THE INFLUENCE OF RETURN ON ASSETS (ROA) AND RETURN ON EQUITY (ROE) AGAINT THE DIVIDEND PAYOUT RATIO (DPR) ON THE CIGARETTE COMPANIES WERE LISTED ON THE INDONESIA STOCK EXCHANGE

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ABSTRACT

This research aims to analyze the influence of Retun On Assets (ROA) and Return On Equity (ROE) against the Dividend Payout Ratio (DPR). This research using a sample of cigarette companies in Indonesia stock exchange years 2013-2017. Retun On Assets (ROA), Return On Equity (ROE), and Dividend Payout Ratio (DPR) is measured by looking at the financial reports of companies listed on the Indonesia stock exchange during the five-year period, namely 2013-2017.

The population in this research as much as 4 companies. The number of cigarette companies, which provided the sample of this research was the company with the observations for 5 years. A total sample of this research was 15 of the financial statements. Hypothesis testing in this study using multiple regression techniques on the significance level of 5%.

The result of this research shows that in the test F (Simultaneous Trials) Return On Assets (ROA) and Return On Equity (ROE) effect significantly to Dividend Payout Ratio (DPR). This is evidenced by the value F of 7.606 count greater than F table that is of significance and value of 4.67 0.007 meaning greater than 0.05. It also demonstrated the determination of the coefficient value (R ²) of 0.559 this means a variable percentage of the magnitude of Return on Assets and Return on Equity in explaining the dependent variable (Dividend Payout Ratio) only 55.9% 44.1% while the rest affected by other variables not examin

***Keywords** : Return On Assets (ROA) , Return On Equity (ROE), Dividend Payout Ratio (DPR)*

I. INTRODUCTION

One of the goals is to improve the well-being or maximizing shareholder wealth through increased value of the company. The increase in the value of the company can be reached if the company is able to operate with reaching the targeted profit. Through the corporate profits will be able to give a dividend to shareholders, increase company growth and maintain the continuity of their business.

On the ownership of the company is owned by the public or the public at large, the dividend policy influence is very important for investors and companies that will pay dividends. In infusing capital, investors wanted a rate of return on investment (return) either in the form of profits distributed in the form of dividend the company given as they have invested in the company as well as income for the capital increase (capital gains).

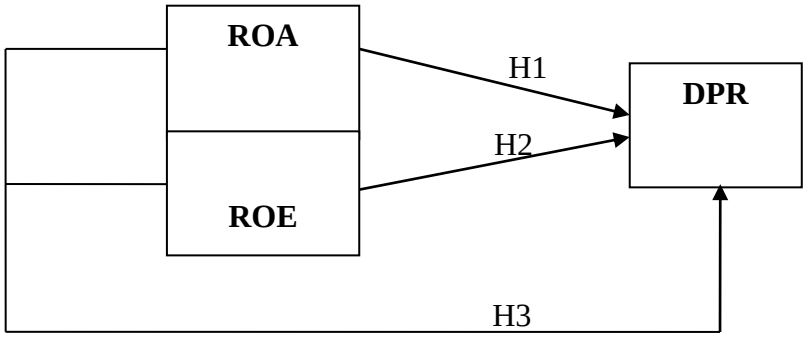
Cigarette industry is one of the types of businesses that are experiencing issues while remaining stable and can survive in the business world. Sluggish economic growth, high inflation rate, the value of the currency has continued to weaken significantly affect turns out not against the development of the industry in Indonesia.

The rise of cigarette companies in Indonesia can indirectly add to the considerable State revenue through customs payments smoking, yet on the other hand smoking to be one of the causes of health problems. In Indonesia, according to Government Regulation No. 109/2012 and regulation of the Ministry of health no. 28/2013, cigarette companies are obligated to include pictures and writings that have health messages in cigarette packs.

Research in companies listed on the Indonesia stock exchange have often done primarily affecting the dividend policy. Research conducted by Tita Deitiana about influential positive profitability análisis against DPR because profitability is the company's ability to generate profits and dividends will be shared in the company gain profit. Besides research conducted using the Sunarya Hoei Devie ROA as a gauge of profitability shows the Profitability has significant positive influence against the DPR means that the higher the profitability is higher then the DPR. While the research conducted by Rizky Pebriani Utami using variable ROE as a gauge of profitability shows the ROE has no effect significant against the House. The research of the variable using Nuringsih Kartika ROA shows negative influence against the House.

