THE EFFECT OF CURRENT RATIO, AND GROWTH ASSETS ON DIVIDEND POLICY

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ABSTRACT
This study aims to determine and analyze the effect of the current ratio and growth assets on dividend policy partially and simultaneously. By testing the independent variables one by one dependent and jointly testing all independent variables. This type of research used quantitative research.

The objects of this study are all Property, Real Estate and Building companies listed on the Indonesia Stock Exchange (IDX) in the 2015-2017 period. This research was conducted on 19 companies, the sample selection method used was purposive sampling method. The data analysis method used in this study is multiple linear regression, which is an analysis of the relationship between one dependent variable with two or more independent variables.

The results of this study indicate that partially and simultaneously the Current Ratio has a positive and significant effect on Dividend Payout Ratio, and Growth Asset has a negative and not significant effect on Dividend Payout Ratio.

KEYWORDS: Current Ratio, Asset Growth, Dividend, Property company, Real Estate dan Building

1. BACKGROUND
The increasingly stringent business development requires each company to innovate in order to compete with other companies so that the company's performance is increasing. The capital market is seen to help the company's finances by selling company shares to investors. The investor is a person who has funds and invests their capital with the aim of making a profit (Komang and Gusti, 2016).

Firm value can also be influenced by dividend policy. Dividend policy is often regarded as a signal to investors in assessing the merits of a company; this is because dividend policy can have an effect on the company's stock price. The size of the company pays dividends to shareholders depending on the dividend policy of each company. (Angela Dirman and Putri Dwi Wahyuni)

According to Hikmah and Yamin (2015: 1) The company's dividend policy is reflected in the dividend payout ratio (DPR) which is the percentage of earnings distributed in cash dividends, which means that the size of the dividend payout ratio (DPR) will affect the investment decisions of shareholders and on the other hand it affects the company's financial condition. This consideration regarding dividend payout ratio (DPR) is thought to be very related to corporate finance. If the company's financial performance is good, then the company will be able to determine the amount of the dividend payout ratio (DPR) in accordance with the expectations of shareholders and of course without ignoring the interests of the company to stay healthy and grow.

Investors who are not willing to take risks, have the view that the higher the risk of a company, the higher the level of expected profits as a result or reward for that risk. Dividends received today have a higher value than capital gains to be received in the future (Lanawati and Amilin, 2015: 1).

One sector on the IDX that distributes dividends is the Property, Real Estate and Building Construction Companies. The following table and graph illustrate the development of the average Dividend Payout Ratio (DPR) in the Property, Real Estate and Building Construction Companies in the Indonesia...
Stock Exchange (BEI) in 2015-2017, which experienced fluctuations in the 4 sector companies, namely the Sector Property, Real Estate and Building Construction.

**Picture 1.1. Dividend Payout Ratio Average (DPR) period 2015-2017**

![Dividend Payout Ratio Average Graph](source:indonesia stock Exchange)

In the table and graph above shows the average value of Dividend Payout Ratio (DPR) in the Property Sector, Real Estate and Building Construction Companies in 2015-2017 has fluctuated and there is no indication in the implementation of a stable dividend policy. In 2015 the development rate of the average dividend decreased by 0.21%, then increased in 2016 by 0.32%, and then experienced a very drastic decrease in 2017 of 0.14%. The decrease and increase in the dividend payout ratio (DPR) on the graph contains information on the current state of company management and the state of future profits.

Current Ratio (CR) is needed by the company because this ratio helps the company in measuring the extent to which it fulfills its obligations that are due soon. "Current Ratio (CR) is a measure commonly used for short-term solvency, the ability of a company to meet debt needs when due" (Irham Fahmi 2014: 66). Companies with higher cash availability make it possible to pay corporate dividends from companies with sufficient cash availability (Kazmierska-Jozwiak, 2015).

Fatimatuz Zuhro MB (2016), Assets Growth is an asset used for company operational activities. The greater the assets are expected the greater operational results produced by the company. Asset growth is defined as the annual change in total assets.

