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Exploring the Variables Influencing Dividend Payouts in Indonesia's F&B Industry

Eksplorasi Faktor yang Mempengaruhi Pembayaran Dividen di Industri Makanan dan Minuman Indonesia

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Abstract - This research aims to examine the influence of return on investment (ROI), current ratio (CR), and debt to equity ratio (DER) on the dividend payout ratio (DPR) in food and beverage manufacturing companies listed on the Indonesia Stock Exchange (BEI) from 2019 to 2023. The study employs a comparative causal approach using quantitative methods. A purposive sampling technique was utilized to select 12 companies from a total of 33. Data analysis was conducted using the Eviews 13 program with a total of 60 observations. The results indicate that, individually, ROI and CR significantly affect the DPR, while DER does not have a significant impact. However, when considered together, ROI, CR, and DER collectively influence the DPR in the selected food and beverage manufacturing companies from 2019 to 2023. Different from previous research, this study utilizes a combination of variables ROI, CR, and DER with the latest period. This research can serve as a reference for investors in making informed investment decisions and evaluating the dividend payout ratio within these companies.

Keywords: Current Ratio, Debt to Equity Ratio, Dividend Payout Ratio, Return on Investment.

Abstrak *- Penelitian ini bertujuan untuk menganalisis pengaruh return on investment (ROI), current ratio (CR), dan debt to equity ratio (DER) terhadap dividend payout ratio (DPR) pada perusahaan manufaktur makanan dan minuman yang terdaftar di Bursa Efek Indonesia (BEI) periode 2019 hingga 2023. Pendekatan yang digunakan dalam penelitian ini adalah pendekatan kausal komparatif dengan metode kuantitatif. Teknik purposive sampling digunakan untuk memilih 12 perusahaan dari total 33 perusahaan yang ada. Analisis data dilakukan menggunakan program Eviews 13 dengan total 60 observasi. Hasil penelitian menunjukkan bahwa, secara terpisah, ROI dan CR memiliki pengaruh signifikan terhadap DPR, sedangkan DER tidak memberikan pengaruh yang signifikan. Namun, jika dilihat secara keseluruhan, ROI, CR, dan DER secara bersama-sama berpengaruh terhadap DPR pada perusahaan manufaktur makanan dan minuman periode 2019 hingga 2023. Berbeda dengan penelitian sebelumnya, penelitian ini menggabungkan variabel ROI, CR, dan DER dengan periode terbaru. Penelitian ini dapat dijadikan acuan bagi investor dalam membuat keputusan investasi yang tepat dan dalam menilai Dividend Payout Ratio pada perusahaan-perusahaan tersebut.*

Kata Kunci*: Current Ratio, Debt to Equity Ratio, Dividend Payout Ratio, Return on Investment.*

INTRODUCTION

The main objective of a company is to generate profit and maximize wealth through operations that yield margins or profits. The transformation of business products usually establishes a variety of new challenges into the markets for several production companies (Reschiwati & Indrasari, 2020). However, with the progression of time, companies have developed a vision to enhance their value. In the current era of globalization, business people in the business world increasingly compete to be able to achieve the goals to be achieved by the company (Reschiwati et al, 2020). These objectives can be achieved if a company can operate effectively and meet its targeted margins and profits. Hamilah (2020) states that the economic growth of a country in a modern economy depends on the existence of an efficient financial sector. Through the profits earned, the company can grow and provide dividends to shareholders, thereby increasing the company's value. The conclusion that can be drawn is that profit is one of the benchmarks for management success.

One of the main focuses of a company is managing its profit flows. A common question among decision-makers is whether to retain profits for future operational activities or to partially distribute

them as dividends to shareholders. This is crucial because the allocation of profits is expected to be effective and align with the company's needs (Dowdell et al, 2014). The dividend policy designed by decision-makers becomes an indirect factor that determines stock prices. Dividend policy is a decision on whether the profits earned by the company at the end of the year will be distributed to shareholders or retained to increase capital for future investment financing. The dividend payout ratio (DPR) indicates the percentage of a company's profits paid to common shareholders in the form of cash dividends. The dividend payout ratio is the ratio that shows the comparison between cash dividends per share (Dewi & Yulfiswandi, 2023).

Return on investment (ROI) is a measure of a company's overall ability to generate profit relative to the total assets available within the company (Fadli, 2017). According to Arsyad et al. (2021), ROI has a positive and significant impact on the Dividend Payout Ratio (DPR); however, this contradicts Fadli's (2017) research, which states that ROI has a negative impact on the dividend payout ratio.

Current ratio (CR) is a measure of a company's ability to meet its short-term obligations that are due soon, using the available current assets. The higher the current ratio, the greater the company's ability to fulfill its short-term obligations. Wahyuni & Hafiz (2018) state that the current ratio does not have an impact on the dividend payout ratio. This is supported by the research of Fadillah & Eforis (2020) and Muslih & Eviriswanti (2021), which indicate that return on assets, debt to equity ratio, and current ratio do not significantly affect the dividend payout ratio. Meanwhile, Laim et al. (2015) state that there is a simultaneous influence of the variables CR, DER, ROA, firm size, and growth on the dividend payout ratio.

According to Karmilah & Komara (2024), the debt to equity ratio (DER) measures the percentage of liabilities within a company's capital structure. Wahyuni & Hafiz (2018) state that the debt to equity ratio has a significant impact on the dividend payout ratio, a finding supported by Laim et al. (2015), which indicates that the research results show that the variables CR, DER, ROA, firm size, and growth simultaneously affect the dividend payout ratio. Meanwhile, Fadillah & Eforis (2020) state that the debt to equity ratio (DER) does not impact the dividend payout ratio, a conclusion also supported by Muslih & Eviriswanti (2021), which finds that return on assets, debt to equity ratio, and current ratio do not significantly affect the dividend payout ratio.

Based on previous studies, there remains inconsistency in the research findings. The objective of this study is to re-examine the factors that influence the dividend payout ratio with the aforementioned variables. This research uses the latest application, eviews 13, and covers the most recent period from 2019 to 2023. The research question is whether return on investment, current ratio, and debt to equity ratio affect the dividend payout ratio. It is hoped that this study will provide insights and improvements in analyzing financial ratios within companies, particularly the return on investment, current ratio, and debt to equity ratio, which impact the dividend payout ratio. This research will also be useful in enhancing the company's profits and assisting investors in making investment decisions.

LITERATURE REVIEW

Agency Theory

Agency theory explains the relationship between the principal (shareholders) and the agent (managers) in a company. The principal mandates the agent to manage the company, but sometimes their interests do not align. Shareholders seek maximum profit, while managers may be more interested in personal goals, such as higher salaries or making decisions that benefit themselves, which may not necessarily be advantageous to the shareholders. Dividend payments are the proportion of a company's net profit paid to shareholders in the form of dividends. Dividend payments are often seen as a way for a company to distribute profits to shareholders and demonstrate that the company is consistently generating earnings.

In the context of agency theory, dividend payments can serve as a mechanism to reduce the conflict of interest between the principal and the agent. Here are several reasons why dividend payments are relevant to this theory: (1) reduction of agency costs: dividend payments can reduce agency costs. If a company pays high dividends, managers have fewer funds to use for investment projects that may not benefit shareholders. This reduces the likelihood of managers using company funds for personal

interests or investments that are not profitable. (2) Enhancing transparency: consistent dividend payments can signal to shareholders that the company has good financial performance and is generating profits. This can reduce the uncertainty between the principal and the agent, enhance transparency, and improve their relationship. (3) Influence on managerial decision-making: when a company pays high dividends, managers are likely to be more cautious in managing funds because they have fewer internal resources to use recklessly. This can help minimize the misuse of funds or decisions that are not beneficial to shareholders.

Signalling Theory

This theory assumes that information about a company's performance is not always perfectly available to all parties. Therefore, company managers can provide a "signal" to the market through certain decisions that are believed to convey clearer information about the company's condition. One of the most common signals is the decision to pay dividends. In signaling theory, dividend payments are often seen as a signal sent by the company to the market, indicating the company's financial health and future prospects.

Here are some explanations regarding the relationship between the two: (1) positive signal: when a company pays high dividends or increases dividend payments, it is often viewed as a positive signal to investors. This indicates that the company has stable profitability and is capable of generating enough cash flow to pay dividends. Investors may interpret this as an indication that management believes the company will continue to grow and generate profits. (2) Negative signal: on the other hand, if a company reduces or does not pay dividends, it can be a negative signal suggesting that the company is facing financial problems or is unable to generate sufficient profit. A reduction in dividends may also indicate that management is more focused on conserving funds to cope with economic uncertainty or to cover losses. (3) Signal of stability: consistent dividend payments can signal stability to the market and investors, indicating that the company has stable cash flow and the ability to continue distributing profits to shareholders. This can also reduce uncertainty among investors, improve perceptions of the company's risk, and attract more investor interest.

Dividend Payout Ratio (DPR)

According to Dewi & Yulfiswandi (2023), the dividend payout ratio (DPR) is the ratio that shows the comparison between cash dividends per share and earnings per share. This ratio reflects the amount of profit allocated as dividends for each share. The dividend payout ratio represents the percentage of net income distributed as dividends to shareholders, with the remaining profits retained by the company for future funding (Ilbasmis et al, 2024). Therefore, a higher dividend payout ratio will benefit investors or issuers, and vice versa; however, at the same time, it will reduce the amount of retained earnings within the company. The method for identifying the dividend payout ratio involves dividing dividends by net income and then multiplying by 100 percent.

Return On Investment (ROI)

Return on investment (ROI) is the ratio of operating profit to average operating assets, aimed at measuring the performance of a company's investment center by assessing the profitability generated from managing all investments. ROI indicates how much net profit can be obtained from all the wealth owned by the company (Yusup et al, 2022). ROI shows the percentage of net profit earned when measured against the owner's equity. According to Prihandoko & Abadiyah (2024), ROI is the ratio that indicates the return generated from the amount of assets used in the company.

Current Ratio (CR)

Current ratio is a measure used to assess a company's ability to meet its short-term obligations that are due soon by using the total available current assets. Based on the above definition, it can be concluded that the current ratio (CR) is a ratio that measures a company's ability to fulfill its short-term obligations with its available current assets. In other words, this ratio gauges the company's capacity to pay its short-term liabilities using its current assets. The current ratio is calculated by dividing total current assets by total current liabilities. The higher the current ratio, the better the company's ability to meet its short-term obligations. Conversely, a lower current ratio indicates a poorer ability for the company to meet its short-term liabilities (Safitri et al, 2022).

Debt to Equity Ratio (DER)

According to Karmilah & Komara (2024), the debt to equity ratio (DER) "measures the percentage of liabilities in a company's capital structure". This ratio is important for assessing the business risk of a company, which increases with the addition of liabilities. According to Prihandoko & Abadiyah (2024), the debt to equity ratio (DER) is "a debt ratio used to measure the relationship between total debt and equity." Based on the expert definitions above, it can be concluded that the debt to equity ratio (DER) is a debt ratio that illustrates the extent to which the owner's equity can cover debts to external parties, and it measures the degree to which a company is financed by debt. Furthermore, it indicates the company's ability to meet its obligations using the available capital (Indrayani & Wenten, 2024).

Return On Investment (ROI) and Dividend Payout Ratio

Return on investment (ROI) is a ratio that indicates how much net profit can be obtained from all the wealth owned by the company (Yusup et al, 2022). Agency theory helps explain the relationship between ROI and DPR by highlighting the conflicts of interest between managers and shareholders. By aligning managerial incentives (such as performance-based compensation) with ROI and establishing an optimal DPR, firms can reduce agency costs and ensure that both parties benefit from improved financial performance and value maximization.

In signaling theory, ROI and DPR act as signals sent by a company to the market about its financial health, management's confidence in future performance, and long-term prospects. High ROI signals efficient use of capital and profitability, while high DPR signals confidence in future cash flows and a commitment to shareholder returns. Both metrics, when analyzed together, help investors form expectations about the company's future, thus influencing stock prices and investment decisions. Managers can use these signals strategically to align investor perceptions with the company's goals, balancing between growth and immediate shareholder returns. ROI shows the percentage of net profit earned when measured against the owner's equity. According to Arsyad et al. (2021), ROI has a positive and significant impact on the dividend payout ratio (DPR).

H_1: Return on investment (ROI) affects the dividend payout ratio.

Current Ratio (CR) and Dividend Payout Ratio

This ratio measures a company's ability to pay its short-term obligations using its current assets (Brigham & Huston, 2018). Agency theory provides a framework for understanding how managers and shareholders may have conflicting interests when it comes to financial decisions, particularly in terms of liquidity management (current ratio) and profit distribution (dividend payout ratio). Managers may prioritize personal security, leading to inefficiencies like excessive liquidity or low dividend payouts, which may not align with the interests of shareholders (Nurmayasari et al, 2021).

Signaling theory plays an important role in interpreting the current ratio (CR) and dividend payout ratio (DPR) as signals that convey critical information to investors about a company's financial health, management's confidence, and future prospects. The CR signals the company's liquidity position and its ability to meet short-term obligations, while the DPR reflects management's approach to distributing earnings and confidence in future cash flows. Both metrics can be interpreted as positive or negative signals depending on their context, and investors use these signals to form expectations and make investment decisions.

The current ratio is calculated by dividing total current assets by total current liabilities. The higher the current ratio, the better the company's ability to meet its short-term obligations. Conversely, the lower the current ratio, the poorer the company's ability to fulfill its short-term liabilities. Laim et al. (2015) state that there is a simultaneous influence of the variables CR, DER, ROA, firm size, and growth on the dividend payout ratio.

H_2: Current ratio (CR) affects the dividend payout ratio.

Debt to Equity Ratio (DER) and Dividend Payout Ratio

This ratio is important for measuring the business risk of a company, which increases with the addition of liabilities. Agency theory helps explain how debt to equity ratio (DER) and dividend payout ratio (DPR) are intertwined in managing agency costs between managers and shareholders. High DER can either discipline managers or lead to risky behavior, while DPR decisions affect how much control managers have over company resources. A balanced approach to both ratios can help align

managers' actions with the interests of shareholders, reducing agency costs and improving overall company performance. By carefully managing these ratios, companies can minimize conflicts and maximize value for shareholders while keeping managers' incentives aligned with company goals.

Signaling theory provides a framework for understanding how companies use their debt to equity ratio (DER) and dividend payout ratio (DPR) as signals to the market. These financial metrics convey important information about the company's financial health, risk profile, and management's confidence in future prospects. A high DER might signal confidence or increased risk, while a high DPR signals financial strength or, conversely, a lack of reinvestment opportunities. Similarly, low ratios in either metric might signal financial caution or a focus on growth. Investors interpret these signals to form expectations about the company's future performance, and companies carefully manage these ratios to align their actions with investor expectations and minimize the cost of capital.

The DER ratio indicates that the company has good integrity in the financial market; however, the company must remain cautious and assess all associated risks to avoid misuse or failure to meet its targets. It is hoped that this can reduce the risk of diminishing cash flow, which could affect the company's ability to pay dividends, as existing cash is used to service these debts. According to Wahyuni & Hafiz (2018), the debt to equity ratio affects the dividend payout ratio, a finding supported by Laim et al. (2015), which states that the variables CR, DER, ROA, firm size, and growth simultaneously influence the dividend payout ratio.

H_3: Debt to equity ratio (DER) affects the dividend payout ratio.

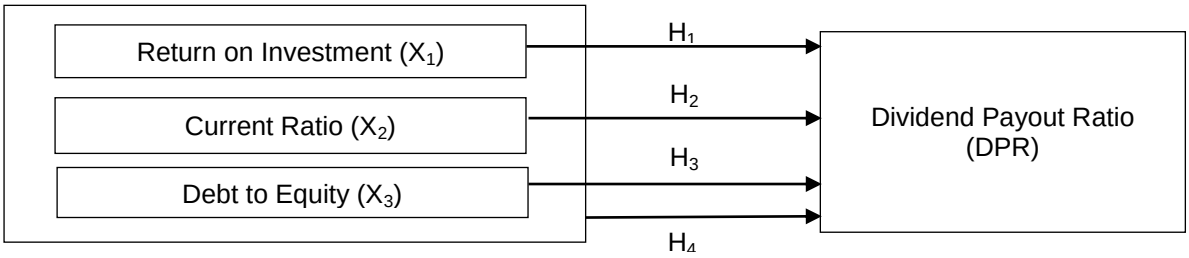

Figure 1. Research Framework

RESEARCH METHOD

Method of Collecting Data

The data collection method in this research is secondary data from the Indonesia Stock Exchange (IDX), which consists of data that has been made available and published by IDX or related sources and can be used for analysis and research. The author accesses the "listed companies" or "financial reports" section on the IDX website. The relevant company is selected, and the necessary annual report or quarterly financial statements are downloaded for analysis.

Research Population and Sample

The population for this study consists of food and beverage manufacturing companies listed on the Indonesia Stock Exchange during 2019-2023. There are 33 food and beverage companies that are the population of this research, which was conducted over a period of 5 years. The sampling technique is purposive sampling.

Table 1. Steps for Sample Selection Based on Criteria

Criteria	Total
Manufacturing companies that are registered and listed on the Indonesia Stock Exchange and have published financial statements during the specified period from 2019 to 2023	33
Manufacturing companies that haven't reported their financial statements in Indonesian Rupiah during the period from 2019 to 2023	(13)
Manufacturing companies that haven't published audited financial statements during the period from 2019 to 2023, providing more reliable information	0
Manufacturing companies that do not report dividend distributions during 2019 to 2023	(8)
Purposive Sampling Results	12
Total observation data (5 years)	60

Table 2. Research Sample

No	List of Company	Code of Company
1	Astra Agro Lestari Tbk.	AALI
2	Bisi International Tbk.	BISI
3	Budi Starch & Sweetener Tbk.	BUDI
4	Campina Ice Cream Industry Tbk.	CAMP
5	Wilmar Cahaya Indonesia Tbk.	CEKA
6	Charoen Pokphand Indonesia Tbk.	CPIN
7	Dharma Satya Nusantara Tbk.	DSNG
8	FKS Multi Agro Tbk.	FISH
9	Garudafood Putra Putri Jaya Tbk.	GOOD
10	Buyung Poetra Sembada Tbk.	HOKI
11	Indofood CBP Sukses Makmur Tbk.	ICPB
12	Mahkota Group Tbk.	MGRO

Source: Data processed by researchers.

Variable Operationalization

Table 3. Variable Operationalization

Variable	Operational Definition	Measurement
Dividend Payout Ratio (DPR)	DPR is a financial metric that indicates the proportion of a company's earnings that is paid out to shareholders as dividends. It is calculated by dividing the company's total dividends by its net income (earnings) over a specific period, usually a year (Soetanto et al, 2024).	DPR = Dividends / Net Income
Return On Investment (ROI)	ROI is a ratio that indicates the return on the amount of assets used in the company (Hamzah et al, 2022).	ROI = Net Profit / Capital Investment
Current Ratio (CR)	CR is a financial metric used to assess a company's ability to pay its short-term liabilities with its short-term assets (Fitriyani & Khafid, 2019).	CR = Current Asset / Current Liabilities
Debt To Equity Ratio (DER)	DER is a measure of the percentage of liabilities in the company's capital structure. This ratio is important for assessing the increasing business risk of the company with the addition of liabilities (Karmilah & Komara, 2024).	DER = Total Liabilites / Total Equity

Data Analysis Method

In this study, the data analysis method uses eviews 13, consist of descriptive statistical analysis, panel data regression analysis, panel data regression model selection, classical assumption test, and hypothesis test.

Descriptive Statistical Analysis

This analysis describes the data based on the mean, maximum, minimum, and standard deviation of each variable studied.

Panel Data Regression Analysis

This analysis uses cross-sectional units measured over multiple periods. The techniques applied in panel data analysis include the common effect model (CEM), fixed effect model (FEM), and random effect model (REM). The regression equation for the data is as follows:

$$Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + \varepsilon \quad (1)$$

Panel Data Regression Model Selection

In determining the appropriate model for processing panel data, various tests can be performed, namely: the chow test comparing CEM vs. FEM, the hausman test comparing REM vs. FEM, and the lagrange multiplier test comparing CEM vs. REM.

Classical Assumption Test

In the classical assumption tests, several measurements can be used, namely: the normality test, the multicollinearity test, and the heteroscedasticity test.

Hypothesis Test

Hypothesis testing can be applied through simultaneous tests (F), partial tests (t), and the coefficient of determination (adjusted R^2).

FINDING AND DISCUSSION

Descriptive Statistical Analysis

Table 4. Descriptive Statistics

	ROI	CR	DER	DPR
Mean	0.067167	3.376167	0.872833	0.438333
Median	0.065000	1.815000	0.550000	0.390000
Maximum	0.150000	13.31000	4.140000	0.980000
Minimum	0.010000	0.820000	0.110000	0.010000
Std. Dev.	0.040383	3.215124	0.814265	0.233435
Observations	60	60	60	60

Source: Eviews 13 data processing results.

Return on Investment (ROI)

Based on the sample data from 12 companies over a 5-year period, it has been established that the average (mean) value is 0.067167, which is higher than the standard deviation, indicating a relatively even distribution of data and not too high a difference between one data point and another. The median value is 0.065000, the maximum value is 0.150000, found in Bisi International Tbk. (BISI) in 2022 and 2023, which has the highest return on investment (ROI), and the minimum value is 0.010000, found in Astra Agro Lestari Tbk. (AALI) in 2019, which has the lowest return on investment (ROI). The standard deviation value of 0.040383 is smaller than the mean, which indicates that the return on investment (ROI) data in this study does not vary significantly.

Current Ratio (CR)

Based on the sample data from 12 companies over a 5-year period, it has been established that the average (mean) value is 3.376167, which is higher than the standard deviation, indicating a relatively even distribution of data and not too high a difference between one data point and another. The median value is 1.815000, the maximum value is 13.31000, found in Campina Ice Cream Industry Tbk. (CAMP) in 2020, which has the highest current ratio (CR), and the minimum value is 0.820000, found in Mahkota Group Tbk. (MGRO) in 2020, which has the lowest current ratio (CR). The standard deviation value of 3.215124 is smaller than the mean, which indicates that the current ratio (CR) data in this study does not vary significantly.

Debt to Equity Ratio (DER)

Based on the sample data from 12 companies over a 5-year period, it has been established that the average (mean) value is 0.872833, which is higher than the standard deviation, indicating a relatively even distribution of data and not too high a difference between one data point and another. The median value is 0.550000, the maximum value is 4.140000, found in Mahkota Group Tbk. (MGRO) in 2022, which has the highest debt to equity ratio (DER), and the minimum value is 0.110000, found in Bisi International Tbk. (BISI) in 2023, which has the lowest debt to equity ratio (DER). The standard deviation value of 0.814265 is smaller than the mean, which indicates that the debt to equity ratio (DER) data in this study does not vary significantly.

Dividend Payout Ratio (DPR)

Based on the sample data from 12 companies over a 5-year period, it has been established that the average (mean) value is 0.438333, which is higher than the standard deviation, indicating a relatively even distribution of data and not too high a difference between one data point and another. The median value is 0.390000, the maximum value is 0.980000, found in Bisi International Tbk. (BISI) in 2019, which has the highest dividend payout ratio (DPR), and the minimum value is 0.010000, found in Mahkota Group Tbk. (MGRO) in 2020, which has the lowest dividend payout ratio (DPR). The standard deviation value of 0.233435 is smaller than the mean, which indicates that the dividend payout ratio (DPR) data in this study does not vary significantly.

Panel Data Regression Feasibility Test

Table 5. Results of Panel Data Regression Model Selection

Model Selection Test	Model Testing Results	Selected Models
Chow Test	*CEM vs FEM*	*FEM*
H0 = CEM		
H1 = FEM	*Chi-Square Prob* = 0.0008< α0.05	
H0 if Chi-Square Test Prob > α0.05		
H1 if Chi-Square Test Prob < α0.05		
Hausman Test	*REM* vs *FEM*	*FEM*
H0 = REM		
H1 = FEM	*Hausman Prob* = 0.0027<α0.05	
H0 if Hausman Test Prob > α0.05		
H1 if Hausman Test Prob < α0.05		
Lagrange Multiplier Test	*CEM vs REM*	*CEM*
H0 = CEM	Breusch-Pagan = 0.6912>0.05	
H1 = REM		
H0 if Cross-section Test Prob > α0.05		
H1 if Cross-section Test Prob < α0.05		

Based on table 5, the most appropriate regression model used in this research is the Fixed Effect Model (FEM).

Classical Assumption Test

Normality Test

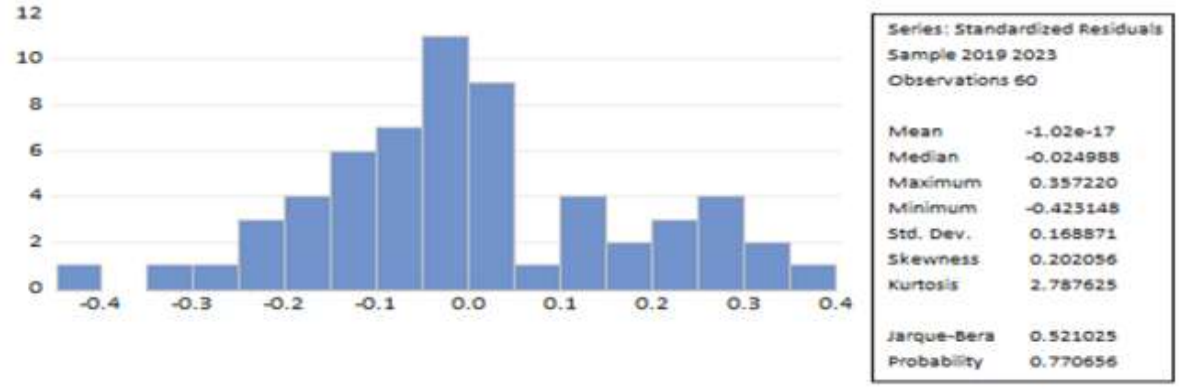

Figure 2. Normality Test

Based on figure 2 above for the dependent variable Y (DPR) and the independent variables X_1 (ROI), X_2 (CR), and X_3 (DER), the probability value in the normality test is 0.770656 > 0.05. This indicates that the residuals are normally distributed.

Heteroscedasticity Test

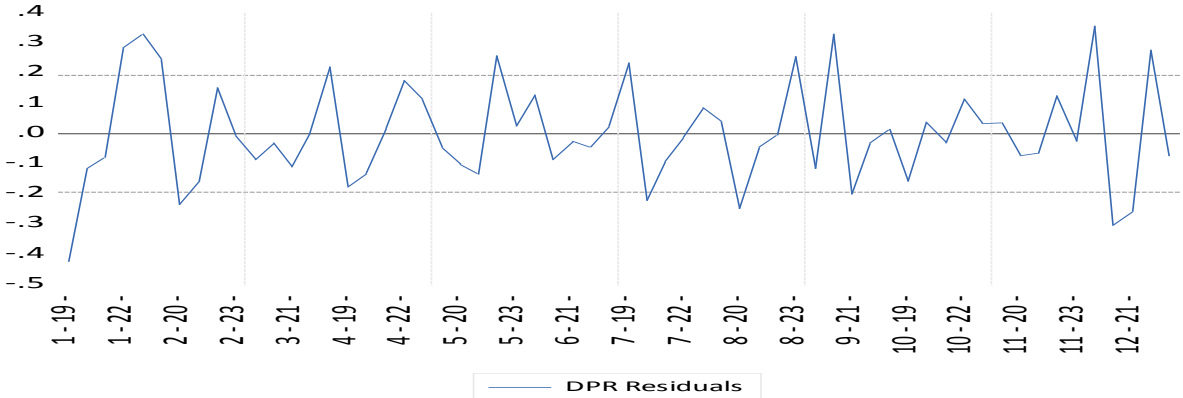

Figure 3. Heteroscedasticity Test

Based on figure 3 above, it can be seen that the graph does not exceed the limits (500 and -500), which allows us to conclude that there is no heteroscedasticity.

Multicollinearity Test

Table 6. Multicollinearity Test

	ROI	CR	DER
ROI	1.00000 0	0.462044	-0.459474
CR	0.462044	1.000000	-0.526016
DER	-0.459474	-0.526016	1.000000

Source: Eviews 13 data processing results.

Based on table 6 above, the correlation coefficient is less than 0.8, which indicates that the data is free from the error of multicollinearity.

Hypothesis Discussion

Table 7. Panel Data Regression Results (FEM model)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.929557	0.126492	7.348746	0.0000
ROI	-3.143644	1.030657	-3.050135	0.0038
CR	-0.074182	0.022155	-3.348272	0.0017
DER	-0.033939	0.063015	-0.538592	0.5928
R-squared	0.476670	Mean dependent var		0.438333
Adjusted R-squared	0.313856	S.D. dependent var		0.233435
S.E. of regression	0.193363	Akaike info criterion		-0.236173
Sum squared resid	1.682523	Schwarz criterion		0.287413
Log likelihood	22.08519	Hannan-Quinn criter.		-0.031370
F-statistic	2.927702	Durbin-Watson stat		2.107062
Prob(F-statistic)	0.003167			

Source: Eviews 13 data processing results.

T-Test

Based on table 7 above, the effects of each variable can be described as follows:

1. Hypothesis one (H_1): The ROI variable has a t-statistic value of 3.050135, which is greater than the t-table value of 2.001717, with a significance level of 0.0038, which is less than 0.05. This indicates that the ROI policy (X_1) has an effect on the DPR variable (Y).
2. Hypothesis two (H_2): The CR variable has a t-statistic value of 3.348272, which is greater than the t-table value of 2.001717, with a significance level of 0.0017, which is less than 0.05. This indicates that the CR policy (X_2) has an effect on the DPR variable (Y).
3. Hypothesis three (H_3): The DER variable has a t-statistic value of 0.538592, which is less than the t-table value of 2.001717, with a significance level of 0.5928, which is greater than 0.05. This indicates that the DER policy (X_3) does not have an effect on the DPR variable (Y).

F-Test

Based on the result of table 6, the f-statistic value is 2.927702, which is greater than the f-table value of 2.769431, accompanied by a probability value of 0.003167, which is less than 0.05. Therefore, it can be concluded that the variables ROI, CR, and DER simultaneously affect the variable DPR (Y).

Coefficient of Determination

The coefficient of determination, with an r-squared value of 0.476670, indicates that the ROI, CR, and DER variables explain 47% of the variation in the dependent variable DPR, while the remaining 53% is explained by other variables outside the model.

Discussion

The Influence of Return on Investment (ROI) on Dividend Payout Ratio (DPR)

The hypothesis testing results indicate that return on investment (ROI) affects the dividend payout ratio (DPR) in the food and beverage consumer goods industry listed on the Indonesia Stock Exchange during the period 2019-2023. The high probability value of ROI suggests positive prospects for the company, where significant profits will enhance investor confidence and provide a positive signal regarding the company's performance, which is favorable for both investors and shareholders. This could encourage management to provide high dividends as a form of appreciation for investor trust and support.

ROI is a key profitability indicator. It measures the efficiency of a company in generating returns from its investments. A higher ROI indicates better profitability, which generally increases the funds

available for dividend payouts. According to agency theory, if the firm has high profitability (as reflected by a high ROI), shareholders may expect a higher DPR, as they would prefer to receive a substantial portion of the profits in the form of dividends rather than reinvesting the earnings back into the company. This reduces the potential for agency problems, where managers might misuse retained earnings for personal gain or inefficient investments. According to signaling theory, when a company posts a high ROI, it sends a positive signal to the market about its profitability and overall financial health. Investors may interpret this as a sign of strong future performance and stability. In response, the company may increase its dividend payout ratio (DPR) to further signal its confidence in continued profitability and to reward shareholders.

These findings align with research conducted by Muhammad Arsyad, Sitti Hartati Haeruddin, and Muslim Muslim (2021), which states that return on investment (ROI) has a positive and significant effect on dividend payout ratio (DPR), implying a positive signal for investors in the stock market regarding dividend policies, albeit not optimally. However, these results contradict the findings of Ahmad Agus Yasin Fadli (2017), which stated that return on investment has a negative effect on dividend payout ratio, meaning that as return on investment increases, the dividends paid decrease, and vice versa**.**

The Influence of Current Ratio (CR) on Dividend Payout Ratio (DPR)

The hypothesis testing results indicate that current ratio (CR) affects the dividend payout ratio (DPR) in the food and beverage consumer goods industry listed on the Indonesia Stock Exchange during the period 2019-2023. The high probability value of CR suggests that the company has good liquidity, providing ample funds available for distribution to shareholders in the form of dividends after fulfilling operational obligations. High liquidity can reduce perceived risk in the eyes of investors and instill confidence in management and shareholders that the company is in a stable financial condition, which could encourage increased dividend payments. When a company has sufficient current assets to meet short-term obligations, it can more freely allocate a portion of its profits for dividends.

According to agency theory, managers may retain earnings instead of paying dividends to maintain a comfortable level of liquidity. This decision could stem from managers' preferences to hold cash for potential growth opportunities or to ensure the company remains financially stable in the short term. Current ratio (CR) directly influences this decision. When the CR is high, indicating strong liquidity, managers may feel less need to retain earnings for operational needs or liquidity purposes. In this case, the company is more likely to pay higher dividends (higher DPR) because the liquidity position supports this decision. Conversely, when the CR is low, it may indicate potential liquidity constraints, and managers might be hesitant to pay out large dividends, as they need to retain earnings to meet short-term obligations. This may result in a lower DPR.

Signaling theory posits that companies with strong liquidity (i.e., high CR) will likely signal this strength to the market by paying higher dividends. Investors often perceive high dividends as a sign of a company's strong financial health and profitability, leading them to believe that the company is well-positioned for future growth. A high CR indicates that the company has sufficient short-term assets to cover liabilities, suggesting that the company has the financial flexibility to pay dividends without compromising its ability to meet obligations. As a result, the company may increase its DPR to signal stability and reassure investors about its future prospects.

This research is supported by findings from Muhammad Arsyad, Sitti Hartati Haeruddin, and Muslim Muslim (2021), which mention that current ratio (CR) has a positive and significant effect on dividend payout ratio (DPR) because companies with a high current ratio tend to have a greater capacity to distribute dividends.

The Influence of Debt to Equity Ratio (DER) on Dividend Payout Ratio (DPR)

The hypothesis testing results indicate that debt to equity ratio (DER) does not affect the dividend payout ratio (DPR) in the food and beverage consumer goods industry listed on the Indonesia Stock Exchange during the period 2019-2023. The debt to equity ratio (DER) does not always directly affect the dividend payout ratio (DPR) because the two are influenced by different factors. While DER relates to a company's capital structure and financial risk, DPR is primarily driven by profitability, cash flow, investor expectations, and management's dividend policy. Although high leverage (high DER)

can limit a company's ability to pay dividends if it needs to prioritize debt servicing, it does not necessarily dictate the level of dividends paid out (Kusuma & Semuel, 2019).

According to agency theory, a company with a high DER might have more immediate concerns about debt servicing and maintaining financial stability. However, the agency theory also highlights the possibility that managers could prioritize long-term growth over short-term dividend payouts. In this case, even though DER is high, the company might prefer reinvesting profits into the business rather than paying out dividends, particularly if managers are focused on expanding the business or reducing the debt burden over time. Managers may view retaining earnings and reducing leverage as more critical to the company's long-term health than paying out dividends, which could reduce the DPR despite a high DER. This illustrates how the two decisions DER and DPR can be influenced by different factors under Agency Theory.

Signaling theory often links dividends to the availability of free cash flow, which is seen as a key indicator of a company's ability to pay dividends. Even if a company has a high DER, as long as it has sufficient free cash flow to cover both debt obligations and dividends, it may still decide to pay a dividend. The decision to pay dividends in this case would signal financial stability and profitability, rather than being strictly influenced by the company's DER. This means that the DER does not directly influence DPR under signaling theory because what matters more is the company's ability to generate cash flow and the perception that the firm is profitable and has sufficient resources to pay dividends.

These findings align with research conducted by Fadli (2017), which states that debt to equity ratio (DER) does not have a significant effect on dividend payout ratio (DPR). However, these results are inconsistent with findings from Karmilah & Komara (2024), which indicated that debt to equity ratio has a positive and significant effect on dividend payout ratio.

The Influence of Return on Investment, Current Ratio, and Debt to Equity Ratio on Dividend Payout Ratio

The hypothesis testing results indicate that the variables return on investment, current ratio, and debt to equity ratio collectively influence the dividend payout ratio in the food and beverage consumer goods industry listed on the Indonesia Stock Exchange during the period 2019-2023. The simultaneous influence of ROI, CR, and DER on DPR can be complex and interconnected. While ROI and CR generally have a positive effect on DPR, the influence of DER depends on the company's financial strategy, where high leverage might reduce the dividend payout to prioritize debt servicing. Therefore, understanding these factors together can provide a more comprehensive view of dividend policy decisions. When these factors are applied together, they can significantly contribute to the Dividend Payout Ratio. Implementing these variables will assist management in improving the structure of the dividend payout ratio within the company.

CONCLUSION

Return on investment (ROI) and current ratio (CR) have an impact on the dividend payout ratio (DPR). ROI impacts the DPR by reflecting the company's profitability, while CR influences the DPR by showing the company's liquidity and ability to meet short-term obligations. Both factors signal the company's financial health, profitability, and stability, which play a significant role in determining the proportion of profits the company is willing and able to distribute as dividends. Therefore, companies with higher ROI and CR are more likely to have a higher dividend payout ratio (DPR) as they have the financial strength to support higher dividends. Meanwhile, the debt to equity ratio (DER) does not have an impact on the dividend payout ratio (DPR). Debt to equity ratio (DER) does not always impact the dividend payout ratio (DPR) because companies may prioritize other financial strategies, such as reinvesting profits, reducing debt, or signaling financial strength to investors. Moreover, strong profitability and cash flow generation can enable companies with high debt levels to still maintain or increase dividend payouts without being significantly affected by their leverage. Therefore, DER alone is not always a decisive factor in determining the DPR. However, when tested together, return on investment (ROI), current ratio (CR), and debt to equity ratio (DER) do influence the dividend payout ratio (DPR). When these factors are applied together, they can contribute significantly to the dividend

payout ratio. The implications of this research for the company are developing a more targeted dividend policy based on the analysis of financial ratios and helping balance between reinvesting profits for growth and distributing dividends to shareholders. For Investors, providing a clear understanding of how the company's financial performance, through ratios like ROI, CR, and DER, influences the dividend policy, and for Management, assisting in formulating an optimal dividend policy by considering the balance between profit distribution and the need to support the company's long-term growth. This study only used three independent variables to assess the factors influencing the dividend payout ratio (DPR), namely return on investment (ROI), current ratio (CR), and debt to equity ratio (DER). Therefore, it is suggested that future researchers can add new variables and probability ratios to explore other factors that may affect the dividend payout ratio (DPR). Additionally, the research period is limited to just three years, from 2019 to 2023, so it is hoped that future studies can use a longer research period. For company management that wants to improve the dividend payout ratio (DPR), they should pay attention to the level of return on investment (ROI) and adjust other ratio levels according to the company's conditions. For investors looking to invest in manufacturing companies, they can also analyze the current ratio (CR) and debt to equity ratio (DER) as important basic references in selecting companies. A suggestion for future researchers is to include other factors that can explain the dividend payout ratio, such as earnings per share (EPS), retained earnings, return on equity (ROE), and dividend yield.

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