His solid performances with no results of these studies, then this study intended to do further testing the empirical findings regarding the ratio of profitability by using variable Return on Assets and Return on Equity against the terms of the Dividend Payout Ratio of an enterprise. Of the phenomenon and theory expressed above, researchers interested in conducting research on the Return on Assets (ROA), Return on Equity (ROE) and the Dividend Payout Ratio (DPR). Furthermore the study titled **"The Influence of Return on Assets (ROA) and Return on Equity (ROE) against the Dividend Payout Ratio (DPR) on the cigarette companies were listed on the Indonesia stock exchange".**

II. THE CONCEPTUAL FRAMEWORK



Source : Author

Figure 1 : Conceptual Framework

III. RESEARCH HYPOTHESIS

H1: Return on Assets of significant effect against the Dividend Payout Ratio on the cigarette companies were listed on the Indonesia stock exchange.

H2: Return on Equity significantly influential against the Dividend Payout Ratio on the cigarette companies were listed on the Indonesia stock exchange.

H3: Return on Assets and Return on Equity significantly influential against the Dividend Payout Ratio on the cigarette companies were listed on the Indonesia stock exchange.

IV. RESEARCH METHODS

The design of this research using a quantitative approach. The population in this study all cigarette companies registered in BEI. There are 4 sample cigarette companies but qualified only 3 samples of the company, and in this study using a purposive sampling technique. Source of data on secondary data research is derived from BEI.

V. OPERATIONAL DEFINITIONS OF VARIABLES AND VARIABLE

1. Independent Variable (Variable X)

The independent variable in this study there are two, namely: Return on Assets and Return on Equity. Return on Assets is a ratio to measure the company's ability to generate net income based on the level of a particular asset. ROA can be measured using the following formula:

$$\text{Return on Assets} = \frac{\textit{Net Profit After Tax}}{\textit{Total Assets}} \times 100\ \%$$

Return on Equity ratio is used to measure the company's ability to generate net income based on the level of certain assets. ROE can be measured using the following formula:

$$\text{Return on Equity} = \frac{\text{Net Profit After Tax}}{\text{Total Equity}} \times 100\ \%$$

2. Dependent Variable (Variable Y)

In this study, the dependent variable is who becomes the Dividend Payout Ratio. Dividend Payout Ratio is the percentage of profit that is paid in cash to shareholders. Dividend Payout Ratio can be measured using the following formula:

$$\text{Dividend Payout Ratio} = \frac{\text{DPS (dividend per shares)}}{\text{EPS (earnings per shares)}} \times 100\ \%$$

VI. DATA ANALYSIS TECHNIQUES

Data analysis techniques used in this research using a classic assumption test and multiple linear regression analysis technique with the program SPSS version 22. Hypothesis testing techniques, tested with partial tests (t-test), simultaneous test (F-test), and test the coefficient of determination (R^2).

A. CLASSIC ASSUMPTION TEST

1. Kolmogrov smirnov test using a normality test. From table 1 it can be seen the results of asymp. sig (2-tailed) shows that all research data has value probability greater than alpha ($\alpha = 0.05$) then the normal distribution are met, so that the study can proceed with the research data.

Table 1

Kolmogorov-Smirnov Test Results

One-Sample Kolmogorov-Smirnov Test

		Unstrandardized Residual
N		15
Normal Parameters[a,b]	Mean	.0000
	Std. Deviation	23.56566
Most Extreme Differences	Absolute	.089
	Positive	.089
	Negative	-.082
Test Statistic		.089
Asymp. Sig. (2-tailed)		.200[c,d]

Source : Results of SPSS Output 22 (data processed)

2. Test multikolinieritas, it can be noted that the free variables tolerance value greater than 0.1 and VIF is smaller than 10 then it can be interpreted that not found the existence of a kolerasi between the variables in the regression model.

Table 2
Multikolinearitas Test Results
Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	ROA	.120	8.361
	ROE	.120	8.361

a. Dependent Variable: DPR
Source : Results of SPSS Output 22 (data processed)

3. Autocorrelation test, used to know or no kolerasi that occurs between the residual on one observation with other observations in the regression model. The prerequisites that must be met is the absence of autokolerasi regression models. Autocorrelation test represented in Test Runs Test. Basic decision-making in Test Runs Test is:

- If the value of Asymp. SIG (2-tailed) smaller than 0.05 < then there are symptoms of autocorrelation
- Otherwise, if the value of Asymp. SIG (2-tailed) 0.05 larger then there are no symptoms of autocorrelation.

