IMPACT CURRENT RATIO, DEBT TO EQUITY, RETURN ON EQUITY AND GROWTH RATE ON DIVIDEN POLICY
(Study the Mining Sector in 2016-2020 period)

Caludia Edeltrudis[1], Ilal Liswati[2], Irfi Santa Uli Samosir[3], Fabian Rizky Ramadhan[4], Anita Rahmawati[5], Reva Yuliani[6]
Claudia.edeltrudis@widyatama.ac.id;lisnawati.ilal@widyatama.ac.id; irfi.samosir@widyatama.ac.id; fabian.rizky@widyatama.ac.id; anita.rahmawati@widyatama.ac.id; reva.yuliani@widyatama.ac.id
[1),2),3)4),5),6)] Departement of Economic and Business, Widyatama University,Indonesia

Corresponding author: Claudia.edeltrudis@widyatama.ac.id

Abstract

This study aims to analyze the effect of Current Ratio(CR), Debt to Equity Ratio(DER),Return on Equity(ROE) and growth rate on dividend policy, both simultaneously and partially, as well as analyze the dominant variables that affect dividends. 2016 to 2020, with the object of research on mining companies listed on IDX. Research type descriptive with purposive sampling method. Based on the existing criteria, a sample of 16 companies was obtained. And the data analysis technique used multiple linear regression. The results showed that there was a simultaneous significant effect between the variables Current Ratio, Debt to Equity Ratio, Return on Equity and growth rate had a significant to dividenpayout.while partially only ROE and growth rate significant impact to dividenpayout.

Keywords: *CR, DER, ROE,Growth,DPR*

INTRODUCTION

Private energy companies in the mining sector have become one of the largest contributors to energy production other than state mining companies. In various contexts, the performance of mining companies is capable of contributing a crucial effect on energy production and consumption. Moreover, energy companies are known to possess high corporate value. As a result, its shares tend to be pursued by investors and have been widely traded on the stock exchange.

The dividend payout ratio with a fairly large nominal value is usually considered to be one of the magnets for investors to favor mining sector shares. The emergence of business challenges since last year will be capable of becoming an obstacle for issuers in maintaining the distribution of large dividends to shareholders. Referring to Bisnis records, three mining issuers were found to have reduced dividend payments for the 2019 financial year performance, (ITMG,INDY, and PGAS). PGAS decided to distribute dividends for the 2019 financial year of Rp 1.00 trillion or Rp 41.56 per share. This figure is lower than the 2018 cash dividend of Rp 1.38 trillion or Rp 56.99 per share. Furthermore, ITMG only distributed a final dividend of Rp 570 per share. If the dividends are combined with the distribution of interim dividends paid in November 2019, the total DPS of the issuer coded for the ITMG stock is found at Rp 1,275 with a DPR of 75 percent. This ratio is also lower than the 2018 DPR, which was amounted to 101 percent, with a total dividend of up to Rp 3,465. The dividend amount is also lower than the last 10-year average of 92 percent. In addition, INDY distributed a cash dividend of US$30 million for the 2019 book through the use of retained earnings. INDY, which continued to distribute dividends, actually recorded a decrease in dividends per share to Rp 89.63 compared to 2018 which was amounted to Rp 163.09. This subsequently indicates that the downward trend in dividend distribution by the mining sector is likely to continue. According to INDY, the performance of mining issuers depends on the movement of commodity prices. Low commodity prices due to over supply have provided a significant effect on the decline in the fundamental performance of mining issuers, and that will affect the decline in future dividend distributions. The prospect of the mining sector, specifically coal, is believed to be quite difficult after Covid-19. In the future, the market will be considered to pay more attention to the concept of green living or a more environmentally friendly business, thus making it difficult for the coal sector to remain the best choice for investors.

Some of the factors used by previous researchers to make dividend policy between these results are in accordance with research by Amidu and Abor (2006), Puspita (2009), Saher (2016) and Soondur(2016) that profitability position on dividend policy. (DER) has a positive effect ondividend policy(Gill, Biger and Tibrewala, 2010), this is also supported by research by Permana and Hidayati (2016) which states that DER has a positive effect on dividend policy, but from Puspita's research (2009), Masrifa (2016), Ramadhani et al (2016) stated that DER has a negative effect on dividend policy.

Parsianand Shams (2016), Silaban and Purnawati (2016) state that the company's growth rate has a negative and significant effect on dividend policy. In contrast, Afza and Mirza (2011), Tabril et al. (2015), Hakeem and Bambale (2016), Aqel (2016), Kulathunga and Azzes (2016) and Ismail (2016), in their research stated that the company's growth rate does have a positive and significant effect on dividend policy. Musiega et al. (2013) in his research stated that the growth rate has a positive effect on dividend policy

Primarily base on the issue that seem, particularly the inconsistency of choice of things that influence dividen policy and effect from studies, the authors conduct further studies on the element that determine dividen policy at the corporation. The purpose of this research the effect CR, DER,ROE and gwoth rate that dividenpolicy of mining groups listed at the Indonesia 2016-2020 period.

