

Effect of Return on Assets, Debt to Equity Ratio, Firm Size and Current Ratio on Dividend Payout Ratio (Case Study on Food and Beverage Sub-sector Manufacturing Companies Listed on the IDX for the 2016-2020 Period)

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Abstract

The purpose of this research observation is to find out whether the proposed hypothesis is the results obtained, namely whether partially and simultaneously on the Return On Assets, Debt To Equity Ratio, Firm Size and Current Ratio variables to the Dividend Payout Ratio. This research is a causal associative research. A total population of 8 companies were selected by purposive sampling. The data analysis technique used is multiple linear regression analysis. The results of this study indicate that Return on Assets does not significantly affect the Dividend Payout Ratio, Debt to Equity Ratio and Firm Size has a negative and insignificant effect on the Dividend Payout Ratio, Current Ratio has a positive and significant effect on the Dividend Payout Ratio. So the overall results of Return on Assets, Debt to Equity Ratio, Firm Size, and Current Ratio have a partial and significant effect on the Dividend Payout Ratio in manufacturing companies in the food and beverage sub-sector listed on the IDX for the period 2016 – 2020. By obtaining a total value of Adjusted R Square as many as 0.146, these four variables can explain or give an effect of 14.6% and 85.4% given other variables.

Keywords

Deviden payout ratio; return on assets; debt to equity ratio; firm size; current ratio.



I. Introduction

The current economic downturn is a difficult obstacle for the state to face. This happened due to the Covid-19 which made the country's economy decline because every day there was an increase in Covid-19 cases that had an impact on the country, which made financial conditions decrease, expenditures increased, and income decreased. This also has an impact on the company or investors. One of the industries that experienced a decline in the impact of Covid-19 was the food and beverage industry.

Development is a systematic and continuous effort made to realize something that is aspired. Development is a change towards improvement. Changes towards improvement require the mobilization of all human resources and reason to realize what is aspired. In addition, development is also very dependent on the availability of natural resource wealth. The availability of natural resources is one of the keys to economic growth in an area. (Shah, M. et al. 2020)

The food and beverage industry is a sector with great potential that makes a significant contribution to the national economy. Where this industry is one of the supporting factors to improve the declining economy. The Ministry of Industry noted that in the first quarter of 2020, the food and beverage industry sector contributed 36.4% to

manufacturing GDP. In the same period, the growth of this industrial sector reached 3.9%. Next, in the first semester of 2020, the food and beverage industry contributed the most to the achievement of export value in the manufacturing sector, with a figure exceeding USD 13.73 billion (Rp 203.9 trillion). (<https://www.minded-rakyat.com/economy/amp/pr-01809782/pandemi-covid-19-the-food-and-beverage-industry-in-progress-sector-which-continues-to-be-driven>)

Investors have the main goal in investing their funds into the company, namely to seek income or return on investment, which can be in the form of dividends or capital gains without ignoring the risks they will face. One indicator that can be used is to look at the company's dividend payment policy. This dividend policy is important, because it can affect the value of the company in the future. Dividend policy is often considered as a signal for investors in assessing the good or bad of the company, this is because dividend policy can have an influence on the company's stock price and can also increase the value of the company. The company's dividend policy can be seen in the Dividend Payout Ratio. In this policy,

Profitability is a factor considered by the board of directors in the decision to pay dividends. This is because profitability is defined as a capacity that exists in the company in order to gain profit in order to increase shareholder value. The company's profitability can be seen through the Return on Assets (ROA). The higher the company's profitability, the higher the company's cash flow and the company expects higher dividends (Fitri Ismiyanti, 2005).

Debt to Equity Ratio (DER) is a financial ratio that measures how far the company is financed by debt, where the higher the company is, the less good symptoms for the company. Therefore, the lower the DER, the higher the company's ability to pay all its dividends. This is because the use of debt as a source results in a company being obliged to bear the burden of payments on loans and interest, and must take precedence over the distribution of dividends to shareholders.

The total level of net profit in the dividend distribution decision is firm size (company size). According to Usman (2006), firm size has a positive and significant effect on the dividend payout ratio. This shows that large companies with greater market access pay dividends that are able to obtain funds in a relatively fast time. Meanwhile, company liquidity is one of the main considerations in making decisions to determine the size of the dividend to be given to stakeholders. Mollah et al., (2000) show that the position of the current ratio is an important variable considered by management in the dividend payout ratio,

The following is a phenomenon that occurs in the financial statements of the food and beverage industry, which are used for research in the 2016 – 2020 period.

