

The Influence Of Cash Position, Debt To Asset Ratio And Firm Size On Dividend Payout Ratio In Property And Real Estate Companies Listed On The Indonesia Stock Exchange For The 2014-2018 Period

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Abstract

The purpose of this study is to determine and test the effect of Cash Position, Debt to Asset Ratio and firmsize on the Dividend Payout Ratio in Property and Real Estate companies listed on the Indonesia Stock Exchange for the period 2014-2018. This research is a quantitative research and the deductive approach is descriptive. The total population is 52 property & real estate companies on the IDX for the period 2014-2018. The sample technique uses purposive sampling so that the research sample that meets the criteria is as many as 13 companies. The data collection method used secondary data from financial reports, while the data analysis model was multiple regression. The results of the F test, namely Cash Position, Debt to Asset Ratio and Firm Size have an effect on the Dividend Payout Ratio. As individuals, Cash Position has a positive effect on the Dividend Payout Ratio, DAR has no effect on the Dividend Payout Ratio and Firm Size has a negative effect on the Dividend Payout Ratio. The value of determination coefficient as seen from Adjusted R² is 0.435, which shows that the Dividend Payout Rate can be influenced by Cash Position, Debt to Asset Ratio and Firm Size of 43.5%, and 56.5% are other factors that are not shown in this research report.

Keywords

Cash Position, Debt to Asset Ratio, Firm Size and Dividend Payout Ratio

INTRODUCTION

Investors generally have the hopes and goals of investment activities carried out in the capital market, namely to seek income or return on investment, both in the form of income (dividend) and income from the difference in the selling price of shares to the purchase price (capital gain). Companies that choose to distribute profits as dividends will reduce the total source of internal funds or internal financing. Meanwhile, in general, investors do not want to take more risks, so they prefer high dividends to capital gains.

The importance of maintaining a balance between the interests of the company and the interests of shareholders, so it is necessary to analyze the factors that affect dividend payments. This is because the income expected by shareholders is the income generated from dividend distribution, in which the business entity gives up a portion of its profit, for the benefit of shareholders' welfare. Several factors that can affect dividend

payout ratio include cash position, debt to asset ratio and firm size.

The cash position of a company is an important factor that must be considered before the company makes a decision to determine the amount of dividends to be distributed to holding shares. Because dividends are cash outflows, the stronger the company's cash position means the greater its ability to pay dividends.

The lower the Debt to Asset Ratio, the higher the company's ability to pay its debts. An increase in debt can affect company profits because the company will prioritize paying debt rather than distributing dividends to investors. So that the Debt to Asset Ratio to the Dividend Payout Ratio will have a negative effect. If a company wants to achieve growth, it must be large and well-established. In this way the company has more flexibility and can seek larger dividend payments than smaller companies and is able to raise funds in the short term. The positive influence means that the larger the

size of a company has an impact on the amount of dividends distributed.

This research was conducted in the property and real estate sector because in an unstable sales condition it can affect the company's cash position due to the large number of bad debts, in addition, investors will also urge the company to pay dividends. The company also has a high level of debt to support its activities so that it will reduce the profit to be obtained and thus affect the distribution of dividends.

Based on the description and phenomena above, the researchers are interested in conducting research with the title: "The Effect of Cash Position, Debt to Asset Ratio and Firm Size on Dividend Payout Ratio in Property and Real Estate Companies listed on the Indonesia Stock Exchange for the 2014-2018 Period".

Based on the description of the phenomenon and the background of the problem above, the identification of the problems in this study consist four aspects. An increase in Cash Position is not always followed by an increase in the Dividend Payout Ratio in property and real estate companies listed on the Indonesia Stock Exchange for the period 2014-2018. The increase in Debt to Asset Ratio is not always followed by a decrease in the Dividend Payout Ratio in property and real estate companies listed on the Indonesia Stock Exchange for the 2014-2018 period. The increase in Firm Size is not always followed by an increase in the Dividend Payout Ratio for property and real estate companies listed on the Indonesia Stock Exchange for the period 2014-2018. Increase in Cash Position, Debt to Asset Ratio and Firm Size is not always followed by a decrease or increase in the Dividend Payout Ratio in property and real estate companies listed on the Indonesia Stock Exchange for the period 2014-2018.

