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THE EFFECT OF RETURN ON ASSETS (ROA), NET PROFIT MARGIN (NPM), TOTAL ASSET TURNOVER (TATO), AND STOCK PRICE ON DIVIDEND POLICY IN MANUFACTURING COMPANIES LISTED ON IDX 2016-2020.

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ABSTRACT

The purpose of this study is to see the effect of Return On Assets (ROA), Net Profit Margin (NPM), Total Asset Turnover (TATO) and Stock Price on Dividend Policy in Manufacturing Companies Listed on the IDX 2016-2020. both partially and simultaneously. Dividend policy is a decision whether the profit earned by the company will be distributed to shareholders as dividends or will be retained in the form of retained earnings for future investment financing. Each company will announce its dividend policy to the public and the dividend announcement is one of the information that the market will respond to, because dividends are considered an indicator of the company's prospects so that they affect the value of the company. An increase in dividend payments shows a good signal and the market will certainly respond positively. Conversely, company policy in reducing dividend payments will give a bad signal and as a result the market will react negatively. The population in the study has all manufacturing companies listed on the IDX for the 2016-2020 period, namely 177 companies and samples with a total of 150 units of analysis. The research method applies multiple linear regression analysis techniques. The results of the study are Return On Assets (ROA), Net Profit Margin (NPM), Total Asset Turnover (TATO) and Stock Price partially and jointly affect the Dividend Policy in Manufacturing Companies Listed on the IDX 2016-2020.

1. INTRODUCTION

Industrial development in Indonesia today makes every existing company compete to advance their company. Every company starts a new policy to obtain maximum profit in the midst of intense business competition. Such as increasing the country's foreign exchange earnings, providing employment, meeting domestic consumption needs. However, Indonesia's economy is currently weak, so many companies are affected, including those in the industrial sector. To maintain it, the company competes for funds to maintain the continuity of the company in the future.

Dividend policy is a decision whether the profit earned by the company will be distributed to shareholders as dividends or will be retained in the form of retained earnings to finance future investments. Each company will announce its dividend policy to the public and the dividend announcement is one of the information that the market will respond to, because dividends are considered an indicator of the

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company's prospects so that they affect the value of the company. An increase in dividend payments indicates a good signal and the market will certainly respond positively. Conversely, a company's policy of lowering dividend payments will give a bad signal and as a result the market will react negatively.

Return On Assets (ROA) shows an indicator of the financial health of a company that is needed to assess potential changes in economic resources that may be controlled in the future, so as to predict the company's capacity to generate cash and to formulate the effectiveness of mining companies in utilizing additional resources. The financial condition and development of mining companies that are healthy and reflect efficiency in the company's financial performance, especially Return On Assets (ROA), are the main demands to be able to compete with other companies. Developing technology and increasing specialization within the company have encouraged companies to increase investment in fixed assets and working capital.

Net Profit Margin (NPM) is a ratio used in generating net profit and this ratio is very important for operations managers because it reflects the sales pricing strategy adopted by the company to control operating expenses. One of the ratios used is Net Profit Margin (NPM) which shows the company's ability to generate net profit. A large Net Profit Margin (NPM) is not necessarily a measure that the company has worked efficiently. The level of efficiency is only known by comparing the net profit margin obtained with the wealth or capital that produces the net profit margin.

Total Asset Turnover (TATO) is a ratio used to measure the turnover of all assets owned by the company and measure how much sales are obtained from each asset. The higher the Total Asset Turnover, the higher the net profit generated will increase so that the company can utilize these assets to increase sales which affect revenue.

Shares are one of the securities traded in the capital market. Therefore, stock prices always fluctuate up and down from time to time. The ideal price of a stock is one that fully reflects the company's instrinsic value.

2. METHOD

2.1 Type and Data Source

The population of this study were all manufacturing companies listed on the IDX for the 2016-2020 period, namely 177 companies.

According to Sugiyono (2014: 156), the sample is part of the total population to be studied. The sampling technique used by researchers is purposive sampling technique. Purposive Sampling is a sample selection based on certain criteria set by the researcher. The following are the criteria used by researchers in sampling:

1. Manufacturing companies listed on the IDX in 2016 - 2020.
2. Manufacturing companies that do not use the Rupiah currency from 2016-2020.
3. Manufacturing companies that do not get dividends during 2016 - 2020.

2.2 Analysis Method

The research method is basically a scientific way to get data with specific purposes and uses. This research uses quantitative descriptive methods. Quantitative descriptive research method can be interpreted as a research method based on the philosophy of positivism, used to research on certain populations or samples, data collection using research instruments, quantitative or statistical data analysis, with the aim of testing predetermined hypotheses. This research was conducted to determine and analyze the effect of independent variables consisting of Return On Assets (ROA), Net Profit Margin (NPM), Total Asset Turnover (TATO) and Stock Price on related variables, namely dividend policy processed with the help of the SPSS version 26 program.