Based on previous studies Janifairus (2013) conducted research on the effect of Return on Assets (ROA), Debt to Equity Ratio (DER), asset growth (AG) and cash ratio (CR) on the dividend payout ratio (DPR), the results showed that Variable Return on Assets (ROA), Debt to Equity Ratio (DER), asset growth (AG) and cash ratio (CR) significantly influence the dividend payout ratio (DPR). While Effendi et al (2014) conducted a study on the effect of Return on Assets (ROA), Asset growth (AG), Sales growth (SG) and Debt to Equity Ratio (DER) on the dividend payout ratio (DPR), the results showed that only the Return variable on Asset (ROA) which has an influence on the dividend payout ratio (DPR).

2. **LITERATURE REVIEW**

2.1. **Signalling Theory**

**SIGNALLING THEORY (SIGNAL THEORY)**

Signaling Theory or signal theory developed by (Ross, 1977), states that corporate executives who have better information about their companies will be encouraged to convey this information to prospective investors so that the company's stock price increases. Positive things in signaling theory where companies that provide good information will distinguish them from companies that do not have "good news" by informing the market about their condition, signals about good future performance given by companies whose past financial performance is not good will not be trusted by the market (Wolk and Tearney in Dwiyanti, 2010).

Brennan, M., and T. Copeland, (1988) stated that stock splits require large transaction costs, such as printing new certificates so that companies with good prospects are able to bear these costs. If reacting at the
time of stock split does not mean the market reacts to stock split information that has no economic value, but rather to know the company's future prospects signified through stock split. So the motivating factor for a stock split is the company's performance.

2.2. Dividend Policy
The company will distribute dividends if the company's operations make a profit. The company cannot distribute dividends if the company suffers a loss. Thus the potential profit of investors to get dividends is determined by the company's performance. Dividends are given after obtaining approval from the shareholders at the General Meeting of Shareholders (GMS). Generally dividends are one of the attractions for holders with a long-term orientation, such as institutional investors or pension funds and others.

Dividends distributed by companies can be in the form of cash dividends, meaning that to whom the shareholders provide cash dividends in the amount of certain rupiahs for each share or it can also be in the form of stock dividends or capital gains in the form of the difference between the selling price and the purchase price (Halim, 2015: 18).

Firm value can also be influenced by dividend policy. Dividend policy is often regarded as a signal to investors in assessing the merits of a company; this is because dividend policy can have an effect on the company's stock price. The size of the company pays dividends to shareholders depending on the dividend policy of each company.

With formula:

\[
DPR = \frac{\text{Stock Dividend}}{\text{Net Profit}}
\]

2.3. Current Ratio
The company must continuously monitor the relationship between the amount of current liabilities and current assets. This relationship is very important especially to evaluate the company's ability to meet its short-term obligations using current assets. Companies that have more current liabilities than current assets, then usually these companies will experience liquidity problems when their current liabilities expire (Hery, 2016: 50). Following is the formula used to calculate the current ratio:

\[
\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}
\]

2.4. Asset Growth
Company growth (Assets Growth) is expressed as total asset growth where past growth will reflect profitability which will reflect future profitability and future growth (Nurhasanah, 2016: 17). Asset Growth can be formulated as follows:

\[
AG = \frac{\text{Year Asset}_t - \text{Year Asset}_{t-1}}{\text{Year Asset}_t}
\]

3. RESEARCH METHODS
This research is a quantitative study in which the data used are the financial statements of the Property, Real Estate and Building Construction Companies listed on the Indonesia Stock Exchange for the period 2015-2017. The study was conducted from August 2018 to January 2019.

