"Analysis of the influence of CP, DER, and ROA against dividend policy of all companies go public in Indonesia period 2008-2011"	Variable DER and ROA partially affect the DPR, but CP does not affect the DPR.	Using the same variable that is CP, DER, ROA and DPR.	Addition of FCF variable and CS of research object, and year of research.
5	Darmayanti and Kusniawati (2017)	"Factors affecting DPR in Indonesia stock exchange period 2010-2014".	The variable return on equity has a positive effect on DPR, current ratio has no effect on DPR, and DER has negative effect on DPR.	Using variable DER and equation of research period.	Added variable return on equity and current ratio.

RESEARCH MODEL

FIGURE 1
Research Model



Based on the theory and the results of previous research, the hypothesis in this study are:
Hypothesis 1: CP affects the DPR.
Hypothesis 2: FCF has an effect on DPR.
Hypothesis 3: DER has an effect on DPR.
Hypothesis 4: ROA has an effect on DPR.
Hypothesis 5: CS influences the DPR.

RESEARCH METHODS

Research Design

This study uses a quantitative descriptive approach, an approach that emphasizes the testing of theories through the measurement of research variables with numbers and performing data analysis with statistical procedures. This study analyzed the relationship between research variables and tested the hypotheses that have been formulated previously in the scope of the object under study.

Population and Sampling

Sample selection criteria in this study are:
1. Food and beverage manufacturing companies listed on the Indonesia Stock Exchange during the study period i.e., 2010-2014.
2. Companies that can always book a profit or not lose during the study period, i.e., 2010-2014.
3. The Company has issued dividends for 5 consecutive years, i.e., 2010 to 2014.
Based on the sample selection criteria, there are 7 companies or manufacturers manufacturing food and beverage sub-sectors being sampled in this study.

TABLE 2
List of Company Names Being Sample of Research: Indonesia Stock Exchange Period 2010-2014

No.	Code	Company Name
1.	DLTA	PT Delta Djakarta Tbk
2.	ICBP	PT Indofood CBP SM Tbk
3.	INDF	PT Indofood Tbk
4.	MLBI	PT Multi Bintang Indonesia Tbk
5.	MYOR	PT Mayora Indah Tbk
6.	ROTI	PT Nippon Indosari Corporindo Tbk
7.	SKLT	PT Sekar Laut Tbk

Methods of Collecting Data

Data used in this study is quantitative, obtained by researchers through Indonesia Stock Exchange 2010-2014 containing the financial statements of manufacturing companies for the period 2010 to 2014, which consists of balance sheet, income statement, and statement of cash flow. In addition, theoretical basis is obtained through literature, scientific magazines (journals), and other articles relevant to the problem under study.

Operational Definition and Variable Measurement

Details regarding their variables and tool specified for measurement is depicted in Table 3.

TABLE 3
Operational Definition and Variable Measurement

Variable	Definition	Indicator	Parameter
CP (*X1*)	Describe the company's ability to meet its short-term liabilities through cash and cash equivalents owned by the company.	$\frac{Cash}{Net\ Income}$	Ratio
FCF (*X2*)	Explain the flow of FCF owned by the Cash flow from operation company.	(net capital expenditure + Ratio changes in working capital).	
DER (*X3*)	Explains about the company's ability to meet the total debt of total capital owned by the company.	$\frac{Total\ Equity}{Total\ Liabilities}$	Ratio
ROA (*X4*)	Explain about how much net profit earned by the company is measured from the value of its assets.	$\frac{Net\ Income}{Total\ Assets}$	Ratio
CS (*X5*)	Explain about the size of the company measured by total sales or the amount of assets owned by the company.	Total Assets	Log 10
DPR (*Y*)	Describes the amount of dividends paid.	$\frac{Dividend\ per\ share}{Earning\ per\ share}$	Ratio

Multiple Linear Regression Analysis

In this research, the data analysis method used is multiple linear regression method with data processing through Statistical Package for Social Science (SPSS).

Multiple regression analysis is an analysis of the relationship between at least two independent variables and one or more response variables. The mention of linear regression when between independent variables and response variables is linearly related (Gatut Pramesti, 37). The model of analysis in the research is:

$Y = a + b1X1 + b2X2 + b3X3 + b4X4 + b5X5 + e$

Where:

Y = DPR

a = Constants

b1 = Regression Coefficient *X1*

b2 = Regression Coefficient *X2*

b3 = Regression Coefficient *X3*

b4 = Regression Coefficient *X4*

b5 = Regression Coefficient *X5*

X1 = CP

X2 = FCF

X3 = DER

X4 = ROA

X5 = CS

e = Error Term

Normality Test

The normality test is used to find out whether in the regression model, the intruder or residual variable has a normal distribution. The way to prove the normality of a data is one method most commonly used that is by using the formula Kolmogorov-Smirnov. The basis for decision-making is based on the following probabilities:

1. If probability value > 0.05, then hypothesis proposed (Ha) is accepted.

2. If the probability value $< = 0.05$, then the hypothesis proposed (Ho) is rejected.

Multicollinearity Test

One of the assumptions in the least squares method is the absence of a linear relationship between independent variables. If this happens, then it is said that the data have multicolinearity. The method used to detect multicollinearity in this research is tolerance of Variance Inflactor Factor (VIF). Limit tolerance value below 0.1 and VIF is 10, then the data are said to experience multicollinearity.