Table 1. Phenomenon

CODE	Year	Net profit	Total capital	Total assets	Total Amount of debt	Dividend
LOVE	2016	20,619,309,858	326,429,838,956	399,336.626,636	72,906,787,680	8,000,000,000
	2017	29,648,261,092	382,273,759,946	476,577,841,605	94,304,081,659	5,603,500,000
	2018	13,554,152.161	388,678,577,828	491.382.035.136	102,703,457,308	6.768.550.000
	2019	7,221,065,916	389,671,404.669	521,493,784,876	131,822,380,207	3,300,000,000

	2020	249.076655	385,357,367.073	498,020,612,974	112,663,245,901	2,000,000,000
CEK	2016	249,697,013,626	887,920,113,728	1,425,964,152,418	538,044,038,690	89,250,000,000
	2017	107,420,886,839	903,044,187,067	1,392,636,444,501	489,592,257,434	26,775,000,000
	2018	92,649,656,775	976,647,575,842	1,168,956,042,706	192,308,466,864	59,500,000,000
	2019	215,459,200,242	1,131,294,696,834	1,393,079,542,074	261,784,845,240	59,500,000,000
	2020	181,812,593,992	1,260,714,994,864	1,566,673,828,068	305,958,833,204	61,109,675,000

Based on the data or table above obtained from www.idx.co.id on the variable Debt to Equity Ratio explains the phenomenon of total capital which is one of the DER indicators at PT Chitose Internasional Tbk. (CINT). The total value of capital increased in 2017 from 326,429,838,956 to 382,273,759,946 while the company's dividend value decreased in 2017 from 8,000,000,000 to 5,603,500,000 from the comparison of the two variables above, there is an opposite phenomenon, where when the value of the Debt to Equity Ratio increases, the value of the Dividend Payout Ratio decreases. Meanwhile, according to (Nining Dwi, et al. 2014) an increase in total capital should increase the value of dividends, but the fact that the value of dividends has decreased is not in accordance with the increase in total capital.

In the Firm size variable, it makes total assets as an indicator of the phenomena that occur in the company PT Chitose Internasional Tbk. (CINT). The total value of assets increased in 2019 from a value of 491,382,035,136 to 521,493,784,876, while the value of dividends decreased in 2019 from a value of 6,768,550,000 to 3,300,000.00. From the comparison of the two variables above, the opposite phenomenon occurs, where when the firm size value increases, the dividend payout ratio value decreases. Meanwhile, according to (Maura, et al. 2018) if total assets increase then it must have an increasing effect on dividends, but in fact the value of dividends has decreased not in accordance with the increase that occurred in total assets.

In the Current Ratio variable, it is an indicator of the phenomena that occur in the company PT. Wilmar Cahaaya Indonesia Tbk. (CEKA), the value of the company's total debt decreased in 2017 from 538,044,038,690 to 489,592,257,434. Likewise, the dividend value has decreased in 2017 from 89,250,000,000 to 26,775,000,000. From the results of the comparison of the two variables above, when the debt value decreases, the dividend value should increase. According to (Melinda, 2019) if the value of debt increases, the value of dividends must decrease.

In the Return on Assets variable, the net profit indicator becomes a phenomenon in the company PT. Wilmar Cahaaya Indonesia Tbk. (CEKA), the company's net profit value decreased in 2020 from 215,459,200,242 to 181,812,593,992. While the total dividend increased in 2020 from 59,500,000,000 to 61,109,675,000. From the results of the comparison of the two variables above, when the profit value decreases, the dividend value according to (Wahyuni and Hafiz, 2018) if the profit value decreases, the dividend value must decrease as well and vice versa.

Based on the background of the phenomenon above, the researchers are interested in conducting research on "The Effect of Return On Assets, Debt to Equity Ratio, Firm Size and Current Ratio on the Dividend Payout Ratio (Case Study on Manufacturing Companies in the Food and Beverage Sub-sector listed on the BEI period) 2016-2020)".

II. Review of Literature

2.1 Effect of Return On Assets (ROA) on Dividend Payout Ratio

Return on Assets (ROA) is a profitability ratio used to measure the effectiveness of the company in generating profits by utilizing the assets of the company. The bigger this ratio, the better the company's performance, because the rate of return on investment is getting bigger. According to the results of research conducted by Zufahni (2016) and

Lanawati and Amilin (2015) which stated that it was proven that Return on Assets (ROA) had a positive and significant effect on the Dividend Payout Ratio. Therefore ROA affects the Dividend Payout Ratio.