The population of this study researchers used the Property, Real Estate and Building Construction companies on the Stock Exchange in the 2015 to 2017 research period, there were 71 companies in the Property, Real Estate and Building Construction sector during the research period. The sampling technique in this study using the criteria or purposive sampling, the research sample of 19 samples.
4. RESULTS AND DISCUSSION
4.1 Descriptive Statistics Test Results

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>CR</td>
<td>57</td>
<td>,8791</td>
<td>6,9133</td>
<td>2,048614</td>
<td>1,2091606</td>
</tr>
<tr>
<td>AG</td>
<td>57</td>
<td>,8358</td>
<td>2,4166</td>
<td>1,232874</td>
<td>,2933552</td>
</tr>
<tr>
<td>DPR</td>
<td>57</td>
<td>,4790</td>
<td>6,3170</td>
<td>1,736649</td>
<td>1,0958801</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>57</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Current Ratio has the lowest value (minimum) of 0.88 (88%) owned by PT Intiland Development Tbk in 2017, and the highest value (maximum) of 6.91 (691%) owned by PT Lippo Karawaci Tbk in 2015, with an average value of 2.048614, the standard deviation of 1.2091606. Which means the standard deviation is smaller than the average value (Mean). This shows that the data is well distributed.

Asset Growth has the lowest (minimum) value of 0.84 (84%) owned by PT Gowa Makassar Tourism Development Tbk in 2015, and the highest value (maximum) of 2.42 (242%) owned by PT Waskita Karya (Persero) Tbk in 2015. With an average value of 1.232874, the standard deviation of 0.2933552. Which means the standard deviation is smaller than the average value (Mean). This shows that the data is well distributed.

Dividend Policy (Y) which is proxied by Dividend Payout Ratio (DPR) has the lowest (minimum) value of 0.5 (50%) owned by PT Duta Pertiwi Tbk in 2016, and the highest value (maximum) of 6.32 (632%) owned by PT Surya Semesta Internusa Tbk in 2016. The mean (dividend) policy of the company of the 57 samples studied was 1.7367 with a standard deviation of 1.0958801 which means the standard deviation is smaller than the mean (Mean). This shows that the data is well distributed.

One-Sample Kolmogorov-Smirnov Test

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Residual</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>57</td>
</tr>
<tr>
<td>Normal Parametersa,b</td>
<td>Mean</td>
</tr>
<tr>
<td></td>
<td>Std. Deviation</td>
</tr>
<tr>
<td></td>
<td>Absolute</td>
</tr>
<tr>
<td></td>
<td>Positive</td>
</tr>
<tr>
<td></td>
<td>Negative</td>
</tr>
<tr>
<td>Kolmogorov-Smirnov Z</td>
<td>1.176</td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
<td>0.126</td>
</tr>
</tbody>
</table>

a. Test distribution is Normal.
b. Calculated from data.
4.2 Normality Test Results

Based on table 4.3, the data normality test results are said to be normal if the Asympotic Significant value Sig. (2-tailed) more than 0.05. The test results using One Sample Kolmogrov Smirnov based on the table above shows the value of the Asympotic Significant Sig. (2-tailed) is 0.126. Thus, the data of this study are normally distributed because of the Asympotic Significant Sig. (2-tailed) 0.126 > 0.05.

4.3 Multicollinearity Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>(Constant)</td>
<td>0.858</td>
<td>0.084</td>
<td></td>
<td>10.204</td>
<td>0.000</td>
</tr>
<tr>
<td>1 CR</td>
<td>0.865</td>
<td>0.015</td>
<td>0.954</td>
<td>59.615</td>
<td>0.000</td>
</tr>
<tr>
<td>AG</td>
<td>-7.24</td>
<td>0.060</td>
<td>-1.94</td>
<td>-12.113</td>
<td>0.000</td>
</tr>
</tbody>
</table>

a. Dependent Variable: DPR

The criteria in determining multicollinearity tests (ghozali: 2016) are as follows:
1) Current tolerance ratio (CR) value is 0.989 > 0.10 and VIF value is 1.011 < 10.
2) The tolerance value of Asset Growth (AG) is 0.989 > 0.10 and the VIF value is 1.011 < 10.