Autocorrelation

Autocorrelation is a correlation between observation members located in series in time (if the data used is time series data) or correlation of four adjacent variables (if the data used is cross sectional data). Autocorrelation test of this research used test run from SPSS to know whether there is autocorrelation. Test Run Test will provide a more definitive conclusion if there is a problem in the Durbin Watson test, that is, the value of *d* lies between *dL* and *dU* that leads to uncertain conclusions.

Heteroscedasticity Test

The consequence of heteroscedasticity in a regression model is that the estimators obtained are inefficient both in small samples and large samples, although the estimators obtained are not biased and the approximate samples used in approximating the actual (consistent) value. This is due to the non-minimum variance. Basis of decision making on heteroscedasticity test, namely: 1). If the value of significance is greater than 0.05, the conclusion has no heteroscedasticity. 2). If the significance value is less than 0.05, the conclusion has heteroscedasticity.

ANALYSIS AND DISCUSSION

Univariate Outliers

Data distribution for each observed variable shows no indication of outlier. This is indicated by the minimum and maximum values of *z*-score whose values are in the range < 3 as in the table above.

TABLE 4
Univariate Outlier Test Results

Reff.	*N*	Minimum	Maximum	Mean	Std. Deviation
z-score (DPR)	27	-1.35908	2.89271	0.0000000	1.00000000
z-score (CP)	27	-1.84572	1.40813	0.0000000	1.00000000
z-score (FCF)	27	-2.11118	1.53575	0.0000000	1.00000000
z-score (DER)	27	-1.37945	1.88651	0.0000000	1.00000000
z-score (ROA)	27	-1.12547	2.59589	0.0000000	1.00000000
z-score (Log_CS)	27	-1.48046	1.61833	0.0000000	1.00000000
Valid *N* (listwise)	27				

Multivariate Outliers

Table 5 shows that the highest Mahanalobis Distance value is 9.08528 with $p = 0.33$ ($p > 0.001$) and the lowest Mahanalobis distance value is 2.13336 with $p = 0.08$ ($p > 0.001$), so it can be concluded that there is indication of outliers.

TABLE 5
Multivariate Outliers' Test Results

No.	Mah_1	P_Mah_1	No.	Mah_1	P_Mah_1
1.	8.02034	0.30	15.	5.35293	0.20
2.	9.08528	0.33	16.	8.35393	0.31
3.	5.65254	0.21	17.	2.18095	0.08
4.	2.28802	0.08	18.	3.63141	0.13
5.	2.44189	0.09	19.	8.93038	0.33
6.	2.15379	0.08	20.	4.75560	0.17
7.	2.13336	0.08	21.	5.27082	0.19
8.	2.24913	0.08	22.	3.44137	0.13
9.	4.06961	0.15	23.	6.92981	0.25
10.	2.85529	0.10	24.	6.00575	0.22
11.	2.97325	0.11	25.	6.48277	0.24
12.	3.10439	0.11	26.	5.12568	0.19
13.	5.97548	0.22	27.	7.40268	0.27
14.	3.13355	0.11			

Normality Test

Based on the Table 6, it can be seen that Kolmogorov-Smirnov ratio is shown in Asym. Sig. (2-tailed) 0.200 > 0.05 (Lilliefors have Significance Correction and this is a lower bound of the true significance). This indicates that the independent variables used in this study can be used to predict the House of food and beverage companies in BEI .

TABLE 6
Kolmogorov-S Test Result

Reff		Unstandardized Residual
N		27
Normal parameters (Normal Test distribution)	Mean	0.000000
	Std. Deviation	10.83434379
Most extreme differences	Absolute	0.122
	Positive	0.122
	Negative	-0.155
Test statistic		0.122
Asymp. Sig. (2-tailed)		0.200

a. Test distribution is Normal. b. Calculated from data.
c. Lilliefors Significance Correction. d. This is a lower bound of the true significance.

Multicollinearity Test

Based on the Table 7, it can be seen that the independent variables include CP, FCF, DER, ROA, and CS having a tolerance value of more than 0.1 and VIF value less than 10. Based on it can be concluded that the regression model used in this study is free of the symptoms of multicollinearity.