2.2 Effect of Debt to Equity Ratio (DER) on Dividend Payout Ratio

According to Muammar Hanif & Bustamam, (2019) states that: "The higher the debt to equity ratio, the lower the dividend payment rate, and vice versa if the debt to equity ratio is low, the dividend payment is higher". In the research conducted by Lanawati and Amilin (2015) and Zuhafni (2016) which stated that the Debt to Equity Ratio (DER) had a positive and significant effect on the Dividend Payout Ratio. However, this is different from Gustian and Bidayati in their research showing the Debt to Equity Ratio has a negative effect on the Dividend Payout Ratio.

2.3 Effect of Firm Size on Dividend Payout Ratio

According to research by Muammar Hanif & Bustamam (2019) which shows the results that Firm Size has a positive influence on the Dividend Payout Ratio. A large, well-established company will have easy access to the capital market, while new and small companies will experience many difficulties to have access to the capital market. Because the ease of access to the capital market is significant enough for its flexibility and ability to obtain larger funds, so that companies are able to have a higher dividend payout ratio than small companies, so Firm Size affects the Dividend Payout Ratio.

2.4 Effect of Current Ratio (CR) on Dividend Payout Ratio

Current Ratio is the company's ability to meet its short-term obligations through a number of current assets owned by the company. The higher the current ratio indicates the company's ability to meet its short-term obligations (including paying dividends payable). This is reinforced by the results of research conducted by Maulida and Azhari (2014) and Setyanusa and Rosmawati (2013) which state that the Current Ratio (CR) has a positive and significant effect on cash dividends. From the description above, the Current Ratio (CR) has an effect on the Dividend Payout Ratio.

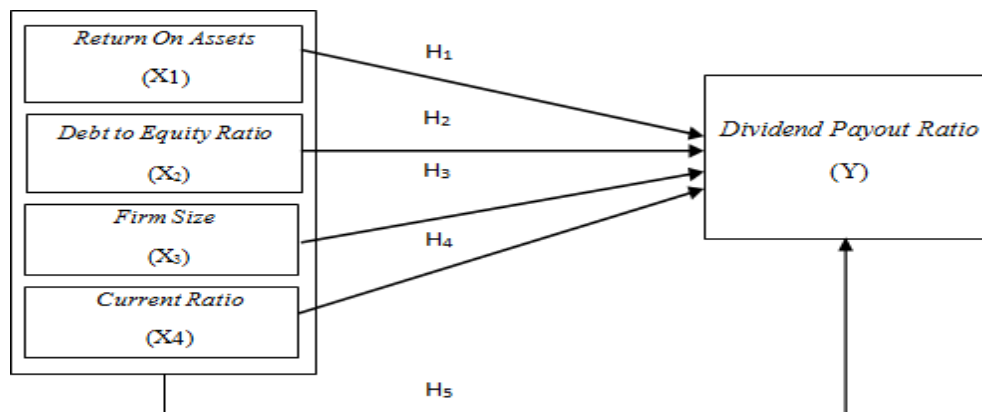


Figure 1. Conceptual framework

2.5 Research Hypothesis

The hypotheses in this study are:

1. *Return On Assets* partial effect on the Dividend Payout Ratio in food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange for the 2016 – 2020 period.
2. *Debt to Equity Ratio* partial effect on the Dividend Payout Ratio in food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange for the 2016 – 2020 period.
3. *Firm Size* partial effect on the Dividend Payout Ratio in food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange for the 2016 – 2020 period.
4. *Current Ratio* partial effect on the Dividend Payout Ratio in food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange for the 2016 – 2020 period.
5. *Return On Assets*, *Debt to Equity Ratio*, *Firm Size* and the *Current Ratio* has a simultaneous effect on the Dividend Payout Ratio in food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange for the 2016 – 2020 period.

III. Research Method

3.1. Research Method

This research uses quantitative research methods. Quantitative data used is secondary data in the form of financial reports published on the IDX. Sources of data obtained by the study of documentation.