3. RESULT AND DISCUSSION

3.1 Result

3.1.1 Multiple Linear Regression Analysis

Table 1. Results of Multiple Linear Regression Analysis

Coefficientsa

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	,421	,147		2,873	,005
	RETURN ON ASSETS	3,190	1,202	,712	2,654	,009
	NET PROFIT MARGIN	-2,846	1,161	-,610	-2,452	,016
	TOTAL ASSETS TURNOVER	-,349	,103	-,573	-3,396	,001
	LN STOCK PRICES	,038	,018	,195	2,096	,038

a. Dependent Variable: DEVIDEND POLICY

Source: SPSS Results, 2022

Y = 0,421 + 3,190 X1 – 2,846 X2 - 0,349 X3 + 0,038 X4

The coefficient in the multiple linear regression equation is :

1. The Constant value (a) of 0.421 units means that Return On Assets (ROA), Net Profit Margin (NPM), Total Asset Turnover (TATO) and Stock Price are considered constant, then Dividend Policy in Manufacturing Companies Listed on the IDX 2016-2020 amounted to 0,421 units
2. The regression coefficient of the Return On Assets variable (b1) is 3,190 units. This proves that an increase of one unit of Return On Assets (ROA) will cause an increase in Dividend Policy in Manufacturing Companies Listed on the IDX in increase in Dividend Policy in Manufacturing Companies Listed on the IDX in 2016-2020 by 3,190 units.
3. The regression coefficient of the Net Profit Margin variable (b2) is -2,846 units. This proves that an increase of one unit of Net Profit Margin will cause a decrease of one unit of Return On Assets (ROA). a decrease of one unit of Return On Assets (ROA) will cause an increase in Dividend Policy in Manufacturing Companies Listed on the IDX 2016-2020 by 2,846 unit.
4. The regression coefficient of the Total Asset Turnover variable (b3) is -0,349 units. This proves that an increase of one unit of Total Asset Turnover will lead to a decrease in Dividend Policy in Manufacturing Companies Listed on the IDX in 2016-2020 by 0,349 units.
5. The regression coefficient of the stock price variable (b4) is 0,038 units. This proves that an increase of one unit of stock price will cause an increase in dividend policy in Manufacturing Companies Listed on the IDX in increase in Dividend Policy in Manufacturing Companies Listed on the IDX in 2016-2020 by 0,038 units.

3.1.2 Coefficient of Determination

Table 2. Results of the Coefficient of Determination

Model Summaryb

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,332a	,110	,081	,21819

a. Predictors: (Constant), LN STOCK PRICE, TOTAL ASSET TURNOVER, NET PROFIT MARGIN, RETURN ON ASSETS

b. Dependent Variable: DEVIDEND POLICY

Source: SPSS Results, 2022

The table proves that the result of the coefficient of determination test is the amount of adjusted R Square is 0.081, then Return On Assets (ROA), Net Profit Margin (NPM), Total Asset Turnover (TATO) and Stock Prices Against Dividend Policy in Manufacturing Companies Listed on the IDX 2016-2020 is 8.1%. while the remaining 91.90% is influenced by other factors not examined in this study such as solvency.

3.1.3 Partial (t-test)

The t test is used to determine whether there is a significant (significant) relationship or influence between the independent variables partially on the dependent variable.

Table 3. Simultaneous Test (t Test)
Coefficientsa

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	,421	,147		2,873	,005
	RETURN ON ASSETS	3,190	1,202	,712	2,645	,009
	NET PROFIT MARGIN	-2,846	1,161	-,610	-2,452	,016
	TOTAL ASSETS TURNOVER	-,349	,103	-,573	-3,396	,001
	LN STOCK PRICES	,038	,018	,195	2,096	,038

a. Dependent Variable: DEVIDEND POLICY
Source: SPSS Results, 2022

Proving that the independent variable partially influences the dependent variable is :

1. Return On Assets variable with a significant value of 0,009 < 0,05 or a value of 2,654 > 1,97912, then Return On Assets partially affects the Dividend Policy in Manufacturing Companies Listed on the IDX 2016-2020.
2. The Net Profit Margin variable with a significant value of 0,016 < 0,05 or a value of -2,452 > 1,97912, so Net Profit Margin partially affects the Dividend Policy in Manufacturing Companies Listed on the IDX 2016-2020.
3. Total Assets Turnover variable with a value of 0.001 <0.05 or a value of -3.396> 1.97912, then Total Assets Turnover partially affects Dividend Policy in Manufacturing Companies Listed on the IDX 2016-2020.
4. The Share Price variable with a significant value of 0.038 <0.05 or 2.096> 1.97912, so the share price partially affects the Dividend Policy in Manufacturing Companies Listed on the IDX in 2016-2020.

3.1.4 Simultaneous Test (F Test)

The F statistic test basically shows whether all the independent variables included in the model have a simultaneous effect on the dependent variable.

