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THE INFLUENCE OF PROFITABILITY AND FUNDING POLICY ON DIVIDEND POLICY AND ITS IMPACT ON PROFIT GROWTH (Study 0n Food and Beverages Companies Listed on the IDX)

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ABSTRACT

This study aims to examine the effect of profitability and funding policies on dividend policy and their impact on profit growth (study of food and beverage companies listed on the IDX). The population in this study are food and beverage companies listed on the IDX as many as 30 issuers. The sample obtained using purposive sampling with predetermined criteria so that 10 companies can be collected with a total of 50 financial statements. The type of data is secondary data sourced from financial reports and annual reports. The data analysis method used in this study is the classical assumption test, the coefficient of determination test (R2), multiple linear regression tests, and hypothesis testing using multiple linear analysis. The results of the study show that profitability has a significant effect on dividend policy, while funding policy has no significant effect on dividend policy. Significant profit growth mediates the effect of profitability on dividend policy, while not significantly mediates the effect of funding policy on dividend policy

Keywords: Profitability, Funding Policy, Dividend Policy, Profit Growth

INTRODUCTION

In the era of increasing globalization lately, today's business needs to have clear and precise goals. Pursue multiple goals to achieve maximum profit and increase company value. Achieve business goals through investment. Investing can be understood as investing resources or capital at this time with the hope of getting more profits in the future. This goal is closely related to the return of investors. One industry that can maintain economic growth and survive under certain conditions is the consumer goods industry. The consumer goods index declined by 5.5 percent over the past decade, compared with a 34.8 percent decline in the housing index and an 11.8 percent decline in the textile index. This makes this industry the strongest and able to survive under any conditions and offers the best performance opportunities compared to other industries (www.indopremier.com, 2020). Investment in consumer goods has also increased in recent months. In line with the annual growth of IDX-listed consumer goods companies, this industry enjoys high demand from residents and will continue to be profitable in the years to come. The consumer goods industry is in great demand by investors because the company's share price in each sector tends to increase so that the company's value is quite high. Companies in this sector are expected to increase in value in the future, but the actions of consumer goods companies may be unstable (Sitorus, 2018).

The consumer goods industry, specifically the IDX-listed consumer goods companies, has been experiencing annual growth and high demand from residents. This trend is expected to continue in the coming years, making the industry profitable. Investors are particularly interested in the consumer goods industry because the share prices of companies in this sector tend to increase, leading to higher company values. However, it's worth noting that the actions of consumer goods companies can be unstable, as mentioned by Sitorus et al. in their 2021 study. Despite the potential for increased value in the future, the consumer goods industry can be subject to fluctuations and uncertainties. To summarize, the consumer goods industry is currently in high demand and expected to remain profitable, attracting investors due to the potential for increasing share prices and company values. Nonetheless, it's important to consider the potential instability associated with the actions of consumer goods companies.

Dividend is the distribution of profits to shareholders based on the number of shares owned. Regarding dividend income, investors want relatively stable dividend payments, because dividend stability increases investor confidence to invest their funds in the company. High dividends increase the value of the company, generate large profits, and the company's ability to pay dividends is also high. Determining the company's dividend policy, whether to pay or not pay dividends, becomes a decision that affects the company's finances. If the company decides to pay dividends, it will reduce retained earnings so that internal wealth decreases. Conversely, if no dividends are paid, the existing profits increase, but the shareholders do not feel that their rights have been fulfilled.

When evaluating performance, profitability can affect business value. When a company's profitability is high, its performance is very good, making the company more attractive than other companies, thereby attracting investors (Antonius & Tampubolon, 2019). Profitability as a measure of a company that manages its business to make a profit and shows how much money shareholders can expect from their investment in the company (Handayani & Karnawati, 2021). Profitability refers to a company's ability to generate profits within a certain period of time. Every company tries to increase profitability because higher profitability attracts more investors to invest in the company (Widodo et al., 2020).

Profitability can be measured in terms of return on investment (ROA) or asset turnover. It is useful for measuring how effectively a company manages its assets to generate profits over a certain period of time. ROA is calculated by dividing profit after tax by the total amount. Dividend policy depends on how much dividend is distributed to investors from the profits generated by the company (Satria, 2021). Each company ensures that the dividend policy is not the same according to the amount of dividend payment. Good corporate value is reflected in the company's ability to pay dividends (Pratiwi & Aligarh, 2021). If dividend payments are high, the greater the impact on firm value, and vice versa (Sari et al., 2022). According to KA Lestari et al. (2021) Dividend policy is the company's policy, whether paying or not, determining the amount of dividends and paying more dividends than the previous period. Dividend policy is also a company's decision to distribute current profits which are then paid out as dividends. Investors usually prefer dividends because dividends are guaranteed and they are less sure of receiving capital gains (capital gains) on retained earnings than investors who receive dividends. not capital gains (Handini, 2020). According to Marisa et al. (2022), the dividend payout ratio is a ratio that shows the percentage of each profit paid in cash to shareholders. Dividend policy is also a company's decision to distribute current profits which are then paid out as dividends. Investors usually prefer dividends because dividends are guaranteed and they are less sure of receiving capital gains (capital gains) on retained earnings than investors who receive dividends. not capital gains (Handini, 2020). According to Marisa et al. (2022), the dividend payout ratio is a ratio that shows the percentage of each profit paid in cash to shareholders. Dividend

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METHODS

Dividend policy is the dependent variable in this study, while profitability and fiscal policy are two independent variables. And profit growth as a mediating variable. Profitability presented as Return On Assets (ROA) is obtained by dividing net profit after tax by total assets (Ayem & Maryanti, 2022). Ln (total wealth) measures the size of the company (Marisha & Agustin, 2022). Dividend policy is measured using the dividend payout ratio (DPR) which divides cash payments per share by net income (Suleiman & Permatasari, 2022). To estimate company value, the PBV (Price To Book Value) formula is used which divides the stock price by the book value of the shares (Ricky Harianto, 2022).