3.2. Population and Sample

The population of this study are all manufacturing companies in the food and beverage sub-sector listed on the Indonesia Stock Exchange from 2016 to September 2020, totaling 30 companies. According to Sugiyono (2017:81), the sample is part of the number and characteristics possessed by the population. The sampling technique in this study was based on purposive sampling. According to Sugiyono (2017: 85), purposive sampling is a sampling technique with certain considerations. The criteria for selecting the sample are as follows:

1. Food and beverage sub-sector companies listed on the Indonesia Stock Exchange during 2016 – 2020.
2. Food and beverage sub-sector companies that did not publish financial reports on the Indonesia Stock Exchange during 2016 – 2020.
3. Food and beverage sub-sector companies that experienced financial loss on the Indonesia Stock Exchange during 2016 – 2020.

Table 2. Sample Selection

No	Description	Amount
1	Food and beverage sub-sector companies listed on the Indonesia Stock Exchange during 2016 – 2020	30
2	Food and beverage sub-sector companies that did not publish financial reports on the Indonesia Stock Exchange during 2016 – 2020	(5)

3	Food and beverage sub-sector companies that suffered financial losses on the Indonesia Stock Exchange during 2016 – 2020	(10)
	Number of Samples	15
	Number of Periods	5
	Number of Observations = 15 x 5	75

3.3. Data collection technique

Data collection in this study was carried out by means of a documentation study which is a technique by recording, collecting, and studying related company data taken from the financial statements of the food and beverage sub-sector companies published by the official website of the Indonesia Stock Exchange (IDX) in 2016- 2020.

3.4. Types and Sources of Research Data

The type of data used is secondary data obtained from the website www.idx.co.id in the form of company financial statements.

IV. Results and Discussion

4.1 Descriptive Statistics

The sample in this observation has 40 total data where there are 8 companies multiplied by 5 years. The following are the results of the explanation of the minimum, maximum, mean, and Std. Deviation values for each observation variable:

Table 3. Descriptive Statistics

	N	Minimum	Maximum	mean	Std. Deviation
ROA	40	.03	1.53	,2870	,38354
DER	40	,10	3.10	1.1092	,77083
FZ	40	15	31	26.04	5.099
CR	40	,59	8.64	2.8720	2.13880
DPR	40	,00	2.53	,4471	,45260
Valid N (listwise)	40				

1. The minimum return on assets is 0.03 with the maximum yield of 1.53 occurring at the Sekar Laut Tbk (SKLT) company and the mean value is 0.2870 and the Std. Deviation result is 0.38354
2. Debt to equity ratio has a minimum value of 0.10 and a maximum result of 3.10. This occurs in the Wilmar Cahaya Tbk (CEKA) company and obtains a mean value of 1.1092 with a Std. Deviation result of 0.77083
3. Firm size has a minimum value of 15 with Tunas Baru Lampung Tbk (TBLA) company and for a maximum value of 31, the mean value is 26.04 and for Std. Deviation of 5,099 was obtained by the company Indofood CBP Sukses Makmur Tbk (ICBP).

4. Current Ratio obtained a minimum value of 0.59 with a maximum result of 8.64. This happened to the company Delta Djakarta Tbk (DLTA) and obtained a mean value of 2.8720 with Std. Deviation 2.13880.
5. DPR obtained a maximum result of 0.00 with a maximum value of 2.53 for the company Nippon Indosari Corpindo Tbk (ROTI) with a mean result of 0.4471 and a Std deviation of 0.45260.

4.2 Classical Assumption Test

a. Normality Test

This test is carried out in two stages where with the graphic and statistical images with the following results:

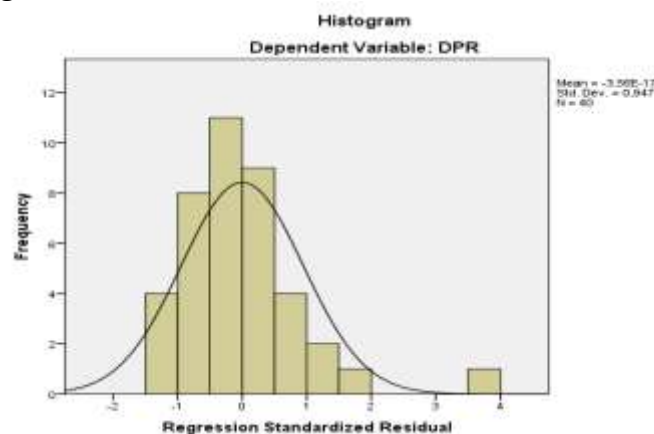


Figure 2. Histogram Normality Test

In Figure 1, the conclusion is that the data is normally distributed where the observation data tends to be symmetrical, but to find out more, whether the data is normal, the researcher will explain the second picture, namely the results of the PP Plot graph test as follows:

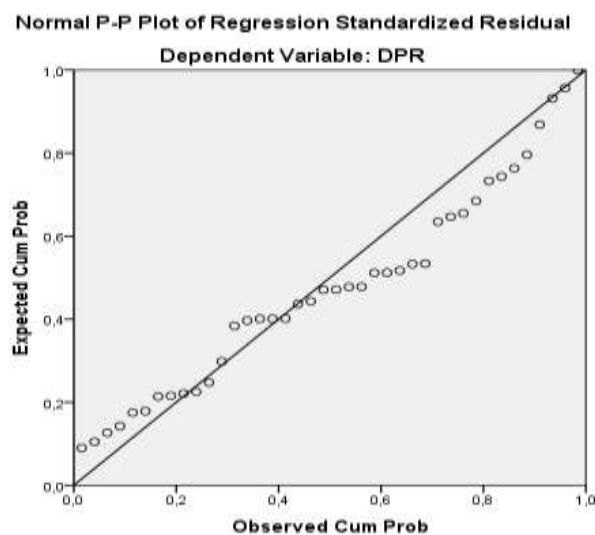


Figure 3. PP Plot Normality Test

Figure 2 explains that the points in the image above follow the parallel path of the diagonal line, with this the researcher explains that the data is normal.

Table 4. Kolmogorov. Normality Test
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		40
Normal Parameters, b	mean	0E-7
	Std. Deviation	,39615491
Most Extreme Differences	Absolute	,164
	Positive	,164
	negative	-,078
Kolmogorov-Smirnov Z		1.040
asyp. Sig. (2-tailed)		,230

a. Test distribution is Normal.

b. Calculated from data.

The results of table 3.2 explain that the Kolmogorov test has a significant value of 0.230. Where the graduation requirements in this test must have a value of <0.05 . Where compared with the results of $0.230 > 0.05$, with the conclusion that the data in this test is said to be normal and there are no symptoms of normality.

b. Multicollinearity Test

Test multicollinearity is the second test on the classical assumption test, where this test looks at the values that occur in the tolerance and VIF results.

Table 5. Multicollinearity Test Coefficientsa

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
ROA	,782	1,279
DER	,751	1.331
FZ	,708	1,412
CR	,780	1,282

a. Dependent Variable: DPR

The results in the table above explain that this observation data does not show symptoms of multicollinearity because all the variable results on tolerance get values > 0.10 and $VIF < 10$, which means that the overall data is normally distributed, because it meets the requirements for passing the multicollinearity test.

c. Autocorrelation Test

Table 6. Autocorrelation Test Model Summaryb

Model	Change Statistics					Durbin-Watson
	R Square Change	F Change	df1	df2	Sig. F Change	
1	,234	2,671	4	35	0.048	1,981

a. Predictors: (Constant), CR, FZ, ROA, DER

b. Dependent Variable: DPR

The table above explains that Watson's Durbin value is 1.981. Where $K = 4$ where is the number of variables, and $n = 40$ where is the total sample. With the conditions or criteria for the Durbin Watson table is $DU < DW < 4 - DU$. Then the results concluded that $1.7209 (DU) < 1.981 (DW) < 2.2791 (4 - DU)$. This means that the data is said to be normally distributed and there is no autocorrelation symptom.

d. Heteroscedasticity Test

Heteroscedasticity testing aims to test the regression model to see if there is an inequality between the variance variables from the residual analysis to other analyzes.