The formulation of the problem in this study consist four aspects. How is the influence of Cash Position on the Dividend Payout Ratio in Property and Real Estate companies listed on the Indonesia Stock Exchange for the period 2014-2018? How is the effect of the Debt to Asset Ratio on the Dividend Payout Ratio in property and real estate companies listed on the Indonesia Stock Exchange for the period 2014-2018? How is the influence of Firm Size on the Dividend Payout Ratio in Property and Real Estate companies listed on the Indonesia Stock Exchange for the period 2014-2018?

How are the effects of Cash Position, Debt to Asset Ratio and Firm Size on the Dividend Payout Ratio in Property and Real Estate companies listed on the Indonesia Stock Exchange for the period 2014-2018.

The aim of this research is to determine and test the effect of Cash Position, Debt to Asset Ratio and Firm Size on Dividend Payout Ratio in Property and Real Estate companies listed on the Indonesia Stock Exchange for the period 2014-2018.

Cash Position

According to (Haryatih, 2015) Cash position is a comparison of the amount of cash at the end of the year to earnings after tax. Cash out flow is the cash disbursement required for the procurement (purchase) of assets.

According to (Saputra & Yunita, 2017) Cash position is calculated based on the comparison between the year-end cash balance and net profit after tax. Mathematically it can be formulated as follows:

$$\text{Cash Position} = \frac{\text{End of year cash balance}}{\text{profit after tax}}$$

Debt to Asset Ratio

According to (Sugiono & Untung, 2016) the debt to asset ratio compares between total debt and total assets. Creditors want a low debt to asset ratio because the higher this ratio, the greater the risk of creditors.

According to (Sinaga, 2014) this ratio is a comparison between total liabilities and total assets. This ratio shows the extent to which liabilities can be covered by assets. The formula used is as follows:

$$\text{Debt to Asset Ratio} = \frac{\text{Total Debt}}{\text{Total Asset}}$$

Firm Size

According to (Pribadi & Sampurno, 2012) Firm Size is the size of a company that is considered mature and capable of having good access to the capital market in order to obtain the best information.

According to (Saputra & Yunita, 2017) Size is a symbol of company size. Company size is a scale which can be classified as the size of the company in various ways, including the company's total assets, log size, stock market value, and others. Systematically the firm size can be formulated as follows:

Firm Size = Ln of Total Asset

Dividend Payout Ratio

According to (Sinaga, 2014) dividends are the distribution of profits to shareholders based on the number of shares owned. This division will reduce the retained earnings and cash available to the company, but the distribution of profits to the owners is the goal of a business. Dividend policy is basically a determination of how much profit portion will be given to shareholders and which will be retained as retained earnings. The ratio between dividends and profits is the dividend payout ratio.

According to (Haryatih, 2015) the dividend payout ratio is a comparison between dividends per common share and the profit available to ordinary shareholders. The amount of the calculation of the dividend payout ratio shows the proportion of the allocation of the profits of each share to the dividends of each share.

$$DPR = \frac{DPS}{EPS}$$

The Effect of Cash Position on the Dividend Payout Ratio

According to (Kasmir, 2010), Cash Position is a ratio that describes the company's ability to meet short-term obligations, so that the level of the company's cash position can affect a company's dividend policy. According to (Riyanto, 2010), because dividends are cash outflows, the stronger the company's cash position means the greater its ability to pay dividends.

The Effect of Debt to Asset Ratio on the Dividend Payout Ratio

According to (Gumanti, 2011), companies with high financial leverage will tend to have low dividends, because if the dividends paid are high, then this condition can be considered that the company has promised new commitments which financially will greatly disturb the company's financial stability, in particular. fixed costs.

The Effect of Firm Size on the Dividend Payout Ratio

According to (Saputra & Yunita, 2017), opportunities in the capital market in the company can be illustrated by the Firm Size. Firm Size is a ratio that measures the size of a company. Companies with a larger size are

estimated to have the ability to generate greater earnings so that they can pay larger dividends than smaller companies.

According to (Hery, 2013), company size is an important factor to explain cash dividends. Companies that have a large size will tend to have the ease of entering the capital market. This reduces dependence on funds generated from within the company and allows for higher dividend payments.

Hypothesis

H1 : Cash Position affects Dividend Payout Ratio

H2 : Debt to Asset Ratio affects Dividend Payout Ratio

H3 : Firm Size affects Dividend Payout Ratio

METHODS

This research was conducted at Property and Real Estate companies listed on the Indonesia Stock Exchange through the website www.idx.co.id.

