THE EFFECT OF RETURN ON ASSET, DEBT TO EQUITY RATIO, AND FIRM SIZE ON FIRM VALUE WITH DEVIDEND PAYOUT RATIO AS MEDIATION VARIABLES IN MANUFACTURING COMPANIES IN THE CONSUMER GOODS SUB-SECTOR LISTED ON THE INDONESIA STOCK EXCHANGE FOR THE 2015-2019 PERIOD

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ABSTRACT

Along with the development of the business world, companies often face various obstacles. Firm value is an investor's perception of the company's level of success associated with stock prices. So, the stock price is a price that trades shares in the Indonesian capital market. The higher the value of the company, the higher the level of market confidence in the company. This study aims to determine the effect of return on assets, debt to equity ratio and firm size on firm value through dividend policy as an intervening variable. This quantitative research uses secondary data. Samples were collected by purposive sampling. Obtained data from 16 companies for 5 years used in the research sample. Data analysis in this study used SPSS analysis. This study has the results of return on assets, and the size of the company has an effect on the Dividend Payout Ratio. The test results also reveal that the debt to equity ratio has no effect on the Dividend Payout Ratio. The results of this study also show that Return on assets, Debt to Equity Ratio affect firm value through dividend payout ratio and firm size does not affect firm value through dividend payout ratio in Manufacturing Companies Sub-sector of Consumer Goods Listed on the Indonesia Stock Exchange for the period 2015 – 2019.

Keywords*:* Return On Assets, Debt to Equity Ratio, Firm size, Firm Value, Dividend Payout Ratio

INTRODUCTION

Today, in the business world, both large and small companies, is developing its business to anticipate increasingly sharp competition in an increasingly global market. The market confidence is not only on the company's current performance but also on the company's prospects in the future. Barriers are often a problem for companies on firm value due to measuring the value of the company from the stock price in the company that often declines and even goes up and down. The importance of return on assets for the company is that profitability is an indicator of the company's ability to generate profits for shareholders as well as an element in the creation of company value that shows the company's prospects in the future.

A good return on assets will provide benefits for the company and shareholders. For the company, it will get an injection of funds from investors and increase the market value of the company. As for investors, they will get profits in the form of dividends or capital gains from these investments. The consumer goods industry sector was chosen because it is the largest number of sectors listed on the Indonesia Stock Exchange when compared to other sectors. This shows that the status of the consumer goods industrial sector in the Indonesian economy occupies a dominant position.

PT. Delta Djakarta Tbk had a net profit after tax in 2019 of IDR 317,815,177,000, a decrease with the share price in 2019 increasing by IDR 6,800 and cash dividends in 2019 increasing by IDR 382,134,244,000. PT. Indofood CBP Sukses Makmur Tbk has total debt in 2016 increased by Rp 10,401,125,000,000 with share price in 2016 decreased by Rp 8,575 and cash dividends in 2016 increased by Rp 1,492,724,000,000 . PT. Multi Bintang Indonesia Tbk has total assets in 2019 which increased by Rp. 2,896,950,000,000 with the share price in 2019 decreasing by Rp. 15,500 and cash dividends in 2019 increasing by Rp. 1,129,352,000,000.

THEORETICAL BASIS

FIRM SIZE THEORY

In the world of stock investment, the PBV (Price to Book Value) ratio is known, which is a ratio that compares the stock price with the book value of the stock. Thus, the PBV (Price to Book Value) ratio formula is the share price per share divided by the book value per share. Meanwhile, to find the book value per share is to divide the total equity by the number of shares outstanding Budiman (2017:52)

RETURN ON ASSETS THEORY

Return on assets is a ratio that shows how big the contribution of assets in creating net income. In other words, this ratio is used to measure how much net profit will be generated from each rupiah of funds embedded in total assets Hery (2016:193)

DEBT TO EQUITY THEORY

Debt to equity ratio describes the extent to which the owner's capital can cover debts to outsiders. The smaller this ratio the better. This ratio is also called the leverage ratio. For the security of outsiders, the best ratio is if the amount of capital is greater than the amount of debt or at least the same Harahap (2018:303)

