

# Companies in the Consumer Goods Sector That Are Listed on the Indonesian Stock Exchange: Factors Affecting Their Dividend Payout Ratio and Their Impact on the Value of the Company

Basuki Surodjo<sup>1</sup>, Pudji Astuty<sup>2</sup>, Sri Sungkowati<sup>3</sup>

<sup>1</sup>[basukisurodjo@airmasgroup.co.id](mailto:basukisurodjo@airmasgroup.co.id), <sup>2</sup>[pudji\\_astuty@borobudur.co.id](mailto:pudji_astuty@borobudur.co.id), <sup>3</sup>[sungko@borobudur.ac.id](mailto:sungko@borobudur.ac.id)

Universitas Borobudur, Indonesia

**Abstract.** The purpose of this research is to examine the connection between the dividend payout ratio and other financial indicators, such as the asset turnover rate, the equity turnover rate, the debt to equity ratio, and the investment opportunity set. Data collection was carried out using purposive sampling by processing data from financial report to financial ratios. The data that has been obtained will be examined using multiple regression analysis method. The dividend payout ratio is significantly impacted by the return on asset, return on equity, and investment opportunity set all at the same time. Dividend payout ratio is positively and significantly impacted by return on equity. The dividend payout ratio is significantly and negatively impacted by the ratio of return on assets and investments to equity. Furthermore, the dividend payout ratio is only moderately affected by the debt to equity ratio. Contrarily, dividend payout ratio has a negative and considerable impact on firm value.

**Keywords:** debt on equity ratio, return on equity, return on asset

## 1 Introduction

Consumer goods has an important role in economic growth in Indonesia. In general, this sector provides a fairly large contribution in the formation of the national Gross Domestic Product (GDP) as well as foreign exchange earnings. This sector is also believed to be one of the leading sectors in an advanced economy. This consumer goods industry has a high term of trade and creates greater value added than other products.

Developing the scale of the company requires the role of investors, where investors here have a positive influence on the value of the company as a whole as well. The purpose of investors investing their funds in the capital market is to be able to own a company and obtain dividends that are distributed (Astiari et al., 2014). Investors typically outsource company management to experts in order to maximize returns (Nurlela & Islahuddin, 2008). If the share price of the company rises, the maximum return to shareholders will rise as well. When a company's share price rises, it generates more money for its owners, which in turn boosts the company's value (Taswan, 2003).

## 2 Method

The information gathered in this study is auxiliary information. The information utilized are monetary and yearly reports that have been reviewed in 2014-2020. Wellsprings of information acquired from the Indonesian Stock Trade site ([www.idx.co.id](http://www.idx.co.id)). The method used in this research is descriptive and verification method. Panel data was chosen because this investigation spans multiple years and involves numerous business entities. The goal is to make advantage of time series information. In addition, this study used a cross-sectional design because its data came from a random sample of 10 different businesses.

## 3 Result and Discussion

### Stationary Test

**Table 1: Stationery Test Model 1**

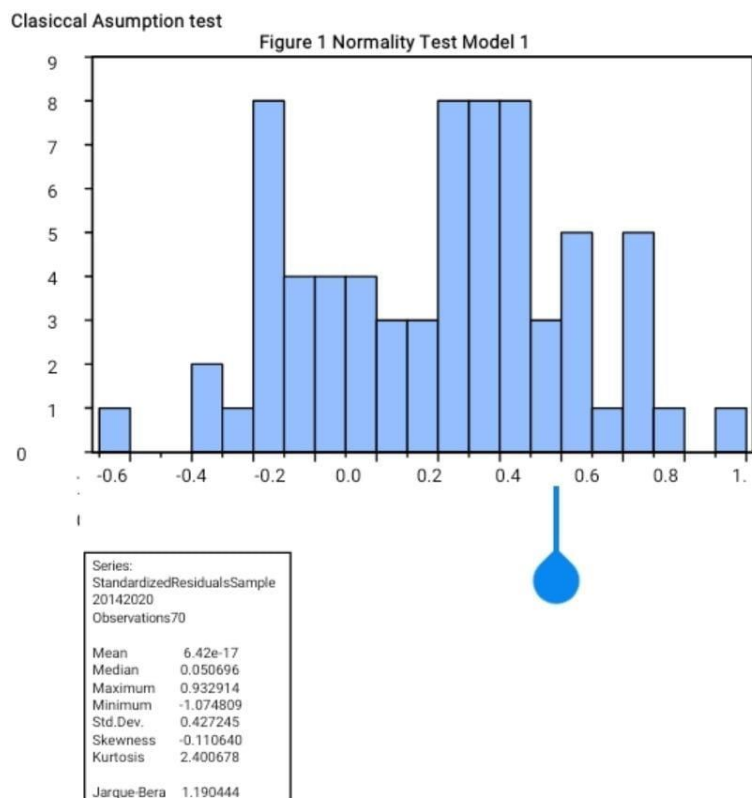
Intermediate Phillips-Perron test results D(UNTITLED)			
Series	Prob.	Bandwidth	Obs
D(Y_DPR)	0.0001	4.0	68
D(X1_ROA)	0.0001	22.0	68
D(X2_ROE)	0.0001	11.0	68
D(X3_DER)	0.0000	3.0	68
D(X4_IOS)	0.0000	14.0	68

From the test results in Table 1 unit root with pp fisher, the results obtained are all stationary variables at the level level, so that it can be continued using panel data regression.