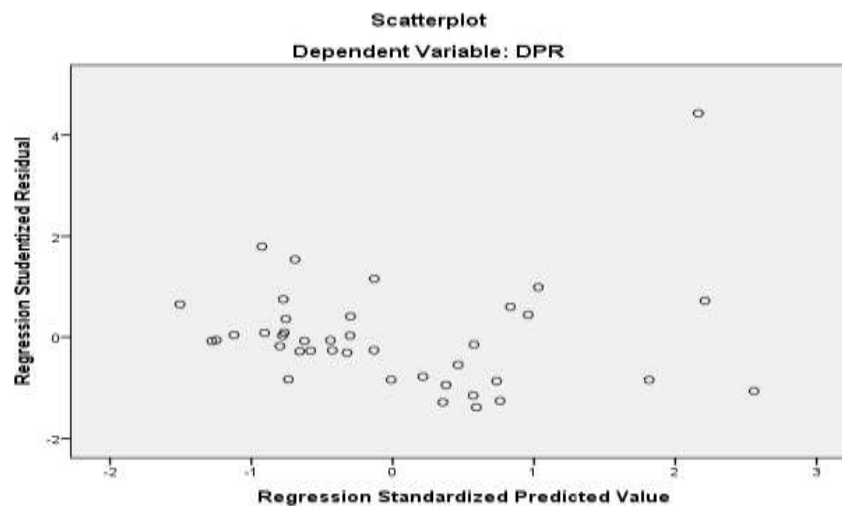


Figure 4. Scatterplot

In the picture above, the results of the scatterplot graph test above can be seen that the data points are spread above and below or around zero, do not collect, the data distribution does not form a pattern so it can be concluded that in this study there were no symptoms of heteroscedasticity.

Table 7. Park Test
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-5.826	2,781		-2.095	0.058
	ROA	1.086	,843	,346	1,289	,222
	DER	,189	,511	,098	,370	,718
	FZ	,094	,091	,274	1.036	,320
	CR	,300	,172	,465	1,741	,107

a. Dependent Variable: ABS3

From the results of the table above, it can be concluded that how many results have been obtained using the results of the park test that the results of the independent variables are not significant above 0.05, because the ROA value = 0.222, DER value = 0.718, FZ value = 0.320 and CR value = 0.107. The results of the data above have a significant value greater than the value of 0.05 ($\text{sig} > 0.05$). it is concluded that the regression model does not have the effect of heteroscedasticity. This result from this table is in line with or consistent with the results of the Scatterpolts test.

4.3 Results of Research Data Analysis

a. Research Model

Table 8. Multiple Regression Results

Coefficients ^a							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	,315	,450		,701	,488		
1 ROA	,388	,197	,329	1,964	0.058	,782	1,279
DER	,000	,100	-,001	-,004	,997	,751	1.331
FZ	-,011	0.016	-,122	-,697	,491	,708	1,412
CR	,106	0.035	,500	2,986	,005	,780	1,282

a. Dependent Variable: DPR

The results of the linear regression research method in the table above are:

$$\text{DPR} = 0.315 + 3.88 \text{ ROA} + 0.000 \text{ DER} - 0.011 \text{ FZ} + 0.106 \text{ CR}$$

Based on the regression equation, the research values include:

1. There is a constant value of 0.315. Where the ROA, DER, FZ and CR variables have 0 or constant, the DPR value is Rp. 0.315.
2. Figures The regression coefficient on the Return On Assets variable has a value of 3.88, if the coefficient value shows a positive value, then there is a relationship between the DPR. If the ROA variable increases by 1 unit then
3. Debt To Equity Ratio has a value of 0.000, if the DER coefficient value shows a positive value, then there is a relationship. If the DER value increases by 1 unit, the number will result in an increase of 0.000 to the DPR.
4. *Firm size* has a value of -0.011, the existence of a negative value on the FZ coefficient indicates the opposite direction to the value of the DPR. Then a decrease in the FZ variable by 1 unit will result in a decrease in the value of Rp. 0.011 to the DPR.
5. Current Ratio has a value of 0.106, the CR coefficient value shows an increase in the CR value of 1 unit, the number results in an increase of Rp. 0.106 to the DPR.

4.4 Coefficient of Determination (R²)

Table 9. Results of the coefficient of determination

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	
					df2	Sig. F Change
1	,484a	,234	,146	,41818	35	0.048

a. Predictors: (Constant), CR, FZ, ROA, DER

b. Dependent Variable: DPR

In the table above, there is the influence of the four independent variables on DPR or the dependent variable, it can be said that the total value of Adjusted R Square is 0.146, this is Return on Assets, Debt To Equity Ratio, Firm size, and Current Ratio can explain or give an effect of 14.6% and 85.4% given other variables.