TABLE 7
Multicollinearity Test Result (Dependent Variable: DPR)

Model	Unstandardized Coefficients		Standardized Coefficients	*t*	*Sig.*	Collinearity Statistics	
	Beta	*Std. Error*	*Beta*			Tolerance	VIF
Constant	-21.361	20.520		-1.041	0.310		
CP	0.103	0.035	0.460	2.951	0.008	0.676	1.479
FCF	-0.138	0.214	-0.106	-0.645	0.526	0.607	1.647
DER	-0.106	0.079	-0.260	-1.339	0.195	0.435	2.29
ROA	1.129	0.513	0.473	2.202	0.039	0.355	2.813
Log_CS	4.841	3.216	0.223	1.505	0.147	0.748	1.338

Autocorrelation Test

Based on the output Table 8 is known RT test value of 1,000. The RT result shows that the value of Asymp. Sig. (2-tailed) > 0.05 which means H0 failed to be rejected. Thus, the data used random. It can be concluded that there is no problem of Autocorrelation on data tested.

TABLE 8
Autocorrelation Test Result

Reff.	*Unstandardized Residual*
Test Value (*Median*)	-1.32432
Cases $<$ Test Value	13
Cases $>$ = Test Value	14
Total Cases	27
Number of Runs	14
z	0.000
Asymp. Sig. (2-tailed)	1.000

Heteroscedasticity Test

Based on the output of Table 9, known significance value of each variable CP, FCF, DER, ROA, and CS overall > 0.05. Thus, the data used is not the same (constant), so heteroscedasticity does not occur on the data tested.

TABLE 9
Heteroscedasticity Test Result (Dependent Variable: Dependent Variable: Res_2)

Model	Unstandardized Coefficients		Standardized Coefficients	*t*	*Sig.*
	Beta	*Std. Error*	*Beta*		
Constant	18.720	10.172		1.840	0.080
CP	0.012	0.017	0.128	0.706	0.488
FCF	-0.191	-0.106	-0.346	-1.808	0.085
DER	-0.022	-0.039	-0.124	-0.549	0.589
ROA	0.408	0.254	0.401	1.606	0.123
Log_CS	-3.130	1.594	-0.338	-1.963	0.063

Hypothesis Testing: H1

Based on the Table 10, it shows that F calculated is 7.994. Medium F tabulated at 95% confidence level ($\alpha = 0.05$) is 2.685. So, it can be concluded that in both calculations $F_{calculated} > F_{table}$ (7.994 $>$ 2.685), thus Ho is rejected and Ha accepted. This shows that independent variables including CP, FCF, DER, ROA and CS ratios simultaneously affect DPR.

TABLE 10
Simultaneously (Test *F*): ANOVA (Dependent Variable: DPR)

Model	Sum of Squares	*df*	Mean Square	*F*	*Sig.*
Regression	5808.564	5	1161.713	7.994	0.000 *
Residual	3051.958	21	145.331		
Total	8860.522	26			

* Predictors: (Constant), Log_CS, FCF, DER, CP, ROA

Hypothesis Testing: H2

Testing this hypothesis using *t*-test. Proof of hypothesis can be seen by comparing *t* calculated with *t* tabulated at 95% confidence level with significance level (α) 5%. The *t* tabulated value is 2.080. Moreover it can be compared between sig. *t* and $\alpha = 0.05$. The following table shows the results of hypothesis analysis (H2) partially (*t* test).

TABLE 11
Partially *t* Test Results (Dependent Variable: DPR)

Model	Unstandardized Coefficients		Standardized Coefficients	*t*	*Sig.*
	Beta	*Std. Error*	*Beta*		
Constant	-21.361	20.520		-1.041	0.310
CP	0.103	0.035	0.460	2.951	0.008
FCF	-0.138	-0.214	-0.106	-0.645	0.526
DER	-0.106	-0.079	-0.260	-1.339	0.195
ROA	1.129	0.513	0.473	2.202	0.039
Log_CS	4.841	3.216	-0.223	1.505	0.147

TABLE 12
Testing Results of Regression Model

Hypothesis	Value	Information
CP variable (*X1*) has an effect on DPR (*Y*)	t = 2.951, Sig-t = 0.008, t_{table} = 2.080	Significant
FCF variable (*X2*) has an effect on DPR (*Y*)	t = -0.645, Sig-t = 0.526, t_{table} = 2.080	Not Significant
DER (*X3*) variable has an effect on DPR (*Y*)	t = -1.339, Sig-t = 0.195, t_{table} = 2.080	Not Significant
ROA variable (*X4*) has an effect on DPR (*Y*)	t = 2.202, Sig-t = 0.039, t_{table} = 2.080	Significant
CS Variable (*X5*) has an effect on DPR (*Y*)	t = 1.505 Sig-t = 0.147, t_{table} = 2.080	Not Significant

Based on the above data, whole results can be summarized in the Table 12.