**Table 2. Stationary Test Model II**

Series	Prob	Bandwidth	Obs
D(Z_PBV)	0.0000	3.0	68
D(Y_DPR)	0.0001	4.0	68

From the test results in Table 2 unit roots with PP Fisher, it is found that all factors are fixed at the level so the model can be kept utilizing board information relapse. Stationary test using the Philip Peron (PP) test method. The criteria are if the probability value of PP Fisher chi square < from 0.05 or 5% then the data is considered stationary but if the PP Fisher chi Square value is > from 0.05 or 5% then the data is considered not stationary



Based on the histogram of the results above, the Jarque-Bera probability is greater than the significant value or  $0.551440 > 0.05$ . In studies where the data follows a normal distribution, further investigation is permitted.

**Table 3. Heteroscedasticity Test Model 1**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
X1_ROA	-0.063402	0.159757	-0.396867	0.6930
X2_ROE	0.038046	0.148073	0.256937	0.7982
X3_DER	-0.039904	0.044545	-0.895800	0.3743
X4_IOS	0.045571	0.032907	1.384847	0.1717
C	0.235868	0.153084	1.540779	0.1291

The above table shows the results of the Glesjer tests, the independent variable Prob (X1, X2, X3, X4) is greater than 0.05. Where this research data does not occur heteroscedasticity in the model and can be continued to the next test.

**Table 4.** Multicollinearity Test Model 1

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
X1_ROA	0.080955	3.667677	3.663314
X2_ROE	0.062374	3.686962	3.676568
X3_DER	0.003689	1.333980	1.062421
X4_IOS	0.001493	5.093532	1.023151
C	0.028745	5.649537	NA

Table 4 shows the value of VIF on the Independent variable is less than 10. Where there is no multicollinearity and can be continued to the next test.

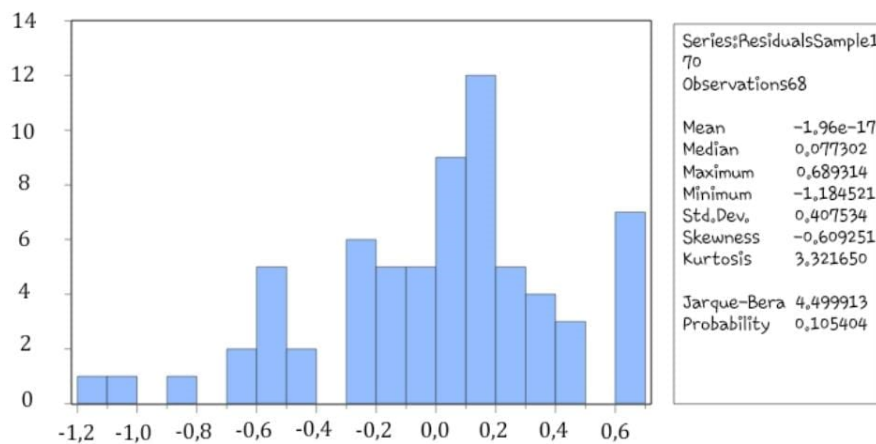
**Table 5** Autocorrelation Test Model 1

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	3.127837	Prob. F (1,64)	0.0817
Obs*R-squared	3.261666	Prob. Chi-Square (1)	0.0709

Table 5 shows that Prob. Chi-Square Obs\*R-Square is 0.0709 and greater than 0.05. This shows that there is no autocorrelation and can be continued to the next test.

**Figure 2** Normality Test Model II



Based on the histogram of the results above, it can be seen that the Jarque-Bera probability is greater than the significant value or  $0.105404 > 0.05$ . In studies where the data follows a normal distribution, more investigation is permitted.

**Table 6 Heteroscedasticity Test Model II**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Y_DPR	0.029348	0.049064	0.598156	0.5518
C	0.339582	0.050313	6.749420	0.0000

Table 6 shows the independent variable Prob ( $\hat{Y}$ ) is greater than 0.05. Where this research data does not occur heteroscedasticity in the model and can be continued to the next test.

**Table 7. Multicollinearity Test Model II**

Variable	Coefficient	Uncentered	Centered
	Variance	VIF	VIF
Y_DPR	0.075581	2.645949	1.000000
C	0.078034	2.645949	NA

Source: Processed

In view of the table above, the VIF value on the Independent variable ( $\hat{Y}$ ) is smaller than 10. Where there is no multicollinearity and can be continued to the next test.