From the value of tolerance and VIF so that it can be concluded that the model is free from multicollinearity. The heteroscedasticity test can be seen in Figure 4.1 as follows:

Based on Figure 4.1 above, it can be seen that there are no clear patterns and spread points above and below the number 0 on the Y axis, it can be concluded that the regression model does not occur heteroscedasticity.
4.4 Autocolleration Test Results

Model Summary\textsuperscript{b}

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.993\textsuperscript{a}</td>
<td>.986</td>
<td>.986</td>
<td>.1305437</td>
<td>1.744</td>
</tr>
</tbody>
</table>

\textsuperscript{a} Predictors: (Constant), AG, CR  
\textsuperscript{b} Dependent Variable: DPR  

Based on the results of the autocorrelation test in table 4.4 above shows that the Durbin-Watson (DW) value of 1.744. While the size of the DW-table with a sample size of 57 (N = 57) and the number of independent variables 2 (K = 2) obtained \( d_L \) (lower limit) = 1.5004 and \( d_U \) (upper limit) = 1.6452. Then \( d_U < d < d_L \) (1.6452 < 1.744 < 2.3548), there is no positive or negative autocorrelation (not rejected).

<table>
<thead>
<tr>
<th>Hypothesys</th>
<th>Decision</th>
<th>If</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive No autocorrelation</td>
<td>Decline</td>
<td>( 0 &lt; d &lt; d_L )</td>
</tr>
<tr>
<td>Negative No autocorrelation</td>
<td>No decision</td>
<td>( d_L \leq d \leq d_U )</td>
</tr>
<tr>
<td>N Negative autocorrelation</td>
<td>Decline</td>
<td>( 4 - d_L \leq d &lt; 4 )</td>
</tr>
<tr>
<td>Negative No autocorrelation</td>
<td>No decision</td>
<td>( 4 - d &lt; d \leq d_U )</td>
</tr>
<tr>
<td>No Negative and positive</td>
<td>No Decline</td>
<td>( d &lt; d &lt; 4 - d )</td>
</tr>
<tr>
<td>autocorrelation</td>
<td></td>
<td>( 1,6452 &lt; 1,744 &lt; 2,3548)</td>
</tr>
</tbody>
</table>

4.5 F Test Results

ANOVA\textsuperscript{a}

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig. \textsuperscript{b}</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>66,333</td>
<td>2</td>
<td>33,167</td>
<td>1946,206</td>
<td>.000\textsuperscript{b}</td>
</tr>
<tr>
<td>Residual</td>
<td>.920</td>
<td>54</td>
<td>.017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>67,253</td>
<td>56</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\textsuperscript{a} Dependent Variable: DPR  
\textsuperscript{b} Predictors: (Constant), AG, CR  

Based on on table 4.5 it can be seen the influence of Current Ratio, and Asset Growth on dividend policy. From the ANOVA table it can be seen that the value is 1946,206 > 3.17. The hypothesis is accepted, meaning that \( X_1, X_2 \) simultaneously influence \( Y \). Significance value is less than 0.05, this shows that Current Ratio, and Asset Growth affect the policy dividends in the property sector, real estate and building construction companies listed on the Indonesia Stock Exchange in 2015-2017.
4.6 T Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.858</td>
<td>.084</td>
<td>10,204</td>
<td>.000</td>
</tr>
<tr>
<td>CR</td>
<td>.865</td>
<td>.015</td>
<td>.954</td>
<td>59,615</td>
<td>.000</td>
</tr>
<tr>
<td>AG</td>
<td>-.724</td>
<td>.060</td>
<td>-.194</td>
<td>-12,113</td>
<td>.000</td>
</tr>
</tbody>
</table>

Based on table 4.6 above, it can be tested the hypotheses proposed in this study to get a significant effect of the independent variables on the dependent variable as follows:

H1: Current Ratio has a significant effect on dividend policy.

