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THE EFFECT OF CURRENT RATIO, DEBT TO EQUITY RATIO AND GROWTH ON DIVIDEND POLICY IN FOOD AND BEVERAGE COMPANIES THAT LISTED ON INDONESIA STOCK EXCHANGE

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ABSTRACT

This study aims to analyze the effect of *Current Ratio, Debt To Equity Ratio* and *Growth* on Dividend Policy in *Food and Beverage Companies* Listed on the Indonesia Stock Exchange. The population in this study are all *food and beverage companies* listed on the Indonesia Stock Exchange (IDX) in the 2017-2021 period. The sampling technique in this study used *purposive sampling* , namely the technique of determining the sample with certain criteria. The data used in this study are secondary data, through intermediary media obtained from the Indonesia Stock Exchange (IDX) in the form of financial statements of companies listed on the Indonesia Stock Exchange (IDX) for the 2017-2021 period. The results showed that CR had no significant negative effect on dividend policy , DER had no significant positive effect on dividend policy and *growth* bet had a significant positive effect on dividend policy in *food and beverage* companies listed on the Indonesia Stock Exchange (IDX) .

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1. INTRODUCTION

The intense business competition in the current era of globalization cannot be separated from the influence of developments in the political, economic, social environment, as well as technological advances which have caused world economic activity to experience rapid development. Companies are expected to be able to manage their management functions properly so that they are able to adapt and be able to read situations that occur. Funding, companies are faced with problems regarding dividend policy. Dividend policy is a policy to share profits with shareholders which will be distributed in the form of dividends and the amount of retained earnings for business development needs (Muslih and Evirawanti, 2021).

According to Utami and Damayanti (2018) dividend policy is a decision whether the profit earned by the company at the end of the year will be distributed to shareholders in the form of dividends or will be withheld to increase capital to finance investment in the future. The research object to be conducted is a *food and beverage* company listed on the Indonesia Stock Exchange. *food and beverage* company is a large-scale company when compared to other companies so that it can make comparisons between one company and another. The food and beverage industry also contributed 6.21 percent to national GDP in 2018-2019, up 3.85 percent compared to the same period the previous year (Ministry of Industry, 2019). The Ministry of Industry noted that the food and beverage industry was able to grow by up to 8.67% in 2019. This performance surpassed national economic growth. In Table 1 below is a list of food *and beverage companies* registered on the Indonesia Stock Exchange and consistently pay dividends period 2017 -2021 .

Table 1. Dividend Payout Ratio for Food and Beverage Companies for the 2017-2021 period

No.	Company name	2017	2018	2019	2020	2021	Information
1	PT Tiga Pilar Sejahtera Food Tbk	258	17.50	173	168	65,86	fluctuating
2	PT Tri Banyan Tirta Tbk	257	3.35	110	370	32,12	fluctuating
3	PT Wilmar Cahaya Indonesia Tbk	339	92.6	112.49	100	40,51	fluctuating
4	PT Delta Djakarta Tbk	276	88	276	132	22,2	fluctuating
5	PT Indofood CBP Sukses Makmur Tbk	48	168	189	282	338	Go on

6	PT Indofood Sukses Makmur Tbk	283	100	427	402	316	fluctuating
7	PT Multi Bintang Indonesia Tbk	56	581	572	554	223	fluctuating
8	PT Mayora Indah Tbk	25	71	42	41	69,7	fluctuating
9	PT Nippon Indosari Corpindo Tbk	22	5,82	9.78	25,73	46,1	fluctuating
10	PT Sekar Laut Tbk	37	7	9	15	77	fluctuating
11	PT Ultrajaya Milk Industry Co. Tbk	332	10	12	12	21	fluctuating
12	PT Buyung Poetra Sembada Tbk	136	6	11	3	7	fluctuating

Source: www.idx.co.id and www.investing.com , 2022

Based on Table 1, there are 11 *food and beverage* companies with fluctuating information and 1 company with increasing information .