4.5 Partial Hypothesis Testing (T Test)

Table 10. Partial Test Results

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	,315	,450		,701	,488
1 ROA	,388	,197	,329	1,964	0,058
DER	,000	,100	-,001	-,004	,997
FZ	-,011	0,016	-,122	-,697	,491
CR	,106	0,035	,500	2,986	,005

a. Dependent Variable: DPR

The magnitude of t table at probability 0.05 with 2-way significance test level and df 40 is 2.02108. The meaning of the results of this research t test can be explained one by one as follows: 16

1. *Return On Assets* has a value of $t_{count} < t_{table}$ or $1,964 < 2,02108$ and a significant value of $0,058 > 0,05$, it means that H_0 is accepted, which means that Return on Assets has no significant effect on the Dividend Payout Ratio.
2. Debt To Equity Ratio has a value of $-t_{count} > -t_{table}$ or $-0,004 > -2,02108$ or and a significant value of $0,997 > 0,05$ then H_a is accepted, which means the Debt To Equity Ratio has a negative and insignificant effect on the Dividend Payout Ratio.
3. Firm Size has a value of $-t_{count} > -t_{table}$ or $-0,697 > -2,02108$ and a significant value of $0,491 > 0,05$ then H_a is accepted, which means Firm Size has a negative and insignificant effect on the Dividend Payout Ratio.
4. *Current Ratio* have $t_{count} > t_{table}$ $2,986 > 2,02108$ or and a significant value of $0,005 < 0,05$ then H_a is accepted, which means that the Current Ratio has a positive and significant effect on the Dividend Payout Ratio.

4.6 Simultaneous Hypothesis Testing (F Test)

Table 11. F Test Results

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	1,868	4	,467	2,671	,048b
Residual	6,121	35	,175		
Total	7,989	39			

a. Dependent Variable: DPR

b. Predictors: (Constant), CR, FZ, ROA, DER

Based on the data above, the Ftable value of (df1) is 4 and (df2) is 35 with the value of Ftable = 2.64 and the significance level value is 0.05. From the result value Fcount (2.671) > Ftable (2.64) with a significant value of $0,048 < 0,05$. So it can be concluded that H_0 is rejected and H_a is accepted, which means that Return on Assets, Debt to Equity Ratio, Firm Size, Current Ratio have a partial and significant effect on the Dividend Payout

Ratio in food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange for the period 2016 – 2020.

4.7 Effect of Return on Assets on Dividend Payout Ratio

The results of observations in this study reveal that the Return On Assets value has no effect on the dividend payout ratio by obtaining the results of the $t_{count} < t_{table}$ or $1,964 < 2,02108$ and significant value $0,058 > 0,05$. Return on Assets also measures the rate of return on investment on the company's investment in fixed assets used for operations. If the return on assets is greater, it shows the better financial performance, because the rate of return on investment is getting bigger. So the rewards received by investors in the form of dividend income are getting bigger.

According to Hery (2016, p. 193) that: "The higher the return on assets means the higher the amount of net profit generated by each rupiah of funds embedded in total assets. On the other hand, the lower the return on assets, the lower the net profit generated from each rupiah of funds embedded in total assets." This study is different from the observations by Zufahni (2016) and Lanawati, Amilin (2015), which state that it is proven that Return on Assets (ROA) has a significant effect on the Dividend Payout Ratio.

4.8 Effect of Debt to Equity on Dividend Payout Ratio

The results of observations in this study Debt To Equity Ratio has a negative and insignificant effect on the Dividend Payout Ratio with the results obtained the value $-t_{count} > -t_{table}$ $-0.004 > -2.02108$ or and significant value $0.997 > 0.05$. So this observation is not in line with the hypothesis. The results of this study are not in line with research conducted by Astiti, et al. (2017) where the results of the study show that the Debt to Equity Ratio has no significant effect on the Dividend Payout Ratio.

However, according to this theory, it explains the relationship between Debt To Equity and Dividend Payout. Ratio explains Hery (2013: 37), if the debt burden is higher, the company's ability to distribute dividends will be lower. Based on the results of the research, Debt to Equity Ratio has an effect on the dividend payout ratio, this shows that companies that have high debt levels are able to share large dividends. Where the use of debt provides benefits for the company so that the company can expand its business and increase profits so that the dividends paid also increase.

4.9 Effect of Firm Size on Dividend Payout Ratio

The results obtained in this observation are that Firm Size has a negative and insignificant effect on the Dividend Payout Ratio. By obtaining the value $-t_{count} > -t_{table}$ or $-0.697 > -2.02108$ and a significant value of $0.491 > 0.05$, this shows that the firm size does not provide significant results on the dividend payout ratio. With this, Firm size (Riyanto, 2008) states that the size of the company can be determined from the amount of asset value, equity value, and sales value. If a company is large, it is able to assess total assets, equity, and the value of sales will be even greater, followed by greater profits. The height of this study is different from the observations of Winny Victoria (2019), which says that firm size has a positive effect on the dividend payout ratio.