LITERATURE REVIEW

Dividend Policy

Dividend policy, according to research carried out by Werner R. Murhadi (2018:4) is regarded as a policy carried out by using quite expensive expenses, because companies are required to payment dividen. Companies typically make stable dividend payments and refuse to reduce dividend payments. Only companies with high profits are able to pay high dividends. Many companies are likely to report that they have prospective and tend to face financial problems, which lead to the inability to pay dividends. The optimal dividend policy balances the two, and maximize share price. The higher the level of dividends paid, the less profit retained and as a result is hampering the company's growth rate. A company that wants to keep a large part of its revenue in-house company, it means that the share of profits available for dividend payments will increase small. Thus said higher the dividendpayout determined by the company, the smaller the funds available for investment back in the company which will hamper the company's growth.

Current Ratio

The Current Ratio may be utilized as the basis for calculating the main short-term liquidity, because it includes all components of current assets and all components of current liabilities without differentiating the level of liquidity (Kasmir, 2013:134). Meanwhile, according to Jumingan, (2014: 123) Current Ratio is defined as the CR which measured organization liquidity. The more CR better the corporations capacity satisfyits brief-term duties and theinvestor confidence inside organization capacity pay dviden (Marlina and Clara,2009). In different phrases there a fast impact among dividens.

Debt to Equity

Debt to equity (DER) is regarded as the most widely used ratio in important basic analysis. DER affords of the orgaization to fulfill obligations by using its total equity or may be considered as the ratio of debt to assets owned by itself (Suryana, 2019). and Kasmir (2017:157), DER is defined as the ratio used to price debt in opposition equity and may be decided comparing. This ratio can be used determine the amount of fund the borrower (creditor) with organization.

Return on Equity

ROE aims to measure the return on investment of shareholders. This figure is capable of showing a good level of investment management by shareholders. ROE is measured in percent. ROE level has a positive relationship with stock prices. Therefore, a greater ROE is capable of increasing its market price, because the large ROE is able to indicate that the return that will be received by investors will tend to be high, causing investors to be interested in buying the shares, and this causes the stock market price to likely rise.

Growth Rate

A growth in the company indicates a high operating activity of the company. This causes the company's funding to be more focused on developing growth or operating activities. Moreover, the dividen regarded as a organization payment, which is included as a cash outflow of the company. large cash flow is the funding organization operations, thus hampering the growth of the company. Organization choose to finance company's growth rather than pay dividends to shareholders. Consequently, dividend payments made by growing companies will likely be low.

Conceptual Framework

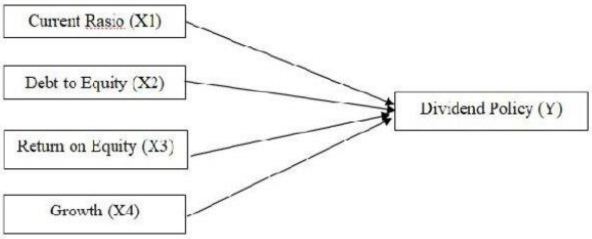


Figure 1 Conceptual Framework

Hypothesis

H1: CR has a positive and significant on DPR

H2: DER ratio a positive and significant DPR

H3: ROE ratio has a positive and significant DPR

H4: Growth rate positive and significant on DPR

METHODOLOGY

Research Design

The type of research was analysis scriptive, which aimed to provide an overview or description of the related research variables. Moreover, the research method used by researchers was a quantitative method. The type of data used in this research were secondary data at website BEI for income statement and balancesheet from mining sector companies that have been presented in the financial statements for 2016-2020.

Population and Sample

The population used in this research were groups mining listed on BEI from 2016 until 2020. Total population involved in this research was amounted to 49 companies. The samples were successfully determined by using a purposive sampling technique. This technique technique Samplingbased on considerations of creteris:

Table 1.1 Research Sample Criteria

No	Criteria	Total
1	Mining sector companies listed on the Indonesia Stock Exchange	47
2	Mining sector companies that did not pay dividends annually in the 2016-2020 period	(19)
3	Mining companies that did not report financial statements in 2016-2020	(10)
	Number of Samples	**16**

Based on these criteria, a total sample of 16 mining sector issuers was successfully obtained in this research, namely:

No	CODE	EMITEN
1	ADRO	PT. Adaro Energy Tbk
2	BSSR	PT. Baramulti Suksessarana Tbk
3	BYAN	PT. Bayan Resources Tbk
4	GEMS	PT. Golden Energy Mines Tbk
5	HRUM	PT. Harum Energy Tbk
6	INDY	PT. Indika Energy Tbk
7	ITMG	PT. Indo Tambangraya Megah Tbk
8	MBAP	PT. Mitrabara Adiperdana Tbk
9	MYOR	PT. Samindo Resources Tbk
10	PTBA	PT. Bukit Asam Tbk
11	PTRO	PT. Petrosea Tbk
12	ANTM	PT. Aneka Tambang Tbk
13	CITA	PT. Cita Mineral Investindo Tbk
14	INCO	PT. Vale Indonesia Tbk
15	MDKA	PT. Merdeka Copper Gold Tbk
16	TINS	PT. Timah Tbk

Operational Variables

Table 2 Operational Variables

Variabel	Indikator	Skala Pengukuran
Current Rasio (X1)	$CR = \frac{\text{Assets Lancar}}{\text{Kewajiban Lancar}}$	Rasio
Debt to Equity (X2)	$DER = \frac{\text{Total Hutang}}{\text{Total Ekuitas}}$	Rasio
Return on Equity (X3)	$ROE = \frac{\text{Laba Bersih setelah Pajak}}{\text{Total Ekuitas}}$	Rasio
Growth (X4)	$Growth = \frac{\text{Total asset}_t - \text{Total Asset}_{t-1}}{\text{Total Asset}_{t-1}}$	Rasio
Kebijakan Dividen (Y)	$DPR = \frac{\text{Dividen per lembar saham}}{\text{Laba per lembar saham}}$	Rasio

Analysis method

The data analysis technique used in this study is multiple regression analysis to find out how much influence the CR, DER, ROE, growth has dividenpayout. Formulated as follows:

$$Y = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + e$$

Y : Dividend Policy
a : Constant coefficient
b : Variable coefficient
X_1 : Current ratio
X_2 : Debt to equity
X_3 : Return on equity
X_4 : Growth
e : Error Coefficient

RESULTS AND DISCUSSION

Descriptive Statistic

According to Sugiyono (2012: 206) used to analyse data by desribe the data that has been collected to provide an overview / description of a data seen from the average value Mean,Medium,Max,Min and standard deviation following results of descriptive statistical data processing:

Table 3 Results of Descriptive Analysis

	CR	DER	ROE	GROWTH	DPR
Mean	2.413821	1.001210	0.143822	1.325722	0.400922
Median	2.102000	0.814000	0.150000	0.804000	0.34190
Maximum	3.420000	3.421000	0.450000	4.350100	1.410482
Minimum	0.321000	0.420001	0.360000	0.170000	0.001000
Std. Dev.	0.423022	0.643720	0.132436	0.697427	0.265425
Observations	80	80	80	80	80

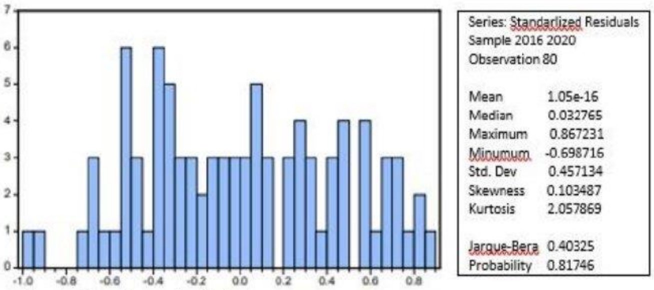
Source: Data Processing, Eviews,2021

Normality-test

Normality used for whether variables in the model are distribute normal. Data distribution model good is normal data. In this test using the histogram graph method and the Jarque-Bera statistical test (JB test) as follows:

1. If the probability value is > 0.05 (greater than 5%), normal distribution.
2. Ifthe probability value is < 0.05 (less than 5%), not normal distribution

Table 4 Normalitytest



Source: Data Processing, Eviews

Based on table 4 result of the normality-test obtained probability value of 0.81746 > 0.05 it means that the data in this studies distributed normally.

Multicollinearity Test

To find out whether or not there is a multicollinearity problem in a The regression model can be seen from the Variance Inflation Factor (VIF) value, if the value of VIF greater than 10 means that there is a multicollinearity problem

Table 5 Multicollinearity Test

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.069531	4.015820	NA
CR	1.124257	2.610353	0.184570
DER	3.310642	0.575005	1.853022
ROE	0.817605	2.634164	1.211403
GROWTH	1.486110	1.235295	2.045891

Source: Data Processing, Eviews,2021

13

The result table 5, it can be concluded that the regression model is free frommulticollinearity, because the independentvariable has a centered VIF < 10, so that the model meets the assumptions for regression testing.