2. METHODS

The type of data used in this research is documentary data. Documentary data can be in the form of invoices, journals, letters, minutes of meetings, memos, or in the form of program reports (Sugiyono, 2020). Documentary data in this study is in the form of annual financial report data of companies listed on the Indonesia Stock Exchange (IDX).

The source of data used in this research is secondary data, secondary data according to Sugiyono (2020) are data sources that do not directly provide data to data collectors, for example through other people or through documents, namely through intermediary media obtained from the Indonesia Stock Exchange (IDX). in the form of financial reports of *food and beverage companies* listed on the IDX for the 2017-2021 period. Secondary data is generally in the form of evidence, historical records or reports that have been compiled in published and unpublished archives (documentary data). The data source used in this study came from www.idx.co.id and www.sahamok.com . The population of this research is all consistent *food and beverage companies* listed on the IDX in the 2017-2021 period. The sampling technique in this study used *purposive sampling* with the following criteria:

a. *Food and Beverage* companies listed on the IDX in 2017-2021.
b. Companies listed on the IDX and published financial reports for 2017-2021.
c. Companies that publish data related to research variables, especially dividend policies for five consecutive years in 2017-2021.

Analysis Method

The research to be conducted, the analysis technique used is multiple linear regression. Multiple linear regression is used to measure the effect of more than one independent variable on the dependent variable. To see the effect of *Current Ratio, Debt To Equity Ratio* and *Growth* on Dividend Policy , it can be formulated as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Information:

Y = Dividend Policy
α = Constant
β_1 = Regression Coefficient *current ratio*
β_2 = Regression Coefficient *debt to equity ratio*
β_3 = *Growth Regression Coefficient*
X_1 = *current ratio*
X_2 = *debt to equity ratio*
X_3 = *growth*
e = Standard error

a. Partial Test (t test) Right Side

According to Ghozali (2018) a partial test is used to determine the effect of each independent variable on the dependent variable. Partial test (t test) is intended to see how far the influence of the

independent variables and can explain the variation of the dependent variable. As for those used to prove H_1, H_2, H_3 and for the steps or stages of the t test using significance, namely as follows:

H_0 : $\beta_1; \beta_2; \beta_3 \leq 0$, meaning that *the current ratio* and *growth* do not have a positive effect on dividend policy.

Ha: $\beta 1_; \beta_2; \beta_3 > 0$, meaning that *the current ratio* and *growth* have a positive effect on dividend policy.

To test the hypothesis, it can be done by looking at the significance value (sig). Based on the significance value (sig), then:

1) If the significance value (sig). <probability 0.05, so there is an influence of the independent variable (X) on the dependent variable (Y) or the hypothesis is accepted.
2) If the significance value (sig). > probability 0.05, so there is no effect of the independent variable (X) on the dependent variable (Y) or the hypothesis is rejected.

The criteria for H2 are as follows:

H_0 : $\beta_2 \leq 0$, meaning that *the debt to equity ratio* has no negative effect on dividend policy.

Ha: $\beta_2 > 0$, meaning that *the debt to equity ratio* has a negative effect on dividend policy.

To test the hypothesis, it can be done by looking at the significance value (sig). Based on the significance value (sig), then:

1) If the significance value (sig). <probability 0.05 and beta is negative then H2 is accepted.
2) If the significance value (sig). > probability 0.05 and beta is positive, then H2 is rejected.
3)

b. Test of Determination (Test R^2)

The determination test shows how much the independent variables in the model can explain the dependent variable. The determination test used in this study is to use the R 2 determination · . The interpretation of the results of the coefficient of determination R^2 is:

1) If the coefficient of determination R2 gets closer to one, it means that the independent variables provide almost all of the information provided to predict the dependent variables.
2) If the coefficient of determination R2 gets closer to zero, the independent variable on the dependent variable gets smaller.