4.10 Effect of Current Ratio on Dividend Payout Ratio

The results of this observation explain that the Current Ratio has a positive and significant effect on the Dividend Payout Ratio. With the value of the results obtained has a value of $t_{count} > t_{table}$ $2,986 > 2.02108$ or and significant value $0.005 < 0.05$. Then the results obtained provide influential results. Current Ratio is a measure of the liquidity ratio which is calculated by dividing current assets by current liabilities or liabilities. This is if

the greater the Current Ratio, the higher the company's ability to meet its short-term obligations.

According to kasmir (2012, p. 134): "This ratio measures the company's ability to pay short-term obligations or debts that are due immediately when they are billed in their entirety". According to Sartono (2015, p. 116): "The higher the current ratio means the greater the company's ability to meet short-term financial obligations." This study shows a significant effect between the Current Ratio on the Dividend Payout Ratio. So it can be concluded that this research is in line with research conducted by Maulida and Azhari (2014) and Setyanusa and Rosmawati (2013) but is strengthened by Esti Rusdiana Kuniawan et al (2016).

4.11 Effect of Return on Assets, Debt To Effect of Return on Assets, Debt To Equity Ratio, Firm Size and Curret Ratio on Dividend Payout Ratio Equity Ratio, Firm Size and Curret Ratio on Dividend Payout Ratio

The results of the overall observation of these variables are Return On Assets, Debt To Equity Ratio, Firm Size, Current Ratio partially and significantly affect the Dividend Payout Ratio. By obtaining a total value of 0.146 Adjusted R Square, this means Return On Assets, Debt To Equity Ratio, Firm size, and Current Ratio can explain or give an effect of 14.6% and 85.4% given other variables.

The company is able to earn profits by being able to reduce the need for funds originating from debt. And also able to increase profits by increasing assets as well so as to be able to provide a good assessment of the dividend payout ratio. If the four variables give good results, it will affect the dividend payment of a company. This study is in accordance with the research of Muhammadinah and Mahmud Alfian Jamil (2015) which states that simultaneously the current ratio, debt to equity ratio and return on assets and firm size have a joint effect on the Dividend Payout Ratio in manufacturing companies in the food and beverage sub-sector listed on the IDX for the period 2016 – 2020.

V. Conclusion

The conclusions drawn from this research observation are:

1. *Return On Assets* does not significantly affect the Dividend Payout Ratio in food and beverage sub-sector manufacturing companies listed on the IDX for the period 2016 – 2020.
2. *Debt To Equity Ratio* has a negative and insignificant effect on the Dividend Payout Ratio in food and beverage sub-sector manufacturing companies listed on the IDX for the period 2016 – 2020.
3. *Firm Size* has a negative and insignificant effect on the Dividend Payout Ratio in food and beverage sub-sector manufacturing companies listed on the IDX for the period 2016 – 2020.
4. *Current Ratio* positive and significant effect on the Dividend Payout Ratio in food and beverage sub-sector manufacturing companies listed on the IDX for the period 2016 – 2020.
5. *Return On Assets, Debt To Equity Ratio, Firm Size, Current Ratio* partially and significantly affect the Dividend Payout Ratio in food and beverage sub-sector manufacturing companies listed on the IDX for the period 2016 - 2020. By obtaining a total value of Adjusted R Square of 0.146 this is Return On Assets, Debt To Equity Ratio, Firm size, and Current Ratio can explain or give an effect of 14.6% and 85.4% given other variables such as examples of TATO, EPS and others.

Suggestion

Based on the research results and conclusions, several useful suggestions are presented for:

1. For Investors: must always follow or pay attention to every since the company's dividend income. Because it will be more helpful to monitor the progress of a company and to find out the condition of the company's financial statements. With that investors can also assess the performance and financial condition by considering the ratios of financial statements.
2. For companies: Companies should be able to see the condition of each financial performance as well as all the performance of the management etc. So that the company is able to increase every profit or profit of the company and will also result in an increase in the dividend payout ratio.
3. For further researchers: Adding the next variable to expand the research, as well as expanding the research by adding the next year in order to be better able to see every comparison of the ratio and dividend payout ratio.

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