FIRM SIZE THEORY

Large companies have a striking difference in working capital compared to small companies. Large companies with many sources of funds may require less working capital compared to total assets or sales Sawir (2015:137)

DEVIDEND PAYOUT RATIO THEORY

Dividend distribution is the policy of each company. So it is not necessary for every company to distribute dividends regularly. There are times when the company does not distribute dividends because it is used to pay debts, expansion and so on. The amount of dividends varies depending on the size of the company's income and its allocation policy Wira (2015:109)

RESEARCH METHODS

This study uses a quantitative research approach. Quantitative research can be interpreted as a research method used to examine certain populations or samples, sampling techniques are generally carried out randomly, data collection uses research instruments, data analysis is quantitative / statistical with the purpose of testing the established hypothesis. This type of research is explanatory research. Explanatory research aims not only to explain a symptom or phenomenon but also to provide an explanation of how the relationship between the variables studied is related, so that judging from its objectives, explanatory research can be equated with analytical descriptive research.

The research population is 51 Manufacturing Companies in the Consumer Goods Industry Sector with a research sample of 17 Manufacturing Companies in the Consumer Goods Industry Sector with an observation sample of 80 companies.

The source of data used by the researcher is secondary data in the form of financial statements of Manufacturing Companies in the Consumer Goods Sub-Sector Listed on the Indonesia Stock Exchange for the 2015-2019 Period with the website www.idnfinancial.com.

The researcher collected financial data for this research through the internet with the website www.idx.co.id specifically for Manufacturing Companies for the Consumer Goods Sub-sector Listed on the Indonesia Stock Exchange for the 2015-2019 Period.

The variable in this study is Firm value as the dependent variable while Return On Assets, Debt to Equity Ratio and Firm Size as independent variables, Devidend Payout Ratio (DPR) as a intervening variable. The operational definition of variables can be seen in the following table:

Table 1. List of Variable Operations

No	Variable	Indicator	Scale
1.	*Return On Asset* (X_1)	$ROA = \frac{Net\ Income}{Total\ \ assets}$ *Source :* Sawir (2015:19)	Ratio
2.	*Debt to Equity Ratio* (X_2)	$\text{Debt to Equity Ratio} = \frac{TotalLiabilities}{\text{Modal}(Equity)}$ Source : Harahap (2018:303)	Ratio
3.	Firm Size (X_3)	Firm size = Ln *Total asset*	Ratio
4.	Firm Value (Y)	$PBV = \frac{\text{Market Price Per Share}}{\text{Book Value Per Share}}$ Source : Fahmi (2014:84)	Ratio
5.	*Dividen payout ratio* (Z)	$\text{Dividen } payout\ ratio = \frac{AnnualDevidendPerShare}{EarningPerShare}$ Source : Fahmi (2014:84)	Ratio

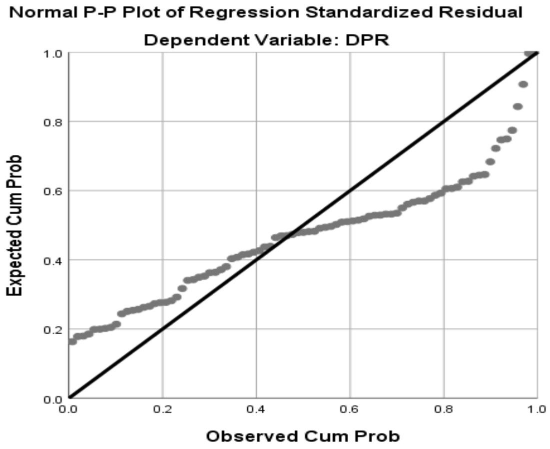
RESEARCH RESULT

Assumption Test Sub Structure I

Normality Test Results

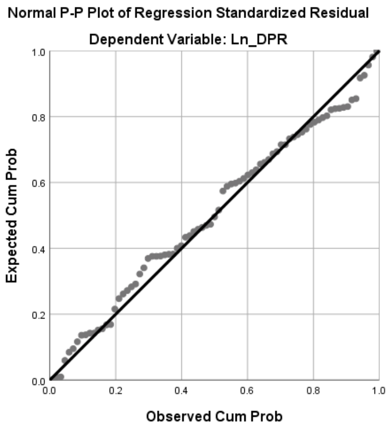
In this study, the normality test was carried out using the normality plot test by looking at the p-plot graph and the Kolmogorv-Smirnov test. The following is a graphic image of the p-plot sub-structure I