Heteroskedastisitas Test

Table 6 Heteroskedastisitas Test

F-statistic	0.221768	Prob. F(3,76)	0.6640
Obs*R-squared	0.482368	Prob.Chi-Square(3)	0.6539
Scaled explained SS	1.132426	Prob.Chi-Square(3)	0.5973

Based on the whitetest decision-making criteria, it is known model regression to be formed not heteroscedasticity problems because the prob and Obs*R Square values produced are 0.6539 > 0.05, so the model has met the assumptions for regression testing.

Multiple Regression Analysis Results

Hypothesis testing carried out through Regrression analysis tools.following table shows of the regression analysis with Sig.5%.

Table 7 Results of Multiple Regression Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	5.627653	0.053421	1.267965	0.1215
CR	0.273481	0.175489	2.450228	0.5463
DER	-1.261507	0.043743	-0.436081	0.3628
ROE	2.003762	0.097039	3.298023	0.0326
GROWTH	-0.680674	0.164363	2.891271	0.0151
R-squared	0.467693	Mean dependent var		0.268145
Adjusted R-squared	0.280549	S.D. dependent var		0.148311
S.E. of regression	0.435759	Akaike info criterion		0.445300
Sum squared resid	4.213345	Schwarz criterion		0.788666
Log likelihood	1.762318	Hannan-Quinn criter.		0.562454
F-statistic	6.220961	Durbin-Watson stat		2.353425
Prob(F-statistic)	0.000000			

Source: Data Processing, Eviews,2021

The result multiple regression equation :

Y= 5.627653 +0.273481 CR – 1.261507 DER + 2.043762 ROE – 0.680674 GROWTH

Coefficient Determinatiorn

The result table 7 shows that the value determination value is indicated by the value of Nagelkerke R Squared 0.487693 this means that the dividend policy variable can be explained by the CR, DER, ROE, a growth rate of 48.76%. While the rest can be explained by other variables not examined in this study.

Discussion

Impact Current ratio to DividenPolicy

First hypothesis (H1) this studies proxied by the CR to dividend policy, resulting in a probability value of 0.5463 > 0.05 with a coefficient of 0.273481. It can be concluded partial variable CR no significant on Dividend Policy. This means that the company focuses its short-term liquidity on its operations and fulfills its short-term obligations rather than focusing on paying dividends. This result is supported by research conducted by Elana Devi and Mispiyanti (2020), CR no significant on Dividen Policy.

Impact Debt to equity to DividenPolicy

Second hypothesis (H2) this studies proxyed DER on dividendpolicy, resulting in a probability value of 0.3628 > 0.05 with a coefficient of -1.261507. It can be concluded that partially the Debt to Equity variable has no significant effect on Dividend Policy. The greater this ratio indicates the greater its obligations and the lower the ratio will indicate the higher organization obligations. The higher in debt owns with aid of the employer affect the scale agency net earning to shareholders, including the distribution of the dividen payout. The consequence on DER no significant on DividenPolicy.

Impact Retun on equity to DividenPolicy

Third hypothesis (H3) this studies proxyed ROE on dividend policy, resulting in a probability value of 0.0326 >0.05 with a coefficient of 2.003762. concluded partially ROE significant and positive impact to dividenpolicy. This means that higher proposed earlier that ROE significant effect. The result hypothesis studies research conducted by (yulian bayu 2018) with state that ROE a significant impact to dividenpolicy.higher profits will be higher contribution for dividen.

Impact Growth to Dividenpolicy

Fourth hypothesis (H4) this studies growth rate on dividend policy, resulting in a probability value of 0.0326 > 0.05 with a coefficient of -2.891271. partially growth rate variable negative significant effect ondividend policy. The results of this study are in line with research by (Parsian and Shams.2016), Silaban and Purnawati (2016) organization strarting growth rate has significant but negative on dividend policy which states that the faster the company's growth rate, higher need funding pay for diversification financing. So greater need for future financing, the organization desire retain profits earned.

CONCLUSION

1. Partially the current ratio(CR) not impact on companies value in mining sector companies listed on IDX, meaning that when the current ratio increases or decreases, it has no impact on dividend policy.
2. Partially the debt on equity ratio (DER) has no impact on firm value in mining sector companies listed on IDX, meaning that when DER increases or decreases, it does not affect dividend policy.
3. Partially, return on equity (ROE) has a positive and significant effect on firm value in mining sector companies listed on the IDX, meaning that when ROE increases, it can increase dividend policy.
4. Partially, the growth rate (Growth) has a negative and significant effect on the value of the company in the mining sector companies listed on IDX, meaning that when Growth experiences an increase/decrease, it can increase dividend policy.
5. Simultaneously, it can be said that the existence of variables that depend on dividend policy simultaneously affect current ratio,debt to equity,return on equityand growth rate.

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