Table 4. Simultaneous Test (F Test)

ANOVAa

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0,709	4	,117	3,725	,007[a]
	Residual	5,713	120	,048		

Total	6,422	124			

Dependent Variable: DEVIDEND POLICY
Predictors: (Constant), LN STOCK PRICE, TOTAL ASSET TURNOVER, NET PROFIT MARGIN, RETURN ON ASSETS
Source: SPSS Results, 2022

It can be understood that the calculated F value is 3.725 whose significance level is 0.007. While the F table at the 95% confidence level (α = 0.05) is 2.68, because F count > F table or 3.725 > 2.68 with a significant 0.007 <0.05. This proves that Return On Assets (ROA), Net Profit Margin (NPM), Total Asset Turnover (TATO) and Share Price together affect the Dividend Policy. Shares together affect the Dividend Policy in Manufacturing Companies Listed on the IDX 2016-2020.

3.2 Discussion

3.2.1 Effect of Return On Assets on Dividend Policy

The results of this study prove that *Return On Assets* partially has an effect on Dividend Policy in Manufacturing Companies Listed on the IDX 2016-2020. This can be seen from the significant value of 0.009 <0.05 or the value of 2.654> 1.97912.

The results of this study are in line with Hery's theory (2016: 192) which states that it is a ratio used to measure the company's ability to generate profits from its normal business activities.

The conclusion of this study is that Return On Assets partially has an effect on Dividend Policy in Manufacturing Companies Listed on the IDX 2016-2020.

3.2.2 The Effect of Net Profit Margin on Dividend Policy

The results of this study prove that Net Profit Margin partially has an effect on Dividend Policy in Manufacturing Companies Listed on the IDX 2016-2020. This can be seen from the significant value of 0.016 <0.05 or the value of -2.452> 1.97912.

The results of this study are in line with Kasmir's theory (2015: 197) which states that Net Profit Margin is the relationship between net profit after tax and sales, which shows the ability of management to run the company to be successful in recovering or controlling the cost of merchandise operating expenses, depreciation, loan interest and taxes.

The conclusion of this study is that Net Profit Margin partially affects Dividend Policy in Manufacturing Companies Listed on the IDX 2016-2020.

3.2.3 The Effect of Total Assets Turnover on Dividend Policy

The results of this study prove that Total Assets Turnover partially has an influence on Dividend Policy in Manufacturing Companies Listed on the IDX 2016-2020. This can be seen from the significant value of 0.001 <0.05 or the value of -3.396> 1.97912.

The results of this study are in line with Hery's theory (2016: 389) which states that Total Asset Turnover is the ratio between net sales and total assets.

The conclusion of this study is that Total Assets Turnover partially has an influence on Dividend Policy in Manufacturing Companies Listed on the IDX 2016-2020.

3.2.4 Effect of Stock Price on Dividend Policy

The results of this study prove that stock prices partially affect Dividend Policy in Manufacturing Companies Listed on the IDX 2016-2020. This can be seen from the significant value of 0.038 <0.05 or 2.096> 1.97912.

The results of this study are in line with the theory of Darmadji and Fakhrudin (2012: 102) which states that the stock price is the price that occurs on the stock exchange at a certain time.

The conclusion of this study is that the stock price partially influences the Dividend Policy in Manufacturing Companies Listed on the IDX 2016-2020.

3.2.5 Effect of Return On Assets (ROA), Net Profit Margin (NPM), Total Asset Turnover (TATO) and Stock Price on Dividend Policy

The results of this study prove that Return On Assets (ROA), Net Profit Margin (NPM), Total Asset Turnover (TATO) and Stock Price together affect the Dividend Policy in Manufacturing Companies Listed on the IDX 2016-2020. This can be seen from the value of 3.725> 2.68 with a significant 0.007 <0.05.

The result of the coefficient of determination test is the amount of adjusted R Square is 0.081, then Return On Assets (ROA), Net Profit Margin (NPM), Total Asset Turnover (TATO) and Stock Prices Against Dividend Policy in Manufacturing Companies Listed on the IDX 2016-2020 is 8.1% while the remaining 91.90% is influenced by other factors not examined in this study such as solvency.

4. Conclusion

1. The *Return On Assets* variable partially has an influence on Dividend Policy in Manufacturing Companies Listed on the IDX 2016-2020. This can be seen from the significant value of 0.009 <0.05 or the value of 2.654> 1.97912..
2. The *Net Profit Margin* variable partially has an influence on Dividend Policy in Manufacturing Companies Listed on the IDX 2016-2020. This can be seen from the significant value of 0.016 <0.05 or the value of -2.452> 1.97912.
3. The *Total Assets Turnover* variable partially has an influence on Dividend Policy in Manufacturing Companies Listed on the IDX 2016-2020. This can be seen from the significant value of 0.001 <0.05 or the value of -3.396> 1.97912..
4. The Share Price variable partially has an influence on Dividend Policy in Manufacturing Companies Listed on the IDX 2016-2020. This can be seen from the significant value of 0.038 <0.05 or 2.096> 1.97912.
5. The variables *Return On Assets* (ROA), *Net Profit Margin* (NPM), *Total Asset Turnover* (TATO) and Stock Price together affect the Dividend Policy in Manufacturing Companies Listed on the IDX 2016-2020. This can be seen from the value of 3.725> 2.68 with a significant 0.007 <0.05.

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