Autokolerasi test results can be seen in the following table:

Table 3
Autokorelasi Test Results
Runs Test

	Unstandardized Residual
Test Value[a]	-3.31744
Cases < Test Value	7
Cases >= Test Value	8
Total Cases	15
Number of Runs	6
Z	-1.059
Asymp. Sig. (2-tailed)	.290

Source : Results of SPSS Output 22 (data processed)

In the table above it can be seen that the value of Asymp. SIG (2-tailed) of larger 0.290 > of 0.05, then it can be concluded that there are no symptoms or problems of autocorrelation.

4. Test Heteroskedastisitas, aims to test whether the model regression residual variance inequality occurs from one observation to another observation. The base of decision-making at the Test Heteroskedastisitas is:

- If the value significance greater than 0.05 conclusion is not going heteroskedastisitas
- If a value smaller than 0.05 significance conclusion is going heteroskedastisitas

Heteroskedastisitas test results for this research can be seen in table 4 Glejser test:

Table 4
Heteroskedastisitas Test Results
Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	26.260	6.300		4.169	.001
	ROA	-.231	.880	-.199	-.263	.797
	ROE	-.147	.475	-.234	-.309	.762

a. Dependent Variable: RES2
Source : Results of SPSS Output 22 (data processed)

In the table above it can be seen that the value of the variable significance of the ROA of 0797 > of 0.05 and ROE amounted to 0762 > of 0.05. Then it can be inferred the regression model is free of the symptoms heteroskedastisitas..

B. MULTIPLE LINEAR REGRESSION ANALYSIS

Analysis of the model used in this study is the analysis of multiple linear. This analysis is used to find out the direction and magnitude of the influence of the independent variable that is Return on Assets (X 1), and Return on Equity (X 2), the dependent variable terhadasp Dividend Payout Ratio (Y).

The result can be seen in table 5:

Table 5

Multiple Linear Regression Test Results

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients
	B	Std. Error	Beta
(Constant)	23.035	11.860	
ROA	3.396	1.656	1.137
ROE	-.694	.894	-.430

a. Dependent Variable: DPR

Source : Results of SPSS Output 22 (data processed)

From table 5 above by observing the numbers in the column of Unstandardized's Beta, then the multiple regression equation can be composed as follows:

Y= 23,035 + 3,396**ROA** + (-0,694)**ROE** + e

Description :

The meaning of the values α, b1, b2 is:

a. Multiple linear regression equations have constants of 23.035 pointed out that if the independent variable (Return on Assets and Return on Equity) is assumed to be constant, then the dependent variable Dividend Payout Ratio increase amounting to 23.035.

b. b1 = *Return on Assets amounting to 3.396 coefficient has a value. Any increase in the amount of 1% ROA assuming other independent variables constant, then the value of the Dividend Payout Ratio will increase amounted to 339.6%*

c. b2 = Return on Equity has a coefficient of-0.694 Per increase in ROE 1% assuming the other independent variables constant, then the value of the Dividend Payout Ratio will be decreased by 69.4%

VII. TECHNIQUE OF HYPOTHESIS

Hypothesis testing techniques, tested with partial tests (t-test), simultaneous test (F-test), and test the coefficient of determination (R^2).

A. Test t (Partial Test)

t test aims to find out if there is a partial influence between independent variables namely (Return on Assets and Return on Equity) of the dependent variable i.e. the Dividend Payout Ratio. With the following criteria :

1) If the value is significantly less than 0.05 or 5% the proposed hypothesis accepted or is said to be significant.

2) If the value of the larger significance of 0.05 or 5% then the hypothesis posed was denied or said to be insignificant.

The results of the calculation of t-test can be seen in the following table 6 :

Table 6
t Test Results
Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	23.035	11.860		1.942	.076
	ROA	3.396	1.656	1.137	2.051	.063
	ROE	-.694	.894	-.430	-.777	.452

a. Dependent Variable: DPR
Source : Results of SPSS Output 22 (data processed)

a) t test results Return on Assets against the Dividend Payout Ratio

The first hypothesis is presented stating that the Return on Assets to Dividend Payout Ratio. From the results of this research obtained the value t calculate of 2.051 < 2.160 table t and value the significance of 0.63 > 0.05 means Ho accepted Ha was rejected. It can be concluded the first hypothesis stating the Return on Assets to Dividend Payout Ratio **declined.**

b) t test results Return on Equity against the Dividend Payout Ratio

The second hypothesis proposed stating that the Return on Equity to Dividend Payout Ratio. From the results of this research obtained the value t calculate registration-0.777 < t value significance and 2.160 table 0.452 > 0.05, Mean Ho accepted Ha was rejected. It can be concluded the second hypothesis stating the Return on Equity to Dividend Payout Ratio **declined.**