3. RESULT AND DISCUSSION

Classical Assumption Test

a. Normality test

Table 1. Normality test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residuals
N		10
Normal Parameters [a,b]	Means	.0000000
	std. Deviation	10.76668301
Most Extreme Differences	absolute	.208
	Positive	.127
	Negative	-.208
Test Statistics		.208
asymp. Sig. (2-tailed)		.200 [c,d]

It can be seen that the results of the normality test of *the One-Sample Kolmogorov-Smirnov Test* obtained an asymp Sig (2-tailed) value of 0.200 more than 0.05, so the data is said to be normal, so you can continue the next classical assumption test.

b. Multicollinearity Test

Table 2. Multicollinearity Test

Collinearity Statistics	
tolerance	**VIF**
.221	4,529
.402	2,489
.412	2,427

The results do not occur multicollinearity because the *Tolerance value* is more than 0.10 and the VIF value is less than 10 and the Tolerance value < 0.10 and VIF > 10, it can be concluded that there is no multicollinearity.

c. Autocorrelation Test

Table 3. Autocorrelation Test

Run Test

	Unstandardized Residuals
Test Value [a]	-1.23525
Cases < Test Value	5
Cases >= Test Value	5
Total Cases	10
Number of Runs	6
Z	.000
asymp. Sig. (2-tailed)	1,000

a. Median

The autocorrelation test results show an asymp sig value of 1.000, which means it is greater than 0.05. So it can be concluded that the residuals are random or there is no autocorrelation between residual values.

d. Heteroscedasticity Test

Table 4. Heteroscedasticity Test

Model		Sig.	Information
	CR	0.733	There is no heteroscedasticity
	DER	0.050	There is no heteroscedasticity
	GROWTH	0.058	There is no heteroscedasticity

The significant value of the independent variable is above 0.05. So it can be concluded that there is no heteroscedasticity.

T TEST (Hypothesis Test)

Table 5. Hypothesis Test

Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	std. Error	Betas	Q	Sig.
1	(Constant)	91,493	22,986		3,980	.000
	CR	-.474	.361	-.168	-1,314	.194
	DER	.276	.244	.135	1,130	.263
	GROWTH	2,382	.621	.495	3,837	.000

a. Dependent Variable: DPR

Based on the table above, the results of the hypothesis test are as follows:

1) first hypothesis , the effect of CR (X_1) on dividend policy (Y)

The first hypothesis states suspected CR significant positive effect to Dividend policy. Based on the results of multiple linear regression tests that have been carried out between CR as variable X_1 to dividend policy as variable Y obtained a beta coefficient of -0.474 and a significance value of 0.194. It can be concluded that the beta coefficient is negative and the significance value is more than 0.05. Thus the first hypothesis which states suspected CR significant positive effect on dividend policy rejected. The results showed that CR no significant negative effect on dividend policy.

2) Results of the second hypothesis, Effect of DER (X_2) on dividend policy (Y)

The second hypothesis states that DER is suspected significant negative effect to Dividend policy. Based on the results of multiple linear regression tests that have been carried out between DER as variable X_2 to dividend policy as variable Y obtained a beta coefficient of 0.276 and a significance value of 0.263. It can be concluded that the value of the beta coefficient is positive and the significance value is more than 0.05. Thus the second hypothesis which states suspected DER significant negative effect on dividend policy rejected.

3) Results of the third hypothesis , Effect of Growth (X_3) on dividend policy (Y)

The third hypothesis states that growth is suspected significant positive effect to Dividend policy. Based on the results of multiple linear regression tests that have been carried out between growth as variable X_3 to dividend policy as variable Y obtained a beta coefficient of 2.382 and a significance value of 0.000, it can be concluded that the beta coefficient is positive and the significance value is less than 0.05. Thus the third hypothesis which states suspected *growth* significant positive effect on dividend policy accepted.

4. CONCLUSION

Based on the research results, it can be concluded that variable CR has no significant negative effect on dividend policy on *food and beverage* companies listed on the Indonesia Stock Exchange (IDX) , DER has no significant positive effect on dividend policy on *food and beverage* companies listed on the Indonesia Stock Exchange (IDX) and *growth* has a significant positive effect on dividend policies in *food and beverage* companies listed on the Indonesia Stock Exchange (IDX)

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