Picture 1. P-Plot Normality Test Results Before Sub-Structure Transformation I



From the picture above, it can be seen that the data does not meet the assumption of normality, because the points are away from the diagonal line. This abnormal data must be transformed as follows:

Picture 2. P-Plot Normality Test Results After Sub-Structure Transformation I



From the picture above, it can be seen that the data meet the assumption of normality, because the points follow and spread around the diagonal line.
The decision-making criteria using the Kolmogorov-Smirnov test is to have a significant value > 0.05, so it can be said that the data is normally distributed.

The table of the results of the Kolmogorov-Smirnov statistical test is as follows:

Table 2. Normality Test Results Before Sub-Structure Transformation I

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		85
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.60306561
Most Extreme Differences	Absolute	.245
	Positive	.245
	Negative	-.162
Test Statistic		.245
Asymp. Sig. (2-tailed)		.000[c]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

The test results show that the asymp value. sig (2-tailed) is 0.000 < 0.05 so it can be concluded that the data is not normally distributed. This abnormal data must be transformed as follows:

Table 3. Normality Test Results After Sub-Structure Transformation I

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		79
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.52886889
Most Extreme Differences	Absolute	.078
	Positive	.078
	Negative	-.076
Test Statistic		.078
Asymp. Sig. (2-tailed)		.200[c,d]

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

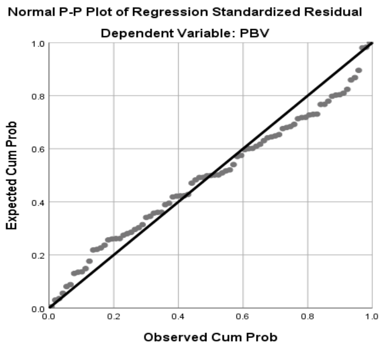
The test results show that the asymp value. sig (2-tailed) is 0.200 > 0.05 so it can be concluded that the data is normally distributed.

Assumption Test Sub Structure II

Normality Test Results

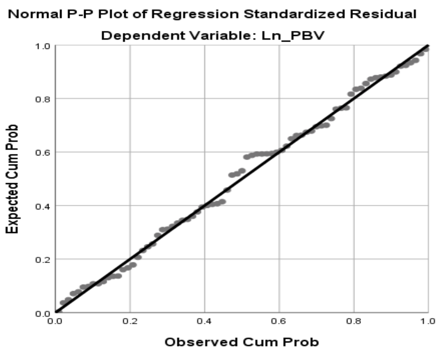
The results of the normality test using the normality plot test by looking at the p-plot graph. The test results using the normality plot test can be seen in the following figure:

Picture 3. P-Plot Normality Test Results Before Substructure II Transformation



The figure shows that the data does not meet the assumption of normality, because the points follow and move away from the diagonal line.

Picture 4. P-Plot Normality Test Results Before Substructure II Transformation



The figure shows that the data satisfies the assumption of normality, because the points follow and spread around the diagonal line. Kolmogorov-Smirnov statistical test is also used to test whether the data is normally distributed or not, with the test results shown in the following table:

Table 4. Normality Test Results Before Sub-Structure II Transformation

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		85
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	6.23426980
Most Extreme Differences	Absolute	.102
	Positive	.102
	Negative	-.083
Test Statistic		.102
Asymp. Sig. (2-tailed)		.028[c]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

From the table above it can be seen that the value of asymp. Sig (2-tailed) is 0.028 and less than 0.05, so it can be concluded that the data are not normally distributed.