Research time is from March 2019 to December 2019. The research approach used is deductive research. According to (Sujarweni, 2014), deductive research is research that has a general nature to be specific, meaning that this research must begin with an existing theory, then conduct research to prove the existing theory. This type of research is quantitative research. According to (Sujarweni, 2014), quantitative research is a type of research that produces discoveries that can be achieved using statistical procedures or other means of quantification (measurement). The nature of the research used is descriptive research.

According to (Sujarweni, 2014), descriptive research is research conducted to determine the value of each variable, whether one or more variables are independent without making relationships or comparisons with other variables. The population used in this study were all property and real estate companies listed on the Indonesia Stock Exchange from 2014 to 2018. The total population in this study was 52 companies. The sampling technique in this study was based on purposive sampling.

According to (Sugiyono, 2017), purposive sampling is a sampling technique with certain considerations. The considerations in selecting samples in the study consist four aspects. Property and Real Estate Companies listed on the Indonesia Stock Exchange. Property and Real Estate Companies that obtained net income during 2014-2018

respectively. Property and Real Estate Companies that paid dividends for the years 2014-2018 respectively.

Of the 52 property and real estate companies, there were 11 companies that suffered losses and 28 companies that did not distribute dividends, so the number of samples in this study was 13 companies with a 5 year period so that the total data in this study were 65 data.

Data Collection Technique

The data collection method in this research is carried out by studying documentation by collecting and studying company data sourced from financial reports and documents related to Property and Real Estate companies published by the official website of the Indonesia Stock Exchange (IDX) since 2014. until 2018.

Types and Sources of Research Data

The type of data used in this study is secondary data. The secondary data was obtained from the website.idx.co.id in the form of financial reports for Property and Real Estate companies for the years 2014-2018.

Classic Assumption Test

Classic assumption testing is needed to determine whether the regression estimation results carried out are truly free of heteroscedasticity symptoms, multicollinearity symptoms, and autocorrelation symptoms. The regression model can be used as an unbiased estimation tool if it meets the BLUE (best linear unbiased estimator) requirements, namely, there is no heteroscedasticity, no multicollinearity, and no autocorrelation. If there is heteroscedasticity, then the variance is not constant so that it can cause the bias standard error. If there is multicollinearity, it will be difficult to isolate individual effects from the variable, so that the significance level of the regression coefficient is low. With the presence of autocorrelation, the estimator is still biased and consistent, but it becomes inefficient.

The classical assumption test in this study consisted of 4 test instruments, namely the normality test, multicollinearity test, autocorrelation test and heteroscedasticity test.

Research Model Hypothesis testing in this study is to test whether the independent variable has a partial or simultaneous effect on the dependent variable using the F test

and t test. The regression model used is multiple regression analysis with the formula:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Information: Y = Dividend Payout Ratio a = Constant X1 = Cash Position X2 = Debt to Asset Ratio X3 = Firm Size b1, b2, b3 = regression coefficient e = Confounding variable.

RESULTS AND DISCUSSION

Descriptive Statistics

The sample that met the criteria in this study amounted to 13 companies with a research period of 5 years (2014-2018) so that the data amounted to 65 data.

Table 1

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Cash_Position	65	.150	621,085	11,08006	76,849981
DAR	65	.084	.643	.39795	.146449
Firm_Size	65	27,837	31,166	29,51974	1,042116
DPR	65	.026	85,504	1,54035	10,583909
Valid N (listwise)	65				

The minimum value on the Cash Position variable is 0.150 which is obtained by PT. Gowa Makassar Tourism Development, Tbk in 2015 while the maximum cash position value of 621,085 was obtained by PT. Pikko Land Development, Tbk in 2018. The average cash position value of property and real estate companies listed on the Indonesia Stock Exchange for the period 2014-2018 is 11,08006.

The minimum value in the Debt to Asset Ratio variable is 0.084 which is obtained by PT. Roda Vivatex, Tbk in 2018 while the maximum value of Debt to Asset Ratio of 0.643 was obtained by PT. Agung Podomoro Land, Tbk in 2014. The average value of Debt to Asset for property and real estate companies listed on the Indonesia Stock Exchange for the period 2014-2018 is 0.39795.