RESEARCH IMPLICATIONS

Theoretical Implications

Sutrisno (2001) states that a company's CP is an important factor to consider before making a decision to determine the amount of dividend to be paid. So, the stronger the CP of the company, the greater its ability to pay dividends. Effective management of CP and FCF by management is by increasing the company's business activities such as increasing sales. So, it is expected to trigger an increase in profit.

As for the ratio of ROA and CS must have a high value, because their greater values describe the amount of income (profit) of companies that increases the house of representatives for investors. The higher the ROA, the possibility of dividend distribution is also higher (Sartono, 2001). Companies can increase profits through the management of all assets owned secera effectively and efficiently, so the value of ROA can give a positive influence on dividends.

Unlike the case with DER ratios, its smaller value describes the desired earnings gain. This ratio measures how far the company is financed by debt, where the higher value of this ratio illustrates the symptoms that are not good for the company (Sartono 2001). In addition, the company should reduce its dependence on bank loans, so the interest burden is not too heavy. This can minimize the DER value and give a positive effect on the dividend.

Practical Implications

Investors should pay attention to the information issued by the company regarding the policies issued by the management

of the company in conducting its business activities. In order to obtain a high share, the company must increase its sales profit, resulting in a large capital gain, too. Investors should also consider other external factors that affect stock prices such as macroeconomic factors, i.e., currency exchange rate, bank interest policy, or conditions of politics in Indonesia.

CONCLUSION AND SUGGESTIONS

Conclusion

1. Positive influence shown by CP has a significant effect on DPR. The *t*-count of CP is 2.951 while the *t*-table is 2.080 indicating that *t*-count $>$ *t*-table. So, it can be concluded that Ho is rejected and Ha accepted. High CP values reflect strong firm CP, a high cost of goods sold, interest expense, tax expense, and exchange loss, which can be accommodated by the company or company remain surplus. That is why CP is one of the most liquid ratios for investors in assessing security in investing and the stability of dividends distributed.
2. FCF has no significant effect on Devidend Payout Ratio. This is indicated by the result of the *t*-count of FCF is -0.645, while the *t*-table of 2.080 indicates that *t*-count $>$ *t*-table. So, it can be concluded that Ho accepted and Ha rejected. Various company conditions can affect FCF. If the company has a high growth rate, then the FCF is utilized by the company to increase investment in the coming period. This is why the DPR is not sensitive to FC.
3. DER has no significant effect on DPR. This is indicated by the result of the tcount of the DER of -1.339 while the *t* table of 2.080 indicates that *t* calculated $<$ *t* tabulated, so it can be concluded that Ho accepted and Ha rejected. DER's negative influence on the House of Representatives that some investors want short-term earnings in the form of capital gains in considering the purchase of shares.
4. The positive correlation shown by ROA has a significant effect on DPR. The *t*-counts of CP and ROA are 2.951 and 2.202, respectively, while the *t*-table is 2.080 indicating that *t*-count $>$ *t*-table. So, it can be concluded that Ho is rejected and Ha is accepted. This factor could be influenced by sales growth that is accompanied by an increase in asset value. So, the company has been able to streamline the value of assets owned.
5. CS has no significant effect on Devidend Payout Ratio. This is indicated by the result of the *t*-count of CS of 1.505, while the *t*-table of 2.080 indicates that *t*-count $<$ *t*-table. So, it can be concluded that Ho is accepted and Ha is rejected. The size of the company does not have a positive influence on the DPR. This possibility is caused by the influence of other factors such as the high business activity of the company whether it is business diversification or the planned business expansion rate, or the political economic situation that humiliates the company, which should secure the operational stability of one of the company's entities.

Suggestions

1. Investors can consider the CP variables in investment decision-making as well as assessing the stability and effectiveness of the company in generating profit. Effective management of CP by management cab be by increasing its business activities such as increasing sales. So, it is expected to trigger an increase in profit.
2. The FCF value needs to be carefully considered because if it is too high or too low, it indicates that inefficient working capital management affects the company's sales and earnings. It is recommended for investors to evaluate the level of profit earned by the company. Investors need to pay attention to external factors that affect the condition of the company.
3. At the DER ratio, the company must reduce its dependence on bank loans, so the interest burden is not too heavy. It aims to minimize the value of DER and is expected to give a positive influence on dividends.
4. For investors and management companies can increase profits by increasing sales through the management of all assets owned secera effectively and efficiently, so the value of ROA can be maintained in giving a positive influence on the determination of the dividend ratio.
5. Investors need to consider various other factors that may influence the dividend decision. The results of this study indicate that the amount of dividend is not affected by CS. Companies may have a much larger asset because it is influenced by management decisions in increasing investments such as business diversification, thus affecting the decisions on the amount of dividends distributed.

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