Table 5. Normality Test Results After Sub-Structure II Transformation

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		75
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.49126636
Most Extreme Differences	Absolute	.077
	Positive	.043
	Negative	-.077
Test Statistic		.077
Asymp. Sig. (2-tailed)		.200[c,d]

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

From the table above it can be seen that the value of asymp. Sig (2-tailed) is 0.200 and greater than 0.05, so it can be concluded that the data is normally distributed.

DISSCUSSION

1. The Effect of Return On Asset on Dividend Payout Ratio

The results of this study are that Return on assets has an effect on the Dividend Payout Ratio in Manufacturing Companies in the Consumer Goods Industry Sector Listed on the Indonesia Stock Exchange for the 2015-2019 Period. Return on Assets PT. Chitose Internasional Tbk, which in 2019 was 0.01, decreased from 0.03 in 2018, resulting in a dividend distribution in 2019 of 0.46, a decrease from 2018 of 0.59. This is due to the lower Return on Assets generated by the company, the company's opportunity to pay dividends is also lower. Profit PT. Chitose Internasional Tbk which in 2019 amounted to Rp 7,221,065,916, decreased from 2018 of Rp 13,554,152,161 with total assets in 2019 of Rp 521,493,784,876 an increase from 2018 which was Rp 491,382,035,136. Return on Assets decreased due to a decrease in profits and an increase in total assets in 2019. Cash dividends in 2019 were Rp. 3,300,000,000, a decrease from 2018 of Rp. 8,000,000,000 with the number of shares outstanding in 2019 of Rp. 2,706,900, an increase from 2018 of Rp. 2,701,000. Dividends in 2019 decreased due to a decrease in cash dividends with an increase in the number of outstanding shares.

2. Debt to equity ratio has no effect on dividend payout ratio

The results of this study are the Debt-to-equity ratio has no effect on the Dividend Payout Ratio in Manufacturing Companies in the Consumer Goods Industry Sector Listed on the Indonesia Stock Exchange for the 2015-2019 Period. The debt incurred is high and the company continues to distribute dividends to shareholders. An increase in the debt ratio of a company means that it will not affect the income that will be received by shareholders. This can happen because the company's obligations to pay off existing debts are not financed from company profits, but are financed from external sources, namely shareholder capital. The goal is that the newly generated profits can be used to pay dividends to shareholders.

3. Firm size has no effect on dividend payout ratio
The results of this study are the size of the company has no effect on the dividend payout ratio in the Manufacturing Companies of the Consumer Goods Industry Sector Listed on the Indonesia Stock Exchange for the 2015-2019 Period. Large and small companies continue to distribute dividends to attract investors' attention.

4. Return on assets has an effect on firm value
The results of this study are that Return on assets has an effect on firm value in Manufacturing Companies in the Consumer Goods Industry Sector Listed on the Indonesia Stock Exchange for the 2015-2019 Period. Return on assets has increased then it will be able to increase the value of the company. The high level of profitability will be followed by an increase in the value of the company. High profitability indicates the company is able to earn high profits as a positive signal for investors because it allows them to have good prospects in the future. This is because companies that experience an increase in profits reflect that the company has a good performance, thus causing a positive reaction from investors and can make the company's stock price increase, increasing stock prices in the market which then increases the value of the company.

5. Debt to equity ratio has an effect on firm value
The results of this study are the Debt-to-equity ratio has a positive and significant effect on firm value. An effective Debt to equity ratio decision can lower the cost of capital issued by the company. The advantage of companies using debt is that the interest paid can be deducted for tax purposes, thereby lowering the effective cost of debt. With careful planning in determining the capital structure, it is expected that the company can increase the value of the company

6. Firm size has no effect on firm value
The results of this study are firm size has no negative and significant effect on firm value. The larger the size of the company, the value of the company is not necessarily higher. The size of the company allows shareholders (investors) sometimes not to pay too much attention to the total assets of a company, but the growth and increase in company profits are the main priority in purchasing company shares.

7. Dividend Payout Ratio has an effect on firm value
The result of this research is that the dividend payout ratio has no positive and significant effect on firm value. Dividend payout ratio is not one of the main factors that significantly affect firm value. In addition, the size of the dividends distributed to shareholders is not related to the high and low value of the company and is not a consideration for investors to invest in shares.