The minimum value of Firm Size variable is 27.837 which is obtained by PT. Gowa Makassar Tourism Development, Tbk in 2016 with an asset value of Rp. 1,229,172,450,340, - while the maximum Firm Size value of 31,166 was obtained by PT. Ciputra Development, Tbk in 2018 with an asset value of IDR 34,289,017,000,000, -. The average firm value for property and real estate companies listed on the Indonesia Stock Exchange for the period 2014-2018 was 29.51794 with an average asset value of IDR 10,670,528,823,394.

The minimum value of the Dividend Payout Ratio variable is 0.026 which is obtained by PT. Gowa Makassar Tourism Development, Tbk in 2018, while the maximum Dividend Payout Ratio value of

85.504 was obtained by PT. Roda Vivatex, Tbk in 2018. The average Dividend Payout value for property and real estate companies listed on the Indonesia Stock Exchange for the period 2014-2018 is 1.54035.

Discussion

The Effect of Cash Position on the Dividend Payout Ratio

The results of the study prove that there is a significant positive effect of Cash Position on the Dividend Payout Ratio in property and real estate companies listed on the Indonesia Stock Exchange for the period 2016-2018. The results of this study are also in line with (Haryatih, 2015) that Cash Position has a positive and significant effect on the Dividend Payout Ratio.

The greater the cash owned by the company shows a positive cash position, which means that the company has good financial performance and is able to distribute dividends to shareholders.

The Effect of Debt to Asset Ratio on the Dividend Payout Ratio

The results of the research cannot prove the effect of the Debt to Asset Ratio on the Dividend Payout Ratio in property and real estate companies listed on the Indonesia Stock Exchange for the period 2014-2018. The results of this study are also in line with (Maulidah & Azhari, 2015), namely that DAR has no effect on the Dividend Payout Ratio.

The use of debt has no effect on dividend distribution decisions, this is because property and real estate companies are very unlikely if they do not use loan capital from outside parties in carrying out / maintaining the smooth running of their operational activities. Thus, investors' perceptions of the use of debt in the property and real estate sector are still considered reasonable, so that it does not affect dividend payments.

The Effect of Firm Size on the Dividend Payout Ratio

The results of this study prove that Firm Size has a significant negative effect on the Dividend Payout Ratio in property and real estate companies listed on the Indonesia Stock Exchange for the period 2014-2018. The results of this study are also in line with (Ayuningthias, 2019), namely company size has a negative and significant effect on the Dividend Payout Ratio.

The larger the size of a company indicates that the company is experiencing sales

growth, in this condition the company will prioritize opportunities for company growth rather than distributing dividends to shareholders, thus the larger the size of the company, the smaller the dividend distribution to shareholders because the company must set aside funds for investment purposes.

CONCLUSION

Partially Cash Position has a positive and significant effect on the Dividend Payout Ratio in property and real estate companies listed on the Indonesia Stock Exchange for the period 2016-2018. Partially the Debt to Asset Ratio has no effect on the Dividend Payout Ratio in property and real estate companies listed on the Indonesia Stock Exchange for the period 2016-2018. Partially Firm Size has a negative and significant effect on the Dividend Payout Ratio in property and real estate companies listed on the Indonesia Stock Exchange for the period 2016-2018. Simultaneously Cash Position, Debt to Asset Ratio and Firm Size have a significant effect on the Dividend Payout Ratio in property and real estate companies listed on the Indonesia Stock Exchange for the period 2016-2018

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List of Tables

Table 1. Hypotheses t Test

Model		Coefficients ^a			t	Sig.
		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta		
1	(Constant)	29,935	13,243		2,260	,027
	LN_Cash_Position	,771	,107	,753	7,180	,000
	LN_DAR	,488	,282	,192	1,729	,089
	LN_Firm_Size	-9,311	3,871	-,286	-2,405	,019

a. Dependent Variable: LN_DPR

Table 2. Hypotheses F Test

Model		ANOVA ^a				
		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	39,135	3	13,045	17,425	,000 ^b
	Residual	45,667	61	,749		
	Total	84,802	64			

a. Dependent Variable: LN_DPR

b. Predictors: (Constant), LN_Firm_Size, LN_Cash_Position, LN_DAR

Table 3. R Square

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,679 ^a	,461	,435	,86524

a. Predictors: (Constant), LN_Firm_Size, LN_Cash_Position, LN_DAR

List of Figures

Figure 1. Model Test