In this study the correlation between variables was tested using a quantitative method (Sugiyono, 2016). Secondary data of 20 food and beverage companies listed on the Indonesia Stock Exchange from 2017 to 2021. By using a purposive sampling technique, food and beverage companies that have published financial reports for the last five years can pay dividends and achieve positive profits. Earnings selected for research. 10 companies and 50 dates from 2017-2021 are used as samples. In this study, data were analyzed using descriptive statistics and classical acceptance tests, including tests for normality, multicollinearity, heteroscedasticity, and autocorrelation. Then using multiple linear regression to test the hypothesis with the t-test, f-test, and the coefficient of determination (R2).

RESULTS AND DISCUSSION

Descriptive statistics

Descriptive statistical tests that describe the variables used in research can also provide an overview of each research variable. The characteristics of the sample used in this study include the number of samples (N), sample average (Mean), maximum value, minimum value and standard deviation.

Descriptive Statistics

	N	Minimum	Maximum	Means	std.iDeviation
ROA (X1)	50	,01	,18	0.079	0.0441
PBV (X2)	50	, 14	,64	,3982	,13875
SIZES (Y1)	50	1	4	2.84	,65027
DPR (Y2)	50	,08	,34	,2389	,05707
Valid N (listwise)	50				

The results of the table above show that the descriptive statistics of column N are valid data and used in this study as many as 50 sample data.

Classic assumption test

Normality test

The data shows sample data is not normally distributed in the early stages of classical hypothesis testing. Therefore the researcher uses outliers to exclude extreme numbers and reduces the number of samples to 50. The graph of the data (dots) along the diagonal line that represents the actual data can be seen as the result of the normality test for the normal distribution regression model. Because the significance level is 0.200 > 0.05, the normal distribution assumption required in the regression test can be considered correct, ie. the regression model can be continued.

Multicollinearity Test

In this study the Variance Inflation Factor (VIF) test method was used for multicollinearity test results with the results of each ROA variable being VIF 1.244 <10.00, SIZE variable being 1.027

<10.00 and DPR variable being VIF 1.235 <; 10:00 AM. Because the regression model does not show signs of multicollinearity, it can be used to test hypotheses because the tolerance and VIF values for all variables meet these requirements.

Autocorrelation Test

The Durbin-Watson score obtained from the autocorrelation test used in this study was 1.999. Comparing the Durbin-Watson values and the results of the Durbin-Watson table for Sample 74, the dU value is 1.715 and the 4-dU is 2.285, giving a result of 1.715<; 1999 < 2,285. Therefore, autocorrelation is not a problem in the regression model of this study.

Heteroscedasticity Test

If sig > 0.05 on the Park test for heteroscedasticity, then the data is homoscedastic (not heteroscedastic). Sig ROA is 0.209>0.05, Sig SIZE is 0.216>0.05 and Sig DPR is 0.112-0.10, so the regression model does not show symptoms of heteroscedasticity, it can be concluded from these results. In addition, the scatter heteroscedasticity test was also used in this study to detect heteroscedasticity by plotting the ZPRED (predicted value) and SRESID (residual value) values. The results obtained are that the scattered points do not show heteroscedasticity symptoms and the resulting pattern does not show specific symptoms and is randomized to zero on both sides of the Y axis.

Multiple Linear Regression Analysis

The regression equation is built using the results of the regression analysis test as follows, PBV = -0.355 + 2.421 ROA + 0.016 SIZE + 0.062 DPR + 0.723 e Because the fixed value is -0.355, the value remains negative -0.355 when ROA, SIZE and DPR are all zero. Assuming that all other variables are held constant, a one-unit increase in ROA increases firm value by an additional 2.421 units, which is indicated by a regression coefficient value of 2.421.

Simultaneous Test (Test F)

Regarding the simultaneous effect of profitability and fiscal policy on dividend policy which is mediated by profit growth, the results of the F-test show that food and beverage profit growth has a significant effect on profitability and fiscal policy on dividend policy. This shows that the hypothesis can be accepted simultaneously. This is in accordance with the research of Anisa et al. (2021) and Margono & Ganno (2021).

Partial Test (T Test)

The effect of profitability on dividend policy based on the results of the t test shows that profitability has a positive and significant effect on dividend policy in food and beverage companies, namely, this gives confidence to the hypothesis previously presented. This study gives credence to the signaling hypothesis that the disclosure of a company's financial statements has an impact on business value.

CONCLUSION

This study tries to examine whether Profitability and Funding Policy affect dividend policy and the existence of profit growth can mediate the influence of profitability and funding policy on dividend policy in companies listed on the Indonesia Stock Exchange for the 2017-2021 period. The results of hypothesis testing can use multiple regression analysis to show that:

1. Profitability has a significant effect on dividend policy, while funding policy has no significant effect on dividend policy.
2. Firm size significantly mediates the effect of profitability on dividend policy, while not significantly mediates the effect of funding policy on dividend policy

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