Based on the results of the t test in table 4.6, the results show that the Current Ratio variable has a calculated t value of 59.615 > 1.67356, then the hypothesis is accepted, there is an effect of x1 on Y. This shows that the Current Ratio is negative and significant towards dividend policy (DPR) in the property sector, real estate and building construction companies on the Indonesia Stock Exchange in 2015-2017, so it can be said that the first hypothesis is accepted.

H2: Asset Growth affects dividend policy

Based on the results of the t test in table 4.6, the results show that the Current Ratio variable has a calculated t value of -12.113 < 1.67356, then the hypothesis is rejected, there is no effect of x2 on Y. This shows that the Current Ratio is negative and not significant to the policy dividends (DPR) in the property sector, real estate and building construction companies on the Indonesia Stock Exchange in 2015-2017, so it can be said that the second hypothesis is rejected.

4.7 Multiple Linear Regression Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
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<td>.084</td>
<td>10,204</td>
<td>.000</td>
</tr>
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<td>CR</td>
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<td>59,615</td>
<td>.000</td>
</tr>
<tr>
<td>AG</td>
<td>-.724</td>
<td>.060</td>
<td>-.194</td>
<td>-12,113</td>
<td>.000</td>
</tr>
</tbody>
</table>

Based on Table 4.7 above, it can be seen the regression equation as follows:

1) A constant value of 1.158 is positive indicating a positive effect of the independent variable (Current Ratio, and Asset Growth with a significant value of 0.000, indicating that the independent variable is less than the tolerance value α = 0.05. If the independent variable rises or influences in one unit, the variable Dividend Payout Ratio will increase or be fulfilled.

2) Current Ratio variable coefficient value of 0.069 with a significant value of 0.150 states that the significant value of the Current Ratio variable is less than the tolerance value that is α = 0.05, then the coefficient of the variable Net Profit margin affects the Dividend Payout Ratio variable.

3) Asset Growth variable regression coefficient value of -0.194 with a significant value of 0.413 states that the significant value of the Current Ratio variable exceeds the tolerance value α = 0.05, then the coefficient of the variable Net Profit margin has no effect on the Dividend Payout Ratio variable.
CONCLUSION

Based on the results of testing the hypothesis that has been analyzed, the conclusions that can be drawn from this research are as follows:

1. T-test results (partially) Current Ratio has a positive and significant effect on Dividend Payout Ratio in Property, Real Estate and Building construction companies listed on the Indonesia Stock Exchange in 2015-2017.

SUGGESTIONS

Some suggestions that can be given with the results of this study for companies, investors and potential investors, and for further researchers are as follows:

1. For companies
   
The results of this study indicate that an issuer needs to pay attention to the company's financial performance and evaluate it. By considering these independent variables the company can decide the amount of dividends to be distributed so as to produce an optimal dividend policy for the company. Dividend Payout Ratio is considered important not only because the amount of funds to be distributed but is caused by financial factors and investment decisions determined by the company. The management must make a decision on dividend policy to be carried out, investment decisions, funding decisions and expected growth.

2. For investors and potential investors
   
   Investors and potential investors need to pay attention to the value of the company's Dividend Payout Ratio while still considering the positive and negative impacts. Investors must pay close attention to the company's dividend policy in order to have a good composition and in accordance with the capabilities and growth of the company. For investors who want a dividend as a return from their investment, it is necessary to pay attention and analyze a high current ratio variable before investing in a company, because a company that has a high current ratio means that it will be able to settle its short-term obligations properly so that the projections will distribute dividends will be high anyway.

3. For further researchers
   
   This research can be a reference and foundation that can be used for the expansion of research in the same field and the addition of variables for its development.

REFERENCES

GLOBAL CONFERENCE on BUSINESS, ECONOMICS, MANAGEMENT and (2015).


21. Mubarok (2016) pengaruh current ratio (CR), debt to equity ratio (DER), total asset turnover (TAT) dan Return on Asset (ROA) terhadap dividend payout ratio (DPR).