8. Return on assets has a positive effect on firm value through dividend payout ratio
The result of this study is that Return on assets has a positive effect on firm value through the dividend payout ratio. This is supported by Astuti, Yadnya (2019) stating, Dividend policy is able to mediate the effect of profitability on firm value. The greater the profit allows the company to increase its dividend payout ratio. Regular dividend payments even increase will give investors an idea of the good condition of the company and with good prospects, so that in the end it will increase the value of the company.

9. Debt to equity ratio has a positive effect on firm value through dividend payout ratio
The result of this study is that the debt-to-equity ratio has no positive effect on firm value through the dividend payout ratio. This is supported by Nuryani, Andini and Santoso (2018) stating that dividend policy does not mediate the effect of leverage on firm value in the Financial Institutions Sub-Sector Service Companies listed on the Indonesia Stock Exchange for the period 2012-2016.

10. Firm size has no negative and significant effect on firm value through dividend payout ratio
The results of this study are firm size has no negative and significant effect on firm value through the dividend payout ratio. This is supported by Astuti, Yadnya (2019) stating, Dividend policy is not able to mediate the effect of firm size on firm value. To reduce external financing costs that are too high, large companies will use available internal funds as retained earnings to fund their activities, causing a reduction in the dividend payout ratio. Thus the distribution of dividends is not a priority for large companies. Based on this, dividend policy is not a factor capable of mediating the effect of firm size on firm value.

CONCLUSION

Based on the results of the analysis and discussion that have been described in the previous chapter, the researchers draw the following conclusions:

1. Return on assets has an effect on the Dividend Payout Ratio in Manufacturing Companies in the Consumer Goods Sub-sector Listed on the Indonesia Stock Exchange for the 2015-2019 Period.
2. The Debt to Equity Ratio has no effect on the Dividend Payout Ratio in Manufacturing Companies in the Consumer Goods Sub-sector Listed on the Indonesia Stock Exchange for the 2015-2019 Period.
3. The size of the company affects the dividend payout ratio in the Consumer Goods Sub-sector Manufacturing Companies Listed on the Indonesia Stock Exchange for the 2015-2019 Period.
4. Return on assets has an effect on firm value in the Consumer Goods Sub-sector Manufacturing Companies Listed on the Indonesia Stock Exchange for the 2015-2019 Period.
5. Debt to equity ratio has an effect on firm value in Manufacturing Companies Sub-sector of Consumer Goods Listed on the Indonesia Stock Exchange for the 2015-2019 Period.
6. The size of the company affects the value of the company in the Consumer Goods Sub-sector Manufacturing Companies Listed on the Indonesia Stock Exchange for the 2015-2019 Period.

7. The dividend payout ratio has no effect on the value of the company in the Consumer Goods Sub-sector Manufacturing Companies Listed on the Indonesia Stock Exchange for the 2015-2019 Period.
8. Return on assets has an effect on firm value through the dividend payout ratio in Manufacturing Companies in the Consumer Goods Sub-sector Listed on the Indonesia Stock Exchange for the 2015-2019 Period.
9. Debt to equity ratio has no effect on firm value through the Dividend payout ratio in Manufacturing Companies Sub-sector of Consumer Goods Listed on the Indonesia Stock Exchange for the 2015-2019 Period.
10. The size of the company has no effect on the value of the company through the dividend payout ratio in the Manufacturing Companies of the Consumer Goods Sub-sector Listed on the Indonesia Stock Exchange for the 2015-2019 Period

SUGGESTION

The company's management should increase the return on assets by increasing the company's profit in terms of utilizing the entire assets owned in order to increase the company's stock price and management controls loans or debts on external capital in order to increase the company's stock price. To take advantage of all the assets owned by the company in large quantities to increase stock prices because large assets are usually owned by large companies and these companies have the convenience of obtaining loans. the management continues to distribute dividends so that investors are interested in investing in the company. With the distribution of this dividend can increase stock prices and expected to increase the profitability of the company in order to generate optimal profits so that the value of the company will increase in the eyes of investors.

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