**Table 8. Multicollinearity Test Model II**

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	2.259803	Prob. F(5,63)	0.0591
Obs*R-squared	10.64524	Prob. Chi-Square(5)	0.0589

Table 8 shows the Prob. Chi-Square Obs\*R- Square is 0.0709 and greater than 0.05. This shows that there is no autocorrelation and can be continued to the next test.

### Multiple Linear Regression Test

Judging from the t-statistical value of -4.004067 and the prob value (P-Value) of 0.0002. So it can be concluded that there is a significant and negative effect on the Return on Assets variable on the Dividend Payout Ratio. These results also support research by Amidu (2002) where the study found a negative correlation between ROA and the DPR. The regression coefficient value is -0.8873, indicating that Return on Assets reduces the value of the Dividend Payout Ratio. This caused by retained earnings as a source of funding.

Judging from the t-statistical value of 2.825436 and the prob value (P-Value) of 0.0065. The Profit from Value variable impacts the Profit Payout Proportion in a calculable and worthwhile manner. These results also support research by Dedy Nathanael Bramuli (2016) where this research confirms previous findings that ROE significantly affects the DPR. The 0.642 value of the regression coefficient shows that the dividend payout ratio improves as Return on Equity rises.

According to the statistical indicators of a t-value of -0.511442 and a P-value of 0.6111. Thus, it tends to be expressed that the Obligation to Value Proportion variable doesn't have a measurably huge and gainful impact on the Profit Payout Proportion. These outcomes likewise support the exploration by Yuni Setioowati (2013) where the aftereffects of this study show that the Obligation to Value Proportion has no measurably critical and constructive outcome on the Profit Payout Proportion.

The regression coefficient value is -0.052, indicating that the Debt to Equity Ratio reduces the value of the Dividend Payout Ratio. This can be caused by retained earnings as a

source of funding.

Judging from the t-statistical value of -0.511442 and the prob value (P-Value) 0.6111. Consequently, it tends to be reasoned that the Venture Opportunity Set variable doesn't have a measurably critical and constructive outcome on the Profit Payout Proportion. These outcomes additionally support research by Nina Purnasari et al., (2019) where the consequences of this study show that the Venture Opportunity Set has no measurably critical and beneficial outcome on the Profit Payout Proportion. The relapse coefficient esteem is - 0.052, demonstrating that the Venture Opportunity Set decreases the worth of the Profit Payout Proportion. The more noteworthy the venture a valuable open door for the organization, the more modest the money profit that will be conveyed to investors (Hery, 2013). In view of the determined importance worth of 0.00000 0.05 displayed in Table 7, it very well may be presumed that the profit payout proportion is altogether impacted by the factors of return on value, return on value, obligation to value proportion, and venture opportunity set.

Judging from the t-statistical value of -2.067244 and the value of prob (P-Value) 0.0431. So it very well may be reasoned that there is a huge and adverse impact on the Profit Payout Proportion variable on firm worth. These outcomes likewise support research by Fendy Luqman Ilhamsyah (2017) where the consequences of this study show that the Profit Payout Proportion has a genuinely huge and adverse consequence on firm worth. The negative worth of the relapse coefficient (- 0.851) recommends that a high profit payout proportion is unfavorable to an organization's worth. This is because of the use of held profit as a supporting component.

Based on the regression coefficient value above, it shows that not all independent variables will affect the increase or decrease in the dependent variable. This is indicated by the results of the regression coefficient of Return on Assets and the firm value of the Dividend Payout Ratio or vice versa. Quoted from Kontan.co.id "Throughout 2019, the consumer goods sector stock index was the most depressed, corrected by 20.11%. Worse when compared to 2018 which was corrected by 10.21%." This shows the decline in stock prices due to lack of buying interest. When the value of shares in the company, the retained earnings will increase. According to Sartono (2015), the proportion of earnings kept by the business as opposed to distributed in the form of dividends is called the dividend payout ratio. As a company's retained earnings rise, the proportion of its earnings that is distributed as dividends falls.

#### **4 Conclusion**

Research shows that the Profit Payout Proportion in IDX that arrangement in client products somewhere in the range of 2014 and 2020 is essentially impacted by the synchronous factors of Return on Value, Obligation to Value Proportion, Return on Resources, and Venture An amazing open door. The Profit Payout Proportion is essentially and well affected by the Profit from Value variable. The Profit Payout Proportion is consequently adversely affected by the Profit from Resources and Venture Opportunity Set factors. Organizations recorded on the IDX that work in the purchaser products industry throughout the long term 2014-2020 show a positive relationship between's the Profit Payout Proportion and the Obligation to Value Proportion, albeit just to some degree. The Profit Payout Proportion variable affects Cost to Book Worth (PBV) or organization esteem in client great area organizations recorded on the IDX in 2014-2020.

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