B. F-Test (Test Of Simultaneous)

The F-test is used to test the significance of the influence of Return on Assets and Return on Equity against the Dividend Payout Ratio together which can be seen in Table 7 below:

Table 7
Test Result F(Simultaneous)
ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	9855.689	2	4927.844	7.606	.007[b]
	Residual	7774.766	12	647.897		
	Total	17630.455	14			

a. Dependent Variable: DPR
b. Predictors: (Constant), ROE, ROA
Source : Results of SPSS Output 22 (data processed)

From the results of the regression analysis can be known that together the independent variable (ROA and ROE) have significant influence towards the dependent variable (DPR). This can be evidenced from the F value count of 7.606 significance value (sig) 0.007. While the F tables at a 5% significant level of calculation results so from 4.67 indicates that Fhitung is greater than F table (7.606 > 4.67), so Ho is rejected. This indicates that the Return on Assets and Return on Equity are jointly affect Dividend Payout Ratio. So, the third hypothesis is **acceptable.**

C. The Coefficient Of Determination (R^2)

The coefficient of determination function to see the extent to which the overall independent variables the dependent variable can explain. When R^2 equals 0, then variations independent variable used in the model does not explain the variation in the dependent variable in the slightest. If R^2 equals 1, then variations independent variable used in the models explain variation in the dependent variable is 100%.

The magnitude of the value of the coefficient of determination can be described in Table 8 below :

Table 8
Determinant Of The Coefficients Of Test Results (R^2)
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.748[a]	.559	.486	25.45382

a. Predictors: (Constant), ROE, ROA
b. Dependent Variable: DPR

Source : Results of SPSS Output 22 (data processed)

Based on the results of the above calculation of SPSS, retrieved the value R Square of 0.559. This means that the magnitude of the variable percentage of Return on Assets and Return on Equity in explaining the dependent variable (Dividend Payout Ratio) only 55.9% 44.1% while the rest is affected by other variables that are not included in the regression model on This research such as the growth rate of the company, the company's liquidity position, the company's funding needs and some other factors.

VIII SUMMARY AND ADVICE

A. SUMMARY

Based on the data analysis and discussion of the results of the study, the following conclusions can be drawn:

1. Variable Return on Assets has no effect against a significant Dividend Payout Ratio on the cigarette companies were listed on the Indonesia stock exchange period 2013-2017. The results of this study support the research conducted by Dwidamita Strauss (2016) and Widya Akhadiyah (2015) stating the Return on Assets has no effect against the Dividend Payout Ratio. The first hypothesis was **rejected.**

2. Variable Return on Equity has no effect against a significant Dividend Payout Ratio on the cigarette companies were listed on the Indonesia stock exchange period 2013-2017. The results of this research supports research conducted by Siti Nurjannah (2013) and Septi Rahayuningtyas (2014) stating the Return on Equity has no effect against the Dividend Payout Ratio. The second hypothesis was **rejected**.

3. Variable Return on Assets and Return on Equity together have significant influence towards the Dividend Payout Ratio on the cigarette companies were listed on the Indonesia stock exchange period 2013-2017. The results of this penelitiaan in line with the results of the research of Stefan Yudhanto (2012) and Viya Amaliya Kartika (2015) which declares the

variable Return on Assets and Return on Equity are jointly affect Dividend Payout Ratio. The third hypothesis is **accepted.**

B. ADVICE

As for the advice that can be given in the study are:

1. For a company is before making a decision over the dividend policy must examine in advance about the factors that affect the small big dividend distribution so that in practice will be mutually beneficial between parties to the company and investors.

2. For investors and potential investors who want to invest in the shares of cigarette companies and have a preference for getting dividends, it is advisable to pay attention to the level of benefits and the growth rate of the company taking into account the ratio of ROA and ROE.

3. For the next researcher is expected to further expand the scope of the study, the number of samples used, extend the research period research, and adding independent variable e.g. Net Profit Margin (NPM). NPM is a comparison of the amount of net profit to the amount of income of a company, the higher the value of the company's profit of NPM indicate the higher the indicated effect to